

GLEBI HOLDINGS PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORT

30 JUNE 2023

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE

EUR '000

	Note	2023	2022
		Unaudited	
Continuing operations			
Revenue from contracts with customers	8.1	2,019,236	1,655,690
Goods for resale and direct costs	8.2	(1,494,649)	(1,218,996)
Personnel costs	8.3	(240,586)	(194,539)
Received services and other operating expenses	8.4	(131,002)	(112,566)
Depreciation and amortization	8.5	(65,695)	(57,085)
Impairment gains / (losses) of non-financial assets	8.6	-	6
Impairment gains / (losses) of financial assets	8.7	(902)	(61)
Other gains / (losses)		547	874
Addition / reversal / usage of provisions		291	194
Operating profit		87,240	73,517
Finance income / (expenses)	8.8	(23,728)	(29,501)
Profit before taxation		63,512	44,016
Income tax	8.9	(13,455)	(8,319)
Profit after tax from continuing operation		50,057	35,697
Discontinuing operations			
Profit after tax from discontinuing operation		-	-
Profit for the period		50,057	35,697
Attributable to:			
Owners of the parent Company		50,057	35,695
Non-controlling interests		-	2
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation differences		(1,397)	948
Net value gain / (loss) on cash flow hedges	8.19	(2,953)	10,417
Other comprehensive income/(expense) for the year, net of tax		(4,350)	11,365
Total comprehensive income for the year		45,707	47,062
Attributable to:			
Owners of the parent Company		45,707	47,060
Non-controlling interests		-	2

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000

	Note	30 June	31 December
		2023	2022
		Unaudited	Audited
ASSETS			
Goodwill	8.10	548,230	505,453
Intangible assets	8.11	192,332	152,629
Property, plant and equipment	8.12	166,514	147,525
Right-of-use assets		580,696	548,254
Loans provided	8.13, 8.21	1,002,430	1,035,580
Other financial assets		227	68
Trade and other receivables		11,624	8,263
Derivative financial instruments	8.19	46,054	35,935
Deferred tax assets		19,232	17,791
Total non-current assets		2,567,339	2,451,498
Loans provided	8.13, 8.21	19,777	70,200
Other financial assets		29,288	15,917
Trade and other receivables		768,745	664,916
Derivative financial instruments	8.19	2,025	15,266
Current tax assets		3,881	2,904
Inventories	8.14	559,690	467,538
Cash and cash equivalents	8.15	176,225	172,097
Assets held for sale		986	1,876
Total current assets		1,560,617	1,410,714
TOTAL ASSETS		4,127,956	3,862,212
EQUITY AND LIABILITIES			
Share capital	8.16	30	30
Share premium	8.16	540,110	540,110
Other reserves	8.19	(14,623)	(10,237)
Retained earnings / (accumulated losses)		(165,807)	(215,864)
Equity attributable to owners of the parent		359,710	314,039
Non-controlling interests		-	-
Total equity		359,710	314,039
Interest bearing loans and borrowings	8.17, 8.21, 8.22	1,703,308	1,677,614
Provisions		552	-
Employee benefits obligations		20,099	21,762
Deferred tax liabilities		18,852	18,821
Other financial liabilities		8,510	7,523
Derivative financial instruments		-	-
Lease liabilities	8.22	514,031	474,825
Creditors and accruals		9,537	1,801
Total non-current liabilities		2,274,889	2,202,346
Interest bearing loans and borrowings	8.17, 8.21, 8.22	160,582	148,691
Provisions		3,557	3,913
Employee benefits obligations		65,123	66,799
Current tax liabilities		5,420	8,011
Derivative financial instruments		-	-
Lease liabilities	8.22	68,213	70,808
Creditors and accruals		1,190,462	1,047,605
Liabilities held for sale		-	-
Total current liabilities		1,493,357	1,345,827
Total liabilities		3,768,246	3,548,173
Total equity and liabilities		4,127,956	3,862,212

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 JUNE

EUR '000

	Note	2023	2022
		Unaudited	
Operating activities			
Profit before tax		63,512	44,016
Adjustments for:			
Amortization and depreciation	8.5	65,695	57,085
Impairment of non-financial assets	8.6	-	6
Impairment and write-off of loans and trade receivables	8.7	(902)	61
Profit on disposal of property, plant and equipment		(927)	(638)
Profit on disposal of intangible assets		-	-
Profit on disposal of right-of-use assets		512	-
Gain on disposal of inventory		(269)	(20)
Change in fair value of financial liabilities at FVTPL	8.8	500	759
Finance interest expense	8.8	51,644	35,923
Finance interest income	8.8	(26,059)	(13,970)
Other finance (income)/expense (incl. bank charges)	8.8	4,280	4,622
Increase in provisions		(291)	(194)
Foreign exchange losses		(1,385)	(712)
Other movements		(1,231)	1,671
Operating cash flows before working capital changes		155,079	128,609
(Increase)/decrease in inventories		(65,897)	(36,814)
(Increase)/decrease in trade and other receivables		(9,662)	16,927
Increase in creditors and accruals		22,635	47,114
Cash generated from operations		102,155	155,836
Taxation paid		(18,262)	(13,065)
Net cash inflows from operating activities		83,893	142,771
Investing activities			
Purchase of property, plant and equipment		(29,661)	(21,085)
Proceeds from sale of property plant and equipment		490	1,804
Purchase of intangible assets		(21,939)	(10,007)
Proceeds from sale of intangible assets		84	-
Payments to acquire subsidiaries, net cash acquired	7.1	(34,127)	(6,950)
Proceeds from sale of Assets held for sale		-	411
Payments for acquisition of non-consolidated financial investments		(29,447)	(14,844)
Decrease/(increase) in loans provided		86,903	(404,768)
Finance interest income received		24,951	11,687
Acquisition of non-controlling interests		-	-
Net cash outflows from investing activities		(2,746)	(443,752)
Financing activities			
Proceeds from borrowings and other financial liabilities	8.22	89,239	559,879
Proceeds from bonds issued	8.22	6,189	86,251
Repayment of borrowings and other financial liabilities	8.22	(58,208)	(256,096)
Repayment of bonds issued and their repurchase	8.22	(40,875)	(23,306)
Finance interest expense paid	8.22	(30,808)	(19,494)
Settlement of derivatives, net	8.22	4,712	(256)
Payments of lease liabilities including prepayments	8.22	(36,714)	(35,094)
Payment of lease interest	8.22	(12,364)	(6,739)
Net cash outflows from financing activities		(78,829)	305,145
Net (decrease)/increase in cash and cash equivalents		2,318	4,164
Effect of exchange rate changes on cash and cash equivalents		1,810	303
Cash and cash equivalents at beginning of the year		172,097	120,668
Cash and cash equivalents at the end of the year		176,225	125,135

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

EUR '000

	Note	Share capital	Share premium	Retained earnings / (accumulated losses)	Foreign operations translation reserve	Hedging reserve	Other reserves	Equity attributable to equity to holders of the parent	Non-controlling interest	Total equity
As At 1 January 2023 (audited)		30	540,110	(215,864)	(47,095)	40,773	(3,915)	314,039	-	314,039
Profit for the year		-	-	50,054	-	-	-	50,054	-	50,054
Foreign exchange translation differences		-	-	-	(1,397)	-	-	(1,397)	-	(1,397)
Hedging reserve	8.19	-	-	-	-	(2,953)	-	(2,953)	-	(2,953)
Employee benefits		-	-	-	-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	(1,397)	(2,953)	-	(4,350)	-	(4,350)
Transactions with owners in their capacity as owners:										
Effect of changes in shareholding on non-controlling interest		-	-	-	-	-	-	-	-	-
Effect of transactions under common control		-	-	-	-	-	-	-	-	-
Other movements		-	-	3	-	-	(36)	(33)	-	(33)
Total capital contributions and distributions		-	-	3	-	-	(36)	(33)	-	(33)
Transaction within equity		-	-	-	-	-	-	-	-	-
At 30 June 2023 (unaudited)		30	540,110	(165,807)	(48,492)	37,820	(3,951)	359,710	-	359,710

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

EUR '000

	Note	Share capital	Share premium	Retained earnings / (accumulated losses)	Foreign operations translation reserve	Hedging reserve	Other reserves	Equity attributable to equity to holders of the parent	Non-controlling interest	Total equity
As at 1 January 2022 (audited)		30	540,110	(294,900)	(47,115)	(441)	(3,767)	193,917	301	194,218
Profit for the year		-	-	35,695	-	-	-	35,695	2	35,697
Foreign exchange translation differences		-	-	-	948	-	-	948	-	948
Hedging reserve	8.19	-	-	-	-	10,417	-	10,417	-	10,417
Employee benefits		-	-	-	-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	948	10,417	-	11,365	-	11,365
Transactions with owners in their capacity as owners:										
Effect of changes in shareholding on non-controlling interest		-	-	-	-	-	-	-	-	-
Effect of transactions under common control		-	-	-	-	-	-	-	-	-
Other movements		-	-	(2,116)	-	-	-	(2,116)	-	-
Total capital contributions and distributions		-	-	(2,116)	-	-	-	(2,116)	-	(2,116)
Transaction within equity		-	-	-	-	-	-	-	-	-
At 30 June 2022 (unaudited)		30	540,110	(261,321)	(46,167)	9,976	(3,767)	238,861	303	239,164

1. GENERAL INFORMATION

1.1. CORPORATE INFORMATION

GLEBI HOLDINGS PLC (the "Company") was incorporated in Cyprus on 21 December 2007 by Penta Investments Limited (Cyprus) as a public limited liability company in accordance with the provisions of the Cyprus Companies Law Cap. 113. Its registered office is at Ayias Fylaxeos & Polygnostou, 212 C&I Center building, 3082 Limassol, Cyprus.

The Company is 100% controlled by Penta Investments Group Limited (the ultimate parent entity and controlling party). Penta Investments Group Limited is a company operating and existing under the laws of Cyprus in accordance with the provisions of the Cyprus Companies Law Cap.113. Its registered office is Agias Fylaxeos & Polygnostou, 212 C&I CENTER, 3082 Limassol, Cyprus.

1.2. CONSOLIDATED SUBSIDIARIES AND GROUP ENTERPRISES

These interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The following table presents an overview of fully consolidated subsidiaries held directly by the Company as at 30 June 2023 and as at 30 June 2022.

Consolidated subsidiary or subgroup name	Nature of business	Country of business operations	Effective ownership percentage	
			2023	2022
PHARMAX HOLDINGS LIMITED	Internal services	Cyprus	100%	100%
Dr. Max Funding, s.r.o.	Financing entity - Bonds	Slovakia	100%	100%
ROCKYFARM SRL	Health care	Romania	100%	100%
ČESKÁ LÉKÁRNA HOLDING, a.s.	Health care – Own & operate retail Pharmacies	Czech Republic	100%	100%
Dr. Max BDC, s.r.o.	Internal services	Czech Republic	100%	100%
Dr. Max Holding SK, a.s. Group	Health care – Own & operate retail Pharmacies	Slovak Republic	100%	100%
Medical Group SK a.s.	Warehouse business	Slovak Republic	n/a*	100%
BRL Center – Polska Sp.z.o.o. Group	Health care – Own & operate retail Pharmacies	Poland	100%	100%
Dr. Max Sp. z o.o.	Internal services	Poland	100%	100%
Baramoore International s.r.o.	Finance SPV	Czech Republic	100%	100%
AsterFarm d.o.o. Beograd Group	Health care – Own & operate retail Pharmacies	Republic of Serbia	100%	100%
Dr. Max Romania Group	Health care – Own & operate retail Pharmacies, Wholesale	Romania	100%	100%
MagnaPharm Holdings Limited Group	Health care – Marketing and Sales	Europe	100%	100%
Lidea SpA – Group	Health care – Own & Operate retail Pharmacies	Italy	100%	100%
ViaPharma s.r.o.	Health care - Wholesale	Czech Republic	100%	100%
Dr. Max Pharma s.r.o.	Health care – Production and distribution of meds	Czech Republic	100%	100%

* From 1 October 2022 (after the transaction between the Company and its subsidiary occurred) Medical Group SK a.s. was included into Dr. Max Holding SK, a.s. Group.

1.3. DESCRIPTION OF BUSINESS ACTIVITIES

The Group is a leading pharmacy chain in Europe, private label manufacturer developing the full range of pharmaceutical products, wholesale distributor and provider of marketing and medical promotion services and regulatory services.

1.4. DIRECTORS OF THE COMPANY AND GROUP MANAGEMENT BOARD AND LOCAL CEO

As of 30 June 2023, the composition of the Board of Directors was as follows:

Name	Position in the Company Board		
Penta Investments Cyprus Limited <i>represented by:</i> Marek Peterčák Michal Vrzgula	Chairman Member		
		Marek Petercak Chairman of the Board	Michal Vrzgula Member of the Board
Chrystalla Argyridou	Member		

As of 30 June 2023, the composition of the Management Board was as follows:

Name	Position in Management Board	Position on the Group level
Ferrandino Leonardo	Chairman	Group Chief Executive Officer
Bornemann Thomas	Member	Group Chief Financial Officer
Chmela Branislav	Member	Group Retail Operation & HR Officer
Szarwas Piotr	Member	Group Chief Information Officer
Martins da Silva Miguel	Member	Group Chief Supply Chain Officer
Korbelář Luboš	Member	Group Chief Commercial Officer
Šenkyřík Ivo	Member	Head of Group M&A
Tritaris Dimitrios	Member	Group Chief Digital Officer
Jiří Navrátil	Member	Group Chief Product Office



As of 30 June 2023, the composition of the Local Chief Executive Officer was as follows:

Name	Country of business operations	Consolidated subsidiary/subgroup name
Andrea Cappi	Italy	Lidea SpA – Group
Jan Žák	Czech Republic	ČESKÁ LÉKÁRNA HOLDING, a.s. Dr. Max BDC, s.r.o. Baramoore International s.r.o. ViaPharma s.r.o. Dr. Max Pharma s.r.o.
Karol Michalák	Europe	MagnaPharm Holdings Limited
Daniel Shull	Republic of Serbia	AsterFarm d.o.o. Beograd
Krzysztof Szponder	Poland	BRL Center – Polska Sp.z.o.o. Group Dr. Max Sp. z o.o.
Cezar Zaharla	Romania	Dr. Max Romania Group
Marián Jánoš	Slovak Republic	Dr. Max Holding SK, a.s. Group

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with *IAS 34 Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The interim consolidated financial statements were not verified by the auditor in accordance with applicable regulations.

2.2. ACCOUNTING CONVENTION

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. CONSOLIDATION SCOPE

All consolidated entities prepared their interim financial statements for the six months ended 30 June 2023.

The entities are listed in Note 1.2 Consolidated subsidiaries and group enterprises and this list is based on the ownership hierarchy.

3.2. FOREIGN CURRENCIES

In preparing these interim financial statements, the following official exchange rates were used:

Currency	30 June 2023		30 June 2022	
	Average exchange rate	Spot exchange rate	Average exchange rate	Spot exchange rate
CZK	23,69	23,74	24,65	24,74
PLN	4,62	4,44	4,64	4,68
RON	4,93	4,96	4,95	4,95
RSD	117,31	117,23	117,59	117,41

3.3. CURRENT, DEFERRED TAX

In preparing these interim financial statements, the following local tax rates were used:

Name	30 June 2023	30 June 2022
Cyprus	12.5%	12.5%
Czech Republic	19.0%	19.0%
Slovakia	21.0%	21.0%
Poland	19.0%	19.0%
Italy	28.0%	28.0%
Bulgaria	10.0%	10.0%
Hungary*	9.0%	9.0%
Serbia	15.0%	15.0%
Romania	16.0%	16.0%

*The rate differs based on the amount of taxable income

4. APPLICATION OF NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim consolidated financial statements of the Group.

4.1. NEW CURRENTLY EFFECTIVE REQUIREMENTS

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim consolidated financial statements.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES, PRESENTATION AND RESTATEMENTS

There are neither changes in presentation and accounting policies nor restatements in the interim consolidated financial statements for the six months ended 30 June 2023 (30 June 2022) except the presentation of employee benefits obligation, which is described below.

Employee benefits obligations

The Group changed the presentation of employee benefits obligation because the Group believes that the new presentation provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors.

Impact to consolidated statement of financial position for the year ended 31 December 2022 was as follows:

EUR '000

	31 December 2022	Reclassification	31 December 2022
	Audited		Restated
EQUITY AND LIABILITIES			
Provisions	21,762	(21,762)	-
Employee benefits obligations	-	21,762	21,762
Total non-current liabilities	21,762	-	21,762
Provisions	32,072	(28,159)	3,913
Employee benefits obligations	-	66,799	66,799
Creditors and accruals	1,086,245	(38,640)	1,047,605
Total current liabilities	1,118,317	-	1,118,317
Total liabilities	1,140,079	-	1,140,079
Net impact on equity	-	-	-

Employee benefit obligations presented as at 31 December 2022 in the financial statement line "Provisions" comprised of:

- provision for employee bonuses,
- provision for unused vacation and
- provision for long-term incentive.

Ordinary employee benefit obligations (wages and salaries, etc.) were presented in the financial statement line "Creditors and accruals".

As at 30 June 2023 all employee benefits obligations were presented on specific financial statement line "Employee benefits obligations".

The change of presentation of employee benefits obligations had neither impact on consolidated statement of profit or loss and other comprehensive income nor consolidated statement of cash flow for the year ended 31 December 2022.

6. SEASONALITY OF OPERATIONS

The seasonality usually takes effect in such a way that the revenues and operating profits for the 1st half of the calendar year is slightly lower than the revenues and operating profits achieved in the remaining period.

7. CHANGE IN GROUP'S STRUCTURE

For the six months ended 30 June 2023 (2022), no subsidiary was established by the Group.

7.1. ACQUISITION OF SUBSIDIARIES – BUSINESS COMBINATIONS

Summary of acquisition

For the six months ended 30 June 2023, there were acquisitions of mostly pharmacies that took place in order to increase market share in the local markets. The details of the transactions were as follows:

Name	Nature of business	Country of business operations	Acquisition date	Effective ownership percentage
Lékárna Poliklinika s.r.o.	pharmacy business	Czech Republic	1 January 2023	100%
Laura s.r.o.	pharmacy business	Czech Republic	1 February 2023	100%
Gedeon Richter Farmacia SA	pharmacy business	Romania	1 June 2023	100%
Pharmafarm SA	wholesale	Romania	1 June 2023	100%
Nova Pharm	pharmacy business	Serbia	1 March 2023	100%
Beolek	pharmacy business	Serbia	1 March 2023	100%
GW Farma Sp. z o.o.	pharmacy business	Poland	1 April 2023	100%
Apteki Miejskie Sp. z o.o.	pharmacy business	Poland	1 April 2023	100%
Dyżurna Mława Farm 5 Sp. z o.o. Sp. J	pharmacy business	Poland	1 April 2023	100%
Farm 5 Sp. z o.o.	pharmacy business	Poland	1 April 2023	100%
Europejska XV Sp. z o.o.	pharmacy business	Poland	1 April 2023	100%
One Farma Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
Benefactor Farmacja Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
KRC7 Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
OZ 2 Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
PUH Farmed Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
Vitalis Sp. z o.o.	pharmacy business	Poland	1 May 2023	100%
Punkt Apteczny Farmax Sp. z o.o.	pharmacy business	Poland	15 May 2023	100%
Nuova Rinaldi	pharmacy business	Italy	31 March 2023	100%
Durante	pharmacy business	Italy	31 March 2023	100%
Moderna	pharmacy business	Italy	31 March 2023	100%
Giorgi	pharmacy business	Italy	30 June 2023	100%
Montale	pharmacy business	Italy	30 June 2023	100%
Padre Pio	pharmacy business	Italy	30 June 2023	100%
San Salvatore	pharmacy business	Italy	30 June 2023	100%

For the six months ended 30 June 2022, there were few immaterial acquisitions of mostly pharmacies that took place in order to increase market share in the local markets. The details of the transactions were as follows:

Name	Nature of business	Country of business operations	Acquisition date	Effective ownership percentage
Strašnice	pharmacy business	Czech Republic	1 February 2022	100%
KOLF s.r.o.	pharmacy business	Czech Republic	1 March 2022	100%
Vienor, s.r.o.	pharmacy business	Slovakia	30 June 2022	100%
MEDICAL GROUP SK a.s.	wholesale	Slovakia	1 February 2022	100%
Cesena Del Corso;	pharmacy business	Italy	1 January 2022	100%
Due di Due (Turin phs – Rivoli and Giaveno);	pharmacy business	Italy	1 January 2022	100%
Genova Bixio;	pharmacy business	Italy	1 January 2022	100%

Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

EUR '000

Fair value	30 June 2023	30 June 2022
ASSETS		
Intangible assets	28,429	-
Property, plant and equipment	4,665	1,487
Right-of-use asset	8,467	-
Loans provided	1,415	-
Other financial assets	5	-
Trade and other receivables	94,841	19,964
Deferred tax assets	54	170
Current tax assets	2	371
Inventories	25,986	6,295
Cash and cash equivalents	12,108	313
TOTAL ASSETS	175,972	28,600
LIABILITIES		
Interest bearing loans and borrowings	25,190	11,070
Provisions	635	242
Employee benefits obligations	2,120	141
Deferred tax liabilities	-	-
Lease liabilities	8,674	-
Creditors and accruals	113,400	16,135
Current tax liabilities	-	24
TOTAL LIABILITIES	150,019	27,612
NET IDENTIFIABLE ASSETS ACQUIRED	25,953	988
Add: Goodwill	39,347	13,102
NET ASSETS ACQUIRED	65,300	14,090

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

Purchase consideration

EUR '000

Purchase consideration	30 June 2023	30 June 2022
Cash consideration paid	46,235	7,263
Prepayments made in previous periods	19,065	5,426
Contingent consideration	-	-
Deferred consideration	-	1,401
Total purchase consideration	65,300	14,090

There are no outstanding consideration payable as of 30 June 2023.

Net cash flow on acquisition

EUR '000

Net cash flow on acquisition	30 June 2023	30 June 2022
Cash consideration paid	46,235	7,263
Less: Balances acquired	-	-
- Cash and cash equivalents	12,108	313
Net outflow of cash – investing activities	34,127	6,950

Acquisition-related costs

Acquisition-related costs of EUR 160 thousand (EUR 168 thousand) are included in the line „Received services and other operating expenses“ in the interim consolidated statement of profit or loss in the reporting period ending 30 June 2023 (30 June 2022).

7.2. DISPOSAL OF SUBSIDIARIES

For the six months ended 30 June 2023 (2022) there was no disposal of subsidiaries.

8. OTHER INFORMATION TO THE FINANCIAL STATEMENTS

8.1. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

EUR '000

Type of revenues	For the six months ended 30 June	
	2023	2022
Revenue from contracts with customers		
Revenues from pharmaceuticals products	1,985,870	1,619,236
Revenues from promotional and related marketing services	12,491	24,333
Revenues from franchise fee	10,920	8,858
Revenues from logistics services	1,918	1,253
Other	8,037	2,010
Total	2,019,236	1,655,690

EUR '000

Timing of revenues recognition	For the six months ended 30 June	
	2023	2022
At a point in time	1,985,870	1,619,236
Over time	33,366	36,454
Total	2,019,236	1,655,690

EUR '000

Geographical regions	For the six months ended 30 June	
	2023	2022
Romania	819,285	652,163
Czech Republic	617,361	535,115
Slovakia	295,040	261,318
Poland	113,731	100,385
Italy	80,859	41,905
Serbia	69,873	37,011
Bulgaria	13,335	19,981
Other	9,752	7,812
Total	2,019,236	1,655,690

8.2. GOODS FOR RESALE AND DIRECT COSTS

EUR '000

Goods for resale and direct costs	For the six months ended 30 June	
	2023	2022
Cost of sales and direct costs	(1,489,308)	(1,219,375)
Impairment losses of inventory	(86)	379
Written off inventory	(5,255)	-
Total	(1,494,649)	(1,218,996)

8.3. PERSONNEL COSTS

EUR '000

Personnel costs	For the six months ended 30 June	
	2023	2022
Wages and salaries	(194,769)	(161,166)
Social security costs and other employee benefits	(45,817)	(33,373)
Total	(240,586)	(194,539)

8.4. RECEIVED SERVICES AND OTHER OPERATING EXPENSES

The structure of received services and other operating expenses is stable. The most significant services are as follows:

- Marketing services,
- IT services,
- Utilities (electricity, water, gas, heating etc.),
- Professional fees (accounting, tax, legal advisory, etc.),
- Transportation and fuel.

8.5. DEPRECIATION AND AMORTISATION

Depreciation and amortization	For the six months ended 30 June	
	2023	2022
Intangible assets	(10,869)	(10,038)
Property, plant, and equipment	(14,474)	(13,556)
Right-of-use assets	(40,352)	(33,491)
Total	(65,695)	(57,085)

8.6. IMPAIRMENT GAINS AND LOSSES OF NON-FINANCIAL ASSETS

EUR '000

Impairment gains and losses of non-current and current assets	For the six months ended 30 June	
	2023	2022
Goodwill	-	-
Property, plant and equipment	-	6
Total	-	6

8.7. IMPAIRMENT GAINS AND LOSSES OF FINANCIAL ASSETS

EUR '000

Impairment gains and losses of financial assets	For the six months ended 30 June	
	2023	2022
Net impairment (losses) / reversals of receivables	(267)	(42)
Bad debts written off	(697)	(68)
Bad debts recovered	62	49
Total	(902)	(61)

8.8. FINANCE INCOME AND EXPENSES

EUR '000

Finance income and expenses	For the six months ended 30 June	
	2023	2022
Interest income from related companies	24,356	13,766
Interest income from bank deposits	1,703	204
Exchange gain from financing activities	6,137	-
Other finance income	2,578	686
Finance income	34,774	14,656
Interest expense on bank borrowings	(17,216)	(6,691)
Interest expense on loans provided by related parties	(13,053)	(14,905)
Subtotal Interest expense on loans and borrowings	(30,269)	(21,596)
Interest expense on lease liabilities	(12,509)	(6,739)
Interest expense on bonds	(8,592)	(7,356)
Other interest expense	(275)	(232)
Bank charges	(4,689)	(5,085)
Exchange expense from financing activities	-	(2,167)
Other finance expense (incl. change in fair value)	(2,168)	(982)
Finance expenses	(58,502)	(44,157)
Total finance income / (expenses)	(23,728)	(29,501)

8.9. TAXES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

The income tax expense comprises:

EUR '000

Income tax expense	For the six months ended 30 June	
	2023	2022
Current tax expense	(14,696)	(10,259)
Deferred tax benefit	1,241	1,940
Total	(13,455)	(8,319)

8.10. GOODWILL

EUR '000

Goodwill	Total
COSTS	
Balance as at 1 January 2023	524,397
Acquisition of a subsidiary	39,347
Exchange difference	4,299
Balance as at 30 June 2023	568,043
ACCUMULATED IMPAIRMENT	
Balance as at 1 January 2023	(18,944)
Addition	-
Exchange difference	(869)
Balance as at 30 June 2023	(19,813)
NET BOOK VALUE	
Balance as at 1 January 2023	505,453
Balance as at 30 June 2023	548,230

Goodwill allocation

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows.

EUR '000

CGU	30/6/2023	
Ceska Lekarna Holding a.s Group	Operation of pharmacies in the Czech Republic	112,062
Dr. Max Holding SK, a.s. Group	Operation of pharmacies in the Slovak Republic	52,426
MagnaPharm Holdings Limited Group - Marketing and sales CGU	Provision of marketing and sales services	23,271
Lidea SpA Group	Operation of pharmacies in Italy	146,567
AsterFarm d.o.o. Group	Operation of pharmacies in Serbia	33,738
Dr. Max Polska Sp. z o.o., BRL Center Polska Sp. z o.o. Group	Operation of pharmacies in Poland	31,931
Dr. Max Romania Group - Retail CGU	Operation of pharmacies in Romania - Retail	92,442
Dr. Max Romania Group - Wholesale CGU	Operation of wholesale in Romania	55,793
Total		548,230

8.11. INTANGIBLE ASSETS

The most significant additions realized by the Group during six months ended 30 June 2023 were represented by investments into the pharmacy licenses.

No intangible assets were sold during the period six months ended 30 June 2023 (30 June 2022).

8.12. PROPERTY, PLANT AND EQUIPMENT

Assets (other than those classified as held for sale) with a net book value of EUR 1,277 thousand were disposed by the Group during six months ended 30 June 2023, resulting in a net gain on disposal of EUR 927 thousand (30 June 2022: EUR 638 thousand).

8.13. LOANS PROVIDED

The basic terms of loans provided are as follows:

EUR '000

Loans provided	Currency	Interest rate	Maturity date	30/6/2023
Loans provided to immediate parent company	EUR	2,86% – 7,37%	October 2023 – February 2030	890,612
Loans provided to immediate parent company	CZK	4,56% - 7,51%	July 2023 – June 2029	56,830
Loans provided to related party	EUR	3.17%	December 2025	72,263
Loans provided to related party	CZK	2,45%	June 2029	286
Subtotal Loans provided to related parties				1,019,991
Other immaterial loans provided to third parties	EUR	-	-	2,216
Subtotal Loans provided to third parties				2,216
Total				1,022,207

8.14. INVENTORIES

EUR '000

Inventories	30/6/2023
Raw materials	14,364
Work in progress	172
Finished products and merchandise stock	559,260
Inventories at cost	573,796
Impairment	(14,106)
Total inventories at the lower of cost and net realisable value	559,690

8.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

EUR '000

Cash and cash equivalents	30/6/2023
Cash in hand	7,218
Cash at bank	169,007
Total	176,225

8.16. EQUITY

Share capital, share premium

In the first six months ended 30 June 2023 there was neither a change in share capital nor change in the share premium.

Dividend

There was no transfer of dividends recognized as distribution to owners during the six months ended 30 June 2023 (30 June 2022).

8.17. INTEREST-BEARING LOANS AND BORROWINGS

EUR '000

Interest-bearing loans and borrowings		30/6/2023
Non-current interest-bearing loans and borrowings		
Bank borrowings		769,185
Loans from related parties		692,265
Corporate bonds and other debt securities		241,598
Other borrowings		260
Subtotal		1,703,308
Current interest-bearing loans and borrowings		
Bank borrowings		31,207
Bank overdrafts, revolving bank facilities		50,009
Loans from related parties		5,596
Corporate bonds and other debt securities		72,354
Other borrowings		1,416
Subtotal		160,582
Total		1,863,890

Bank borrowings and overdraft

Basic terms and outstanding balances of bank borrowings and overdrafts as at 30 June 2023 are as follows:

EUR '000

Nature	Currency	Interest rate		Maturity date	30/6/2023
		Variable	Margin		
Long term facility	EUR	3M EURIBOR	2,1%	30 June 2029	609,518
Long term facility	EUR	3M EURIBOR	2,1%	30 June 2029	190,874
Subtotal Long term facility					800,392
Revolving facility	EUR	3M EURIBOR	1,7%	30 June 2024	50,009
Subtotal Bank overdrafts, revolving bank facilities					50,009
Loan provided by other related party	CZK	-	3,36%	3 June 2024	1,387
Loan provided by other related party	CZK	-	5,80%	31 December 2024	17,727
Loan provided by other related party	CZK	-	5,80%	31 December 2024	12,592
Loan provided by other related party	EUR	-	4,72%	31 December 2025	6,951
Loan provided by other related party	EUR	-	5,05%	21 March 2026	199,607
Loan provided by other related party	EUR	-	3,37%	31 December 2024	47,606
Loan provided by other related party	EUR	-	3,37%	31 December 2024	34,914
Loan provided by other related party	EUR	-	4,35%	11 May 2030	42,216
Loan provided by other related party	EUR	-	4,39%	18 June 2026	164,090
Loan provided by other related party	EUR	-	4,39%	18 June 2026	73,922
Loan provided by other related party	EUR	-	3,37%	31 December 2024	92,642
Loan provided by other related party	EUR	-	3,41%	13 January 2024	4,207
Subtotal Loans provided by related parties					697,861
Issued bonds	CZK	-	4,40 - 4,95%	2023 – 2025	12,616
Issued bonds	CZK	-	4,35 – 8,50%	2023 - 2026	78,711
Issued bonds	EUR	-	3,50 – 5,10%	2023 – 2030	222,625
Subtotal Issued bonds					313,952
Other immaterial borrowings balances					1,676
Subtotal Other borrowings					1,676
Total					1,863,890

8.18. PROVISIONS

The company did not have any restructuring reserves as of 30 June 2023 (30 June 2022).

8.19. DERIVATIVE FINANCIAL INSTRUMENTS

EUR '000

Derivate financial assets	30/6/2023
Hedging derivatives (Interest rate swaps)	
- thereof non-current	46,054
- thereof current	2,025
Total	48,079

EUR '000

Hedging reserve	Interest rate swaps
Balance as at 1 January 2023	40,773
Less: Change in fair value of hedging instrument recognised in OCI	1,059
Less: reclassified from OCI to profit or loss	(4,704)
Add: Deferred tax	692
Exchange difference	-
Balance as at 30 June 2023	37,820

EUR '000

Hedging reserve	Interest rate swaps
Balance as at 1 January 2022	(441)
Add: Change in fair value of hedging instrument recognised in OCI	12,525
Less: reclassified from OCI to profit or loss	272
Less: Deferred tax	(2,380)
Exchange difference	-
Balance as at 30 June 2022	9,976

8.20. CONTINGENCIES, COMMITMENTS AND GUARANTEES

Letter of credits

ČESKÁ LÉKÁRNA HOLDING, a.s. utilises a financing facility with a bank for letters of credit provided by the said bank in connection with rental agreements. These letters of credit are to be used solely for the payment of arrear rental expenses. As at 30 June 2023, the outstanding value of the letters of credit amounted to EUR 175 thousand.

Dr. Max Romania Group utilises a financing facility with a bank for letters of credit provided by the said bank in connection with rental agreements, supplier guaranties and other business-related letters of credit. As at 30 June 2023, the outstanding value of the letters of credit amounted to EUR 29,702 thousand.

Commitments

Significant capital expenditure contracted but not recognised as liabilities as at 30 June 2023 is as follows:

EUR '000

Capital commitments	30/6/2023
Right-of-use assets	25,514
TOTAL	25,514

Guarantees

The banks issued guarantees with respect to outstanding liabilities of the Group arising from:

EUR '000

Bank guarantees	30/6/2023
Purchase of goods	9,149
Rental agreements	2,250
Other	158
Total	11,557

The Company issued guarantees with respect to outstanding liabilities of its subsidiaries arising from:

EUR '000

Guarantees issued by PHARMAX HOLDINGS LIMITED for its subsidiaries	30/6/2023
Purchase of goods	102,936
Rental agreements	9,775
Other	12,890
Total	125,601

8.21. RELATED PARTY BALANCES AND TRANSACTIONS

Set out below is the overview of transactions with related parties made during the period six months ended 30 June 2023 and six months ended 30 June 2022 and outstanding balances as at 30 June 2023 and 30 June 2022 accordingly.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Transaction with key management personnel

Key management personnel are defined as follows:

- Management board,
- Local CEO,
- Immediate subordinates of the local CEO.

Key management personnel compensation comprised the following:

EUR '000

Compensation of key management personnel	6M/2023	6M/2022
Short-term employee benefits	9,543	8,236
Post-employment benefits	-	-
Other long-term benefits	4,518	5,860
Termination benefits	185	52
Total	14,246	14,148

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Transactions with Immediate parent company and other related parties

EUR '000

Transactions with related parties as at 30 June	2023			2022		
	Immediate parent company	Other related parties	Total	Immediate parent company	Other related parties	Total
Long-term loans provided*	929,903	72,527	1,002,430	1,028,418	70,104	1,098,522
Short-term loans provided*	17,539	22	17,561	48,114	-	48,114
Short-term trade and other receivables	-	7,431	7,431	-	5,872	5,872
Total assets	947,442	79,980	1,027,422	1,076,532	75,976	1,152,508
Long-term interest-bearing loans and borrowings	-	692,265	692,265	-	505,663	505,663
Short-term interest-bearing loans and borrowings	-	5,596	5,596	-	24,976	24,976
Short-term trade and other payables	2,565	4,451	7,016	2,565	4,039	6,604
Total liabilities	2,565	702,312	704,877	2,565	534,678	537,243

*Subordinated loans in compliance with Senior term and revolving facility agreement.

For more information on related parties balances pledged as security by the Group refer to note 8.17 Interest-bearing loans and borrowings.

EUR '000

Transactions with related parties for the period from 1 January to 30 June	2023			2022		
	Immediate parent company	Other related parties	Total	Immediate parent company	Other related parties	Total
Operating income and expenses						
Income	211	45,185	45,396	973	40,188	41,161
Expenses	-	(3,786)	(3,786)	(26)	(3,680)	(3,706)
Total net income/(expense)	211	41,399	41,610	947	36,508	37,455
Interest income and expense						
Income	23,285	1,071	24,356	12,698	1,074	13,772
Expenses	-	(13,053)	(13,053)	-	(14,905)	(14,905)
Total net income/(expense)	23,285	(11,982)	(11,303)	12,698	(13,831)	(1,133)

For the six months ended 30 June 2023 (2022), the Group purchased in/tangible assets from other related parties in the amount of EUR 2,289 thousand (EUR 3,641 thousand).

8.22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

EUR '000

Reconciliation of liabilities arising from financing activities	Loans and borrowings	Bonds	Other financial liabilities	Lease liabilities	Total
Balance as at 1 January 2023	1,478,698	347,607	7,523	545,633	2,379,461
Changes from financing cash flows:					
Proceeds from borrowings and other financial liabilities	88,739	-	500	-	89,239
Proceeds from bonds issued	-	6,189	-	-	6,189
Repayment of borrowings and other financial liabilities	(58,208)	-	-	-	(58,208)
Repayment of bonds issued and their repurchase	-	(40,875)	-	-	(40,875)
Payment of lease liabilities	-	-	-	(36,714)	(36,714)
Interest paid net of settlement from hedging derivatives	(17,438)	(8,658)	-	(12,364)	(38,460)
Total changes from financing cash flows	13,093	(43,344)	500	(49,078)	(78,829)
Changes arising from acquisitions and from transactions under common control:	25,190	-	-	8,674	33,864
Other changes:					
Change in fair value	-	-	384	-	384
New leases	-	-	-	59,962	59,962
Interest expense	30,269	8,592	45	12,509	51,415
The effect of changes in FX	(10,838)	1,493	-	1,150	(8,195)
Other non-cash movements	(427)	(396)	-	(573)	(1,400)
Foreign exchange differences arising from consolidation	13,953	-	58	3,967	17,978
Non-cash changes in liabilities from financing activities	32,973	9,689	487	77,015	120,144
Balance as at 30 June 2023	1,549,938	313,952	8,510	582,244	2,454,644

9. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks including foreign currency risk, fair value interest rate risk, credit risk and liquidity risk. The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2022. There have been no changes in any risk management policies since the year end.

9.1. FAIR VALUES

The directors consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values due to regular annual reassessment of fixed interest rates to be compliant with the market rates:

EUR '000

Fair value	Fair value hierarchy	30/6/2023	
		Carrying amount	Fair value
Financial assets			
Derivative financial assets	Level 2	48,079	48,079
Loans provided	Level 3	1,022,207	1,022,207
Financial liabilities			
Interest bearing loans and borrowings	Level 3	1,863,890	1,863,890

In 2022, the Group concluded IRS contracts. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (hedge accounting).

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

9.2. CAPITAL RISK MANAGEMENT

Bank covenants

In order to achieve the overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants as of 30 June 2023:

- leverage ratio (i.e. Net debt to EBITDA) - must not be more than 4.00 and
- debt service cover ratio (i.e. Cashflow to Debt Service) - must be more than 1.1.

The Group has complied with these covenants as at 30 June 2023 as well as throughout the reporting period. No changes were made in the policies or processes for managing capital during six months ended 30 June 2023 (30 June 2022).

10. SUBSEQUENT EVENTS

There have been no events subsequent to period end which require adjustment of or disclosure in the interim consolidated financial statements or notes thereto except the facts mentioned below.

On 31 August 2023, the Group acquired 100% of the shares and voting interests in Apotheke Slovakia, a. s., an unlisted company. Due to this acquisition the Group gained 35 pharmacies located in Slovakia and will increase the availability of pharmaceutical care and innovative services for customers. The provisional details of the purchase consideration, the net assets acquired and the goodwill are as follows¹:

EUR '000

Fair value	
NET IDENTIFIABLE ASSETS ACQUIRED	5,725
Add: Goodwill	13,549
NET ASSETS ACQUIRED	19,274

EUR '000

Purchase consideration	
Cash consideration paid	16,382
Prepayments made in previous periods	-
Contingent consideration	2,892
Deferred consideration	-
Total purchase consideration	19,274

¹ The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated provisionally and could be adjusted in the subsequent period.