Venture Life Group
Annual Report 2023

Overview
Strategic Review
Governance
Financial Statements

OUR MISSION, VISION & VALUES

Mission

Provide accessible, innovative selfcare products to address consumers' everyday needs.

Vision

Create sustainable and effective selfcare solutions for a better quality of life.

Values

Innovation	Consistency
Trust	Responsibility
Integrity	Collaboration

What we do

Venture Life develops, manufactures and distributes regulated products for the consumer self-care market.

Why we do it

A growing global population living longer drives the ever-increasing demand for self-care and preventative wellness. Combined with global healthcare budgets being under pressure and governments encouraging consumers towards both self-diagnosis and self-medication, means the self-care market is a continually growing market space.

28m
NUMBER OF UNITS MANUFACTURED IN 2023

66
VLG BRANDS PRODUCTS

797
CUSTOMER BRANDS PRODUCTS

27
MEDICAL DEVICES

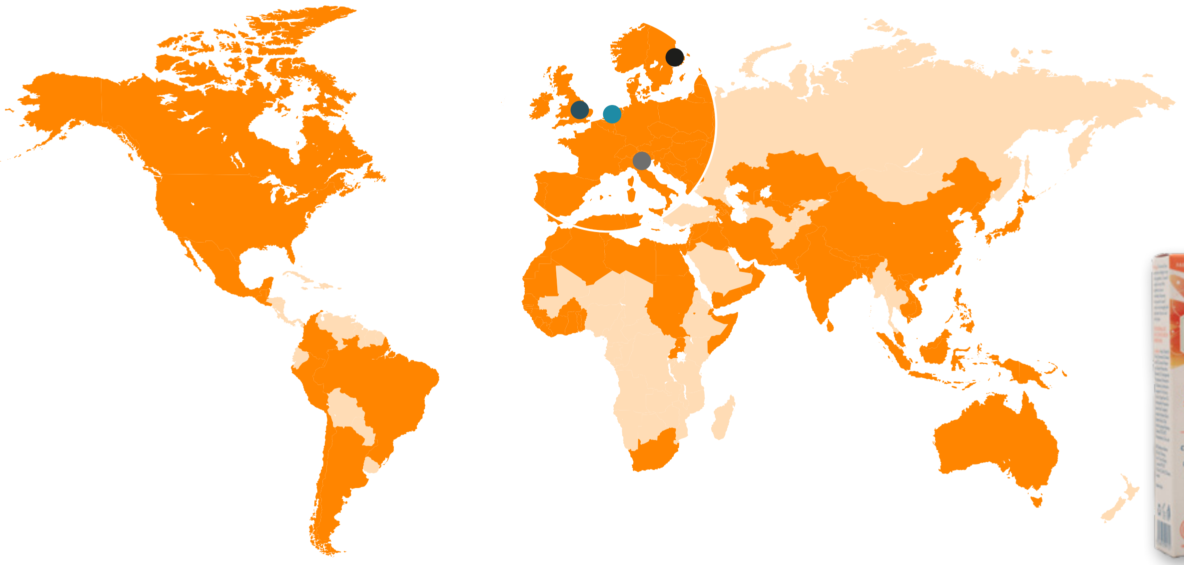
Where we do it

Within the UK and The Netherlands we have direct access to retail markets, including key pharmacy and grocery multiple retailers. This direct route earns us higher revenues per unit, and in return we only invest money in UK consumer marketing to support the products.

Our international business currently follows a B2B model. We partner our products around the world, focusing on key markets. Our partners have local market expertise and they cover all in-market costs, so we have no exposure to funding sales, marketing and distribution costs in these locations.

Aside from traditional brick-and-mortar we are also present on Amazon in six countries on both sides of the Atlantic, with the UK, US and Germany as the biggest so far. This omni-channel strategic move expands our reach, connecting us with millions of international consumers through the convenience of e-commerce.

- UK Commercial and Head Office
- The Netherlands Office
- Italian Development and Manufacturing Facility
- Swedish Manufacturing Facility
- Countries where products are sold or partnered
- Potential markets



Our Leading Brands

CATEGORY	% OF VLG BRANDS REVENUE IN 2023	YOY GROWTH[1]	KEY BRANDS
Energy Management	24.0%	15.1%	lift, GLUCOGEL
Women's Health	21.5%	10.7%	BALANCE ACTIV
Ear, nose & throat	17.4%	6.5%	Earol
Oral Care	15.6%	3.9%	ultraDEX, Dentyl FRESH PROTECT
Oncology	11.6%	25.4%	Pomi-T, gelclair
Footcare	6.7%	6.5%	Myco Clear

[1] Refers to proforma growth i.e. if the acquisitions of HL Healthcare Limited had been in place for the whole of the prior year

A year propelled by organic growth, underscored by a dedicated focus on product innovation and channel expansion.

Committed and dynamic team

165

TOTAL EMPLOYEES (Dec 2023)

Wide distribution network

47,277

UK DISTRIBUTION POINTS (Dec 2023)

Strong in-house R&D capability

18

NEW PRODUCTS IN 2023

Digitalisation progress

40%

YOY ONLINE REVENUE GROWTH IN 2023

20%

OF ENERGY FROM PHOTOVOLTAIC PANELS

(Biokosmes factory, in year 2023)

Rich portfolio of products

+850

SKUS (Dec 2023)

Solid relationship with distribution partners

28

NEW LISTINGS IN FY 2023

> "Our focus for 2023 was organic growth, delivering strong cash generation which in turn drove de-levering of our business"

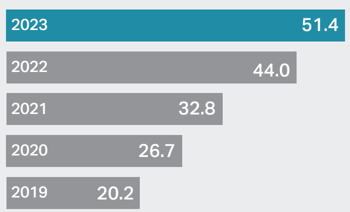
Jerry Randall
Chief Executive Officer

2023 FINANCIAL HIGHLIGHTS[1]

Strengthened by robust revenue growth and improved operational leverage, the enhanced EBITDA margin fosters strong cash generation capabilities, facilitating quicker debt repayment.

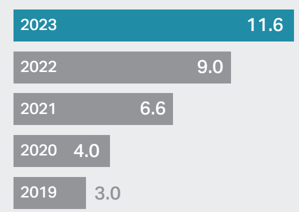
GROUP REVENUE £M

£51.4m
+16.9%



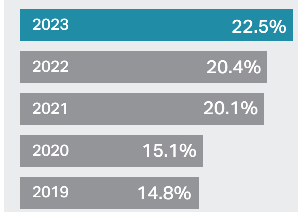
ADJUSTED EBITDA £M[2]

£11.6m
+28.9%



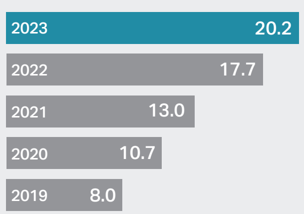
ADJUSTED EBITDA % MARGIN

22.5%
+2.1ppts



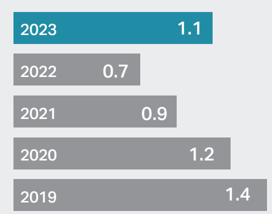
GROSS PROFIT £M

£20.2m
+14.1%



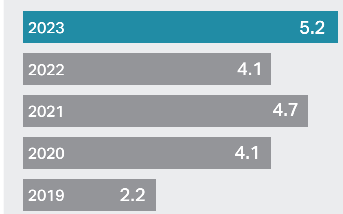
PROFIT BEFORE TAX £M

£1.1m
+59.1%



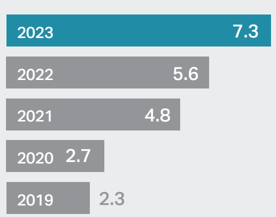
ADJUSTED EPS (PENCE)[5]

5.2p
+28.4%



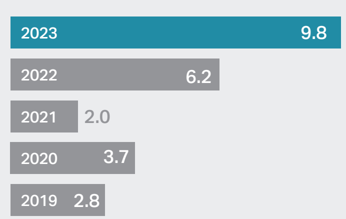
ADJUSTED PROFIT BEFORE TAX[3] £M

£7.3m
+29.2%



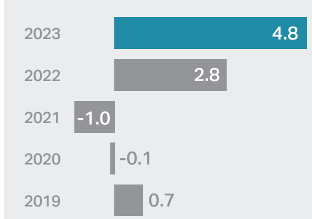
CASH GENERATED FROM OPERATIONS £M

£9.8m
+59.0%



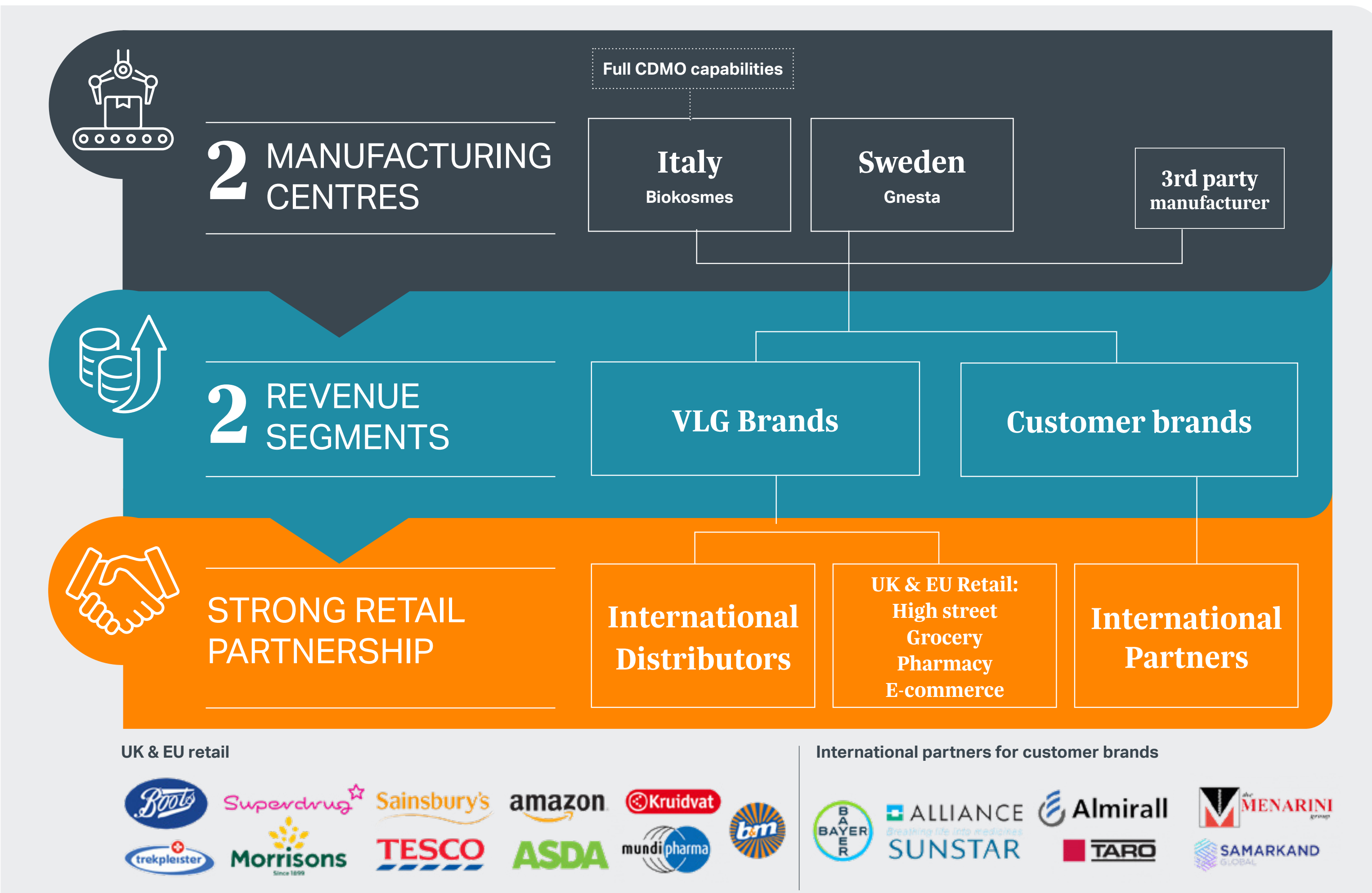
FREE CASH FLOW[4] £M

£4.8m
+71.4%



[1] Financials exclude one-off hand sanitiser gel revenue and margin in 2020
[2] Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments as shown in note 29 of the financial statements.
[3] Adjusted Profit Before Tax is PBT before exceptional items, amortisation and share based payments as shown on page 46
[4] Free cash flow reconciliation shown on page 44
[5] Adjusted EPS reconciliation shown in note 12 of the financial statements

We have multiple revenue growth opportunities, both organically and through our acquisition strategy.



Our key activities

Based on a vertically integrated approach, we either acquire or develop self-care products and brands. These products are then manufactured in-house and sold direct to key retailers and online in the UK, the Netherlands and Italy, and through a network of partners and online internationally.

We have two revenue segments:

VLG Brands: Products manufactured, distributed, and marketed by VLG, which also owns the trademark and formulation of the products; and

Customer Brands: Products manufactured by VLG-owned factories, which co-develop formulations with customers, who will distribute and market these products under their own brand names.

OUR BUSINESS MODEL AND STRATEGY CONTINUED

Development milestones

2010
Company founded

2014
IPO on London Stock Exchange AIM

Merger with Biokosmes Srl - obtained in-house development and manufacturing capabilities

2016
Acquisition of UltraDEX brand

2018
Acquisition of Dentyl brand

2020
Acquisition of portfolio of footcare products

2021
Acquisition of Balance Activ, Lift, Glucogel Gelclair, Pomi-T and XonRID brands, and Gnesta (Sweden) manufacturing facility

2022
Acquisition of Earol brand

2023
40th anniversary of Biokosmes

- Womens health
- Oral Care
- Energy Management
- ENT
- Footcare
- Oncology

Our company

We are committed to providing innovative and efficacious products for the consumer self-care market. Key to our growth is our continued drive to be the "partner of choice" for self-care products. We also have the agility to move fast and capitalise on growing consumer trends. Our model is supported by the following key components:

- Head office in the UK with commercial operations in the UK, Italy and Sweden;
- Vertically integrated business model with expertise in product development, manufacturing and distribution;
- 8,100m^2 floor space hosting in-house manufacturing and development facility, with expertise in medical devices (under MDD and MDR); and
- Experience in acquiring and integrating products/brands and reinvigorating them.

40 years
DEVELOPING AND MANUFACTURING HEALTHCARE PRODUCTS

9
KEY BRANDS

90+
MARKETS WORLDWIDE

65m
CAPACITY OF UNITS PER ANNUM

1,500+
FORMULAS IN THE LAB

7
CORPORATE ACQUISITIONS

Knowledge & expertise

Combined with an experienced management team, our R&D team has been developing healthcare products for nearly 40 years, registered as Medical Devices and Cosmetics.

Our brands

Our concise range of self-care brands in areas including women's intimate health, energy management, ENT (Ear, Nose & Throat), oral health, oncology support, footcare and dermatology. Many of these brands have intellectual property and clinical supporting studies.

R&D and manufacturing

Our manufacturing facilities differentiate us from our peers. With a strong technical team in place with regulatory experience, flexible production equipment and spare capacity, we are agile in responding to market demand.

Acquisition success

We have a proven track record of identifying and acquiring interesting products at sensible prices, then quickly and effectively integrating them by utilising our commercial and manufacturing resources and invigorating acquired brands through dynamic marketing and selling strategies.

Partnerships

Key to our growth is our continued drive to be the "partner of choice" for self-care products by fostering and nurturing strong partnerships all over the world, and providing the highest levels of service.

Revolving Credit Facility

Revolving Credit Facility of up to £30 million available for further selective earnings enhancing acquisitions.

OUR BUSINESS MODEL AND STRATEGY CONTINUED

Fully integrated for growth

2023 has seen our strategy deliver another year of growth within the Group across the key measures of revenue, gross profit and Adjusted EBITDA[1]

Investments

We have invested significant capital over recent years to develop the manufacturing capacity and capability of our Development and Manufacturing facilities and have increased operational leverage to exploit revenue growth. Investment totalled £0.8 million during the year (2022: £0.8 million)

Acquisition

Our acquisitions illustrate how we can use our manufacturing capabilities to manufacture in-house to improve service, working capital and margins, develop new line-extensions, increase local distribution, improve marketing and internationalise the brand in a short space of time

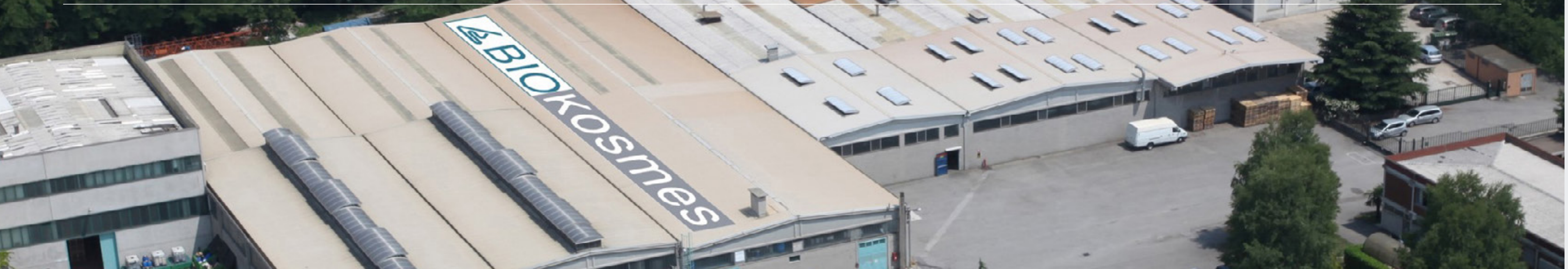
- M&A transactions have built a portfolio of leading brands & products
- Proven track record in acquiring and integrating businesses and reinvigorating brands

Consistent and sustainable growth

Since entering the public market in 2014, the Group has achieved compound annual revenue growth of 24% (up to and including 2023), which comes from a combination of organic and acquired growth. In addition through its Sustainable Life project the Group is constantly improving its sustainability and reducing its impact on the environment

[1] Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments.

DEVELOPMENT AND MANUFACTURING



Operational leverage

The manufacturing and development facility has plenty of scope for additional revenue generation, with a spare capacity of 56% at the end of 2023.

Our development and manufacturing facility services both VLG and Customer Brands.

Our first production facility, Biokosmes, is located in Lecco, Italy, with 40 years of production expertise. Merged with Venture Life Group in 2014, it manufactures products for both VLG Brands and Customer Brands. The second site, Rolf Kullgren in Gnesta, Sweden, acquired through the BBI deal, specialises in production of our women's health products.

Our manufacturing scalability

The Group has significant capacity for growth, which will accommodate both organic and acquired growth. There is also the opportunity to expand the current factory footprint further, in addition to being able to lease nearby buildings to continue current expansion should it be required.

Our manufacturing facilities in Italy and Sweden are key differentiating factors from our peers.

Investment for growth

Our 5,500m² facility is located in northern Italy, near Milan. This facility manufactures both our wholly owned Venture Life Brands and Customer Brands, which are sold under the customers' brand names.

Our 2,600m² Swedish facility is in Gnesta, south of Stockholm, and manufactures the bacterial vaginosis and moisture gel under our own brand of Balance Activ, but also under customer brand names. It contains a state of the art fully automated filling line that can produce 270 long neck tubes per minute.

We have over 40 years experience in developing consumer healthcare products (registered as Medical Devices or Cosmetics), and a strong technical team in place with regulatory expertise. This in-house ability to develop and manufacture allows us to be agile in responding to market demand.

Our development and manufacturing capability is a key revenue driver for the Group. With our strong growth to date and strategic ambition, we have invested significantly over the last two years to increase the manufacturing capacity.

PRODUCTION CAPACITY

Italy

55m units

Sweden

10m units

Gnesta Facility

Increased factory space to increase production

The Group now has significant capacity for growth, which will accommodate both organic and acquired growth. There is also the opportunity to expand the current factory footprint still further, in addition to being able to lease nearby buildings to continue current expansion should it be required.

	ITALY	SWEDEN
Bulk mixing turbo-mixers	6	1
Filling lines	13	1
Daily unit capacity	250,000	45,000
Utilisation rates	48%*	19%**

*80% Customer Brands, 20% VLG Brands

**100% VLG Brands

OUR INVESTMENT CASE

We create value for shareholders by acquiring or developing, manufacturing and commercialising products/brands for the self-care market globally.

Sustainable revenue growth

Our Compound Annual Growth Rate (CAGR) of 24% since 2014, underscores our robust financial performance. This sustained growth over time signifies strategic prowess and adaptability, positioning VLG as a reliable and formidable player in the market.

SEE FINANCIAL OVERVIEW P42

Focus on sustainability

We recognise the vital role of sustainability in our business operations. In 2023, we committed a substantial investment of over £100,000 to initiatives centered around Environmental, Social, and Governance (ESG) principles. Furthermore, our Group places a strong emphasis on giving back to the community as a key focal point of our corporate responsibility efforts.

SEE ESG P33

Margin improvement and strong cash generation

Boosting operational efficiency and further internalising manufacturing will increase our product margins. The increase in sales generates ample cash flow, enabling us to swiftly pay down debt, especially in the face of high-interest rates.

SEE FINANCIAL OVERVIEW P43

Long-term partnerships with international pharmaceutical companies

Our enduring manufacturing partnerships with industry giants like Bayer and Alliance exemplify our commitment to excellence. Focused on high production quality, we maintain solid relationships with major pharmaceutical companies worldwide. Our dedication ensures not only reliable manufacturing but also fosters enduring partnerships built on trust and mutual success.

SEE CASE STUDY P28

Brand development and innovation

Our emphasis on brand building, marketing, and continuous innovation underscores our commitment to meeting market demand dynamically. Through strategic branding, targeted marketing efforts, and the continual development of innovative products, we position ourselves to not only respond to but also shape market trends, ensuring sustained relevance and growth.

SEE CASE STUDY P25

Strong distribution partnerships

Our products not only own 47,277 distribution points across the UK's renowned high streets and grocery stores, but also enjoy a rapidly growing online presence. With a noteworthy 40% year-on-year growth achieved in 2023, our digital footprint enhances accessibility, meeting the evolving needs of consumers seeking convenience and quality in the online marketplace.

SEE CASE STUDY P27

Advanced in-house R&D and manufacturing

Biokosmes in Italy stands as a manufacturing hub with full Contract Development and Manufacturing Organisation (CDMO) capabilities, emphasising innovation and quality. Simultaneously, our factory in Gnesta boasts a cutting-edge setup, featuring a fully-automated production line that ensures precision and efficiency in our manufacturing processes.

SEE CASE STUDY P28

Proven track record in acquisitions

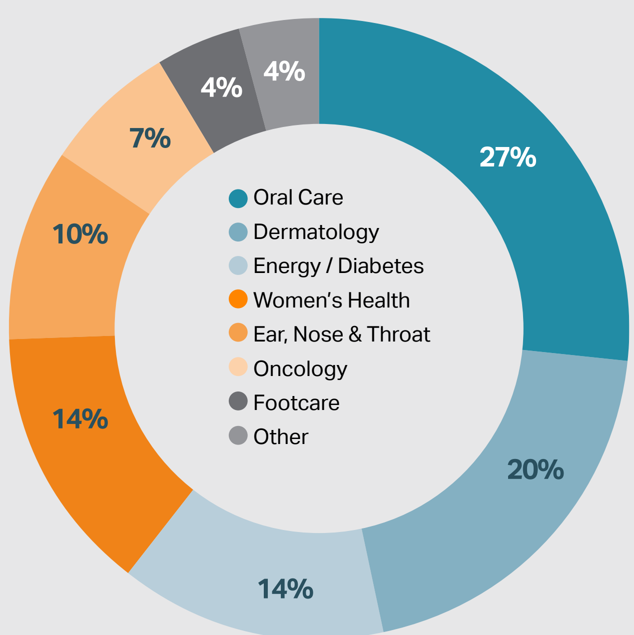
Executing a "buy-and-build" strategy, we drive growth organically and inorganically, achieving remarkable success. Our strategic acquisitions, coupled with organic expansion, create substantial shareholder value. We aim to source impactful acquisitions that bring us higher-margin products that can be manufactured in-house, and strategically building a robust portfolio, fostering sustained growth and prosperity.

SEE CASE STUDY P25

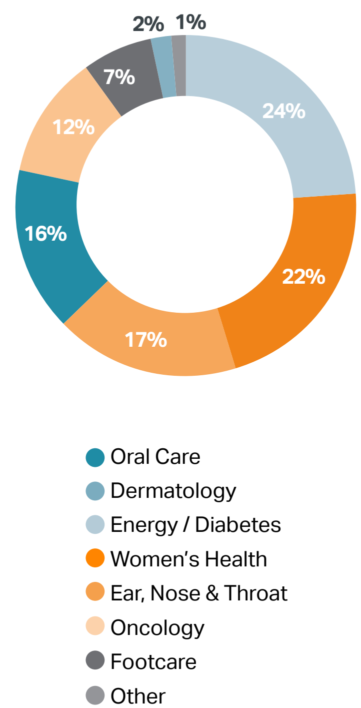
OUR THERAPY AREAS

How our main seven therapeutic areas of operation, each providing innovative and efficacious products for the global self-care market, contribute to Group revenue.

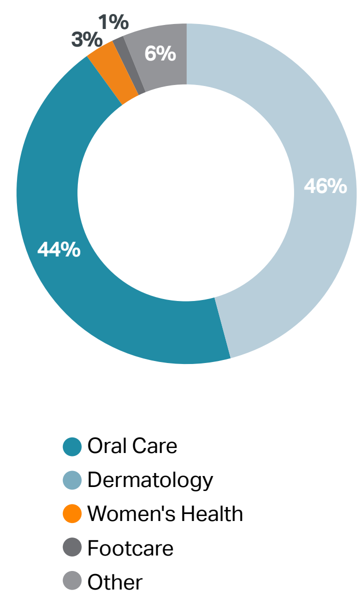
Group revenue by therapy FY23



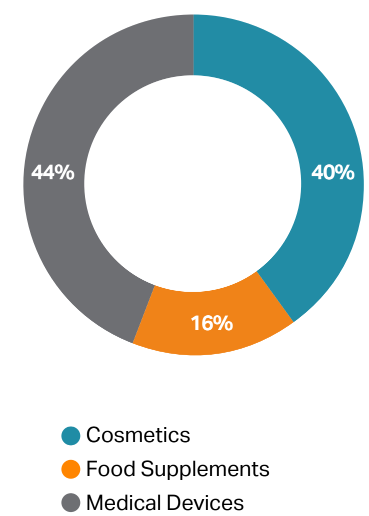
VLG BRANDS



CUSTOMER BRANDS



GROUP REVENUE OVERVIEW



AREAS OF THERAPY – VLG BRANDS

All key product groups delivered growth in 2023.

VLG Brands Revenue

DIABETES / ENERGY MANAGEMENT

+15.1%

2023	7,310
2022	6,348
2021	5,153
2020	4,330
2019	4,145

WOMEN'S INTIMATE HEALTH

+10.7%

2023	6,542
2022	5,909
2021	5,221
2020	5,122
2019	4,611

ORAL CARE

+3.9%

2023	4,745
2022	4,568
2021	5,091
2020	4,842
2019	5,448

EAR, NOSE & THROAT

+6.5%

2023	5,296
2022	4,975
2021	3,850
2020	2,861
2019	2,917

FOOTCARE

+6.5%

2023	2,030
2022	1,906
2021	2,461
2020	2,744
2019	2,151

ONCOLOGY

+25.4%

2023	3,526
2022	2,812
2021	2,905
2020	2,594
2019	3,237

%'s shown represent growth versus 2022.

5.4%

LFL REVENUE GROWTH[1]

£9.8m

2022: £6.2m

CASH GENERATION

6.1%

2022: 4.8%

GROUP REVENUE FROM NPD[2]

Financial Review
Read more on page 42

[1]LFL = Like for like
[2]NPD = New product development

The Group's strategic approach, adaptability, investment in a positive culture, and commitment to ESG have delivered robust outcomes, showcasing resilience and fostering confidence in future success.

I am pleased to share our annual results with you. In a year of significant macro-economic challenges, VLG Group's strategy, flexibility, investment in a positive culture and ESG has yielded significant growth of 17% in revenue, and 29% in adjusted EBITDA, representing like for like organic revenue and adjusted EBITDA growth of 5% and 8% respectively, showcasing the strength and quality of our brands and focus on innovation for new product development. The positive impact of our merger and acquisition activities in recent years became evident in 2023. Notably, we achieved double-digit revenue CAGR for most of our acquired brands since 2020, thanks to investment in new product development, paving the way for further organic growth in the future. The impressive performance has enabled strong cash conversion, quicker debt reduction from these acquisitions, and a robust financial position as we look forward.

Our dedication to ESG principles remains strong. Biokosmes, our manufacturing facility in Italy, is in the process of pursuing B Corp certification, building on its previous achievement of an EcoVadis silver medal. Recognising the value of our human capital, we expanded our workforce from 153 to 165, aiming to foster a capable team.

The board would like to express thanks to the whole VLG team for their ongoing enthusiasm, commitment, and professionalism, which is enabling the business to deliver such consistent results despite market dynamics.

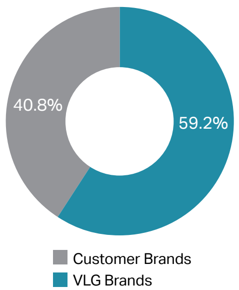
The strength of the team, an integrated business model with internal R&D, best-in-class manufacturing, brand development, with a diversified portfolio in sectors, which show strong resilience, provides robust confidence in future success.

Paul McGreevy
Non-Executive Chair

CHIEF EXECUTIVE OFFICER'S STATEMENT

17%

REVENUE GROWTH



REVENUE MIX %

29%

ADJUSTED EBITDA GROWTH

24%

10YR REVENUE CAGR

The Group continued on its path of sustained consolidated growth in 2023, and for the first time since 2019 this was based solely on organic growth, without any M&A activity.

A consistent theme in recent years has been that of global challenges and disruption, and 2023 was no different. However, our fantastic team across all our locations continued to take this environment head on and delivered strong growth across the whole business. I am delighted to present these excellent results of our hard work in 2023, and give the credit to our wonderful team who worked tirelessly to achieve them, as we continue to work towards a more sustainable business for today and the future.

As was our plan, our focus for 2023 was organic growth, delivering strong cash generation which in turn drove de-levering of our business. 2023 saw sustained higher interest rates, and higher perceived risk of debt, so a key strategic focus for the Group in 2023 was to reduce our net debt. We have achieved that goal, with delivery of growth not only in our Venture Life Brands, but also over delivering on our targets set for Customer Brands. A significant milestone was reached in our distribution and digitisation efforts, with a noteworthy 40% YoY growth in online revenue. The addition of 28 new listings and a notable 9% YoY increase in UK distribution points (excluding Dentyl), showcased a much stronger omni-channel retail presence from last year, laying a solid foundation for our future results.

Our commitment to innovation was evident through the introduction of six new products from VLG brands, translating into nine SKUs across three brands. On top of that, we also brought nine new products to the market for our Customers thanks to Biokosmes and its full service CDMO capability. The 18 new SKU's together contributed 6% to Group revenue. Building momentum on this strong foundation, we are already preparing a deep pipeline of new products in multiple therapy areas for market launch in 2024, which is set to propel our growth in 2024 as our total addressable market continues to expand thanks to our exciting new products.

We have also made significant inroads by carving out a new revenue stream: private label.

Private label products, in contrast to our Customer Brands products, are developed, manufactured, and packaged specifically for retailers, who then distribute them through their own retail channels. Exploring private label opportunities allows us to successfully drive revenue and foster crucial relationships with retailers. We have a small number of products in the private label space already, with overall revenues from this area representing £2.4 million (2022: £1.9 million), included in our VLG Brands revenues. In 2023 we launched our first private label collaboration with Boots which yielded nearly £0.4 million in revenue during 2023, and we have more exciting collaborations in progress with this retailer and others, further enhancing our private label business opportunities. Moving forward we will be reporting this revenue stream separately from VLG Brands revenues.

Branding and marketing is key to organic growth, and has therefore been a focus area during 2023, having significantly bolstered our in house brand management team in late 2022. We are pleased to report that these initiatives have been strategic and impactful. Leveraging social media, digital marketing, and brick-and-mortar promotional activities, we have not only supported online and offline revenue growth but also strengthened our market presence. Let me move on to therapy area performance review to further explain how we hit our revenue targets through a successful execution of our marketing schemes.

Energy Management

+15%

REVENUE GROWTH

Womens Health

+11%

REVENUE GROWTH

VLG Brands performance overview by therapeutic areas

Energy Management

Lift

£7.3m

+15.1% LFL

REVENUE

Energy Management was the biggest contributor to Group growth in 2023, with Lift revenues seeing a notable increase of 15.1% YoY, including a substantial 52% online revenue growth. This growth can be attributed to effective pharmacy distribution and an active marketing campaign. The main contributors, Lift Fast Acting Glucose Shots and Chews experienced impressive growth rates of 100% and 21%, respectively, alongside prudent advertising investment and listing optimisation.

We have further established Lift in the sports energy market building on our dominance in the energy management space for diabetes, particularly addressing hypoglycemia. In 2023, we introduced Lift Activ Energy Boost, leveraging Lift's expertise in glucose energy management. This product aims to carve out a distinct consumer space within the casual sports and lifestyle energy sector.

We increased advertising spend which led to improved online sales. On Facebook and Instagram, Lift followers have grown by 359%, and the brand reached 2.6 million customers over the year through our PR activities. Noteworthy online and offline marketing campaigns with major retailers like Sainsbury's and Tesco gained traction, contributing to brand visibility. The launch of a our own new Lift e-commerce website reflects our commitment to enhancing the digital customer experience and expanding our online presence, aligning with our vision for sustained growth in a digital marketplace.

Women's Health

Balance Activ

£6.5m

+10.7% LFL

REVENUE

Balance Active witnessed over 11% revenue growth in the year, including a 17% YoY growth in online revenue. Despite this positive performance, there's still significant untapped potential, especially considering the introduction of new channels and products that took place in the latter half of the year.

Notably, our newly launched Thrush cream (registered medical device) exceeded expectations, prompting Superdrug to double the number of stores that distribute this product. This success highlights our keen ability to address consumer needs through innovative product development.

To further fortify our presence in women's health, we implemented a comprehensive marketing strategy. We completed a very significant piece of research during the year, the output of which we named the Big Vagina Report. This significant research project canvassed 5,000 women and is a testament to our commitment to health education and brand building. This insightful report adds value to our consumers and positions us as a reliable source of information in the field. Additionally, we organised expert webinars to provide a platform for in-depth discussions on female intimate care, and engaging our audience. We also completed two specific campaigns to raise awareness about Bacterial Vaginosis (BV) and menopause, showcasing our commitment to a holistic approach in women's health.

Women's Intimate Health (WIH) is a £97 million market in the UK. Our objective is to emerge as the leading brand in this segment, transforming behaviours and extending care to women of all ages.

Ear, Nose & Throat

Earol, Earol Swim, Baby Earol, Sterinase

£5.3m

+6.5% LFL

REVENUE

ENT is a relatively new therapy area in the VLG brands portfolio, however we have achieved much strategically with, Earol, a product for ear wax removal. We introduced a new product Baby Earol, targeting a completely different addressable market to attract new consumers and increase basket size of the existing one. Online revenue for Earol was around £0.2 million, entirely incremental. HL Healthcare (which owns Earol, Earol Swim and Sterinase) was acquired at the end of 2022, at which time the products had limited UK and international distribution, and no direct distribution online. At the time of acquisition 95% of revenues were from the main Earol product, and were split approximately 50% into the UK and 50% into Scandinavia and some smaller EU countries. During 2023 we have expanded its presence into a number of UK retailers and launched the product through Amazon directly. Internationally we are looking to take the product into more of the EU territories.

To date the Earol product has been manufactured at an external CMO, but during 2024 we will transfer some of the manufacturing into our facility at Biokosmes, with a consequent reduction in cost of goods and working capital investment.

We have strong confidence in the quality of Earol products, especially since Earol Olive Spray won the Natural Healthcare category for 2023 MVP Awards. This accolade affirms its outstanding quality and contributes significantly to Earol's positioning in the market, reinforcing its reputation as a superior and valued product.

Earol has long been the No. 2 brand in the ENT market in the UK, gaining 1 percentage point of market share by volume to reach close to 14% throughout 2023. When looking at the top leader in the ear care segment, its product application, which is a traditional drop, differs from ours. It also has more SKUs than ours, hence our new products planned for 2024 are set to bring us closer to the market leader.

Oral Care

Dentyl, UltraDex

£4.7m

+3.9% LFL

REVENUE

In the highly competitive Oral Care segment, we made a strategic decision to steer clear of head-to-head competition with the leading triopoly, which currently commands over 80% of the market share in the UK. Instead, our focus has been on adopting innovative approaches to thrive in this challenging landscape, and we are particularly pleased to see that in this environment our initiatives have still delivered growth.

Our UltraDEX online revenue witnessed an impressive growth of 52% YoY. Similarly, Dentyl experienced a significant online revenue increase of 42% YoY. These excellent performances can be attributed to a stronger advertising focus, higher average selling price, small strategic bulk buys and robust EPOS growth.

In this highly competitive space it is important to actively rotate Dentyl SKUs within retailers in order to retain listings and differentiate between retailers. Additionally, recognising the need to explore untapped markets and differentiate our approach in this competitive landscape, we are actively exploring discounter channels.

Dentyl has a host of exciting updates lined up for 2024, encompassing new packaging and ingredient modifications aimed at making the products both environmentally friendly and more profitable.

UltraDex maintained its No.1 position in the halitosis market in the UK, with close to 50% of market share. Our marketing strategy for this segment involves collaborating with influencers, notably Dr. Says, a celebrity dentist, to enhance brand visibility and resonate effectively with our target audience. These efforts manifested our commitment to not only navigate the challenges of a competitive market but also thrive through strategic innovation and market differentiation.

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Oncology Support

Gelclair, Pomi-T, Xonrid

£3.5m

+25.4% LFL

REVENUE

Oncology Support achieved notable growth, exceeding 25% over the past year, mainly due to Gelclair. Factors contributing to this success include a growth of approximately £0.4 million from a key customer returning to regular ordering after low volumes in the previous year. New distribution agreements in South America, aided by regulatory approval, resulted in first-time orders of about £0.2 million. Additionally, other business development initiatives contributed £0.1 million to the overall growth, and we have doubled down efforts to expand into new markets, particularly the US and Latin America.

Xonrid's performance was largely driven by our Mexican partner and stock-building following regulatory constraints. Pomi-T's focus was on business development activities in new markets, and we expect to yield results in the upcoming year.

Customer Brands performance overview

Our Customer Brands segment consolidated the significant growth in 2022, contributing £21 million, or 40% to our Group revenue of the year. Revenues again came from a range of long standing as well as recent customers, and our active business development function continued to attract new development projects from new customers that will begin to deliver revenue in 2024.

Our Biokosmes team, in close collaboration with Customers, took the lead in innovating new products and launching multiple initiatives aimed at reducing waste and pollution from packaging. These efforts have garnered a 100% satisfaction rate from customers. The consistent excellence in innovation and execution helped Biokosmes consolidate long-term relationships with existing Customers, while also establishing an impressive track record to facilitate future business development.

Operational highlights

The prices of raw materials - crucial input costs for our operations - are becoming much more stable, bringing an end to the marked upward trend experienced in the past couple of years. It is important to note this is stabilisation from the high inflationary environment we have experienced recently, and we do not anticipate price reductions going forward, but rather a return to a more normal level of year-on-year price inflation. the Group continues to evaluate and enact initiatives for improving margins, which include customer price increases, alternative sourcing and renegotiation of existing supply arrangements. Coupled with increasing volumes and the benefits of operational leverage, these initiatives are expected to deliver gross and EBITDA margin increments in 2024 and beyond.

In 2023 we produced in total 28 million units of products, with a breakdown of seven million for VLG Brands and 21 million for Customer Brands. At Venture Life, we take pride in our in-house development and manufacturing capabilities and state-of-the-art facilities located in Lecco, Italy, and Gnesta, Sweden. That said, we still retain approximately 19% of product manufacturing through third-party arrangements in certain circumstances where: 1) acquired products' manufacturing has not yet been transferred in-house; 2) there is a cost benefit; or 3) the product is in a format that we cannot manufacture in our current facilities.

For key products we also aim to have a second source of manufacturing in place as both a risk mitigation measure and where it can be beneficial in the reduction of our carbon footprint. Our aim is to transition more products to in-house production, achieving higher margins and improved operational leverage. This strategic shift is motivated by the pursuit of enhanced margins, working capital benefits, increased utilisation rates, and the efficient in-house production of specific products. We are still operating with additional free capacity at both sites, with utilisation rate of 48% and 19% for Italy and Sweden respectively, ensuring flexibility for future growth opportunities.

MDR compliance progress

We are making steady progress as planned in transitioning our 27 technical files from MDD to MDR compliance. The MDR approval was obtained for Gelclair during the year and a further nine technical files are due to be completed in 2024 following the investment made this year. To date, we have invested £1.5 million in this initiative, and expect to spend in the order of another £1.5 million over the next four years. During 2023 the Medical Device Regulator announced a change to the transitional rules meaning that the deadline for continuing to sell product under the existing MDD certification was extended to 2028, and we will take advantage of this to spread the remaining cost of MDR transition over the longer period to 2028.

2024 outlook

Going into 2024, we are committed to a trajectory of continuous improvement in both revenue and profitability. This includes contributions from higher prices that we have negotiated with customers during late 2023. Our New Product Development pipeline is geared towards a much more sizable total addressable market, emphasising robust organic growth that aligns with evolving consumer needs and market trends.

We are also focused on expanding our channels, increasing online contributions, and consolidating relationships with key stakeholders such as grocers, pharmacies, and retailers. The exploration of private label opportunities will not only provide a new revenue stream but also serve as a gateway to entering new markets. Our key geographical focuses are the UK and EU, while actively looking for new partners in the APAC region.

Building on the success of our M&A track record, we remain open to inorganically expanding our brand portfolio with compelling opportunities focused on acquiring margin enhancing products and optimising our utilisation rate, utilising our free cash flow and RCF. Prioritising acquisitions that contribute to higher margins and operational efficiency positions us for sustained growth and increased competitiveness in the market, aligning with our overarching goal of creating long-term value for stakeholders.

Embracing a commitment to ESG principles, we are actively enhancing our initiatives to create a richer and more impactful set of ESG activities. This underscores our dedication to sustainability, social responsibility, and ethical governance practices.

As we navigate the complexities of the business landscape, we remain resolute in our pursuit of excellence and sustainable growth. These achievements underscore our resilience, adaptability, and commitment to delivering value to our stakeholders. I am confident that the strategic foundation we have laid will propel us to even greater heights. Thank you for your continued support as we forge ahead into a future full of promise and opportunity.

Sincerely,

Jerry Randall
Chief Executive Officer

Navigating the Currents: Trends and Opportunities in the Personal Care Market

In the wake of the COVID-19 pandemic, the personal care market is witnessing a significant transformation, driven by shifting consumer behaviours and emerging societal trends. The following points highlight key aspects of this evolution and the opportunities it presents.

Rising Self-Care Awareness Post-COVID:

The pandemic has ushered in a heightened awareness of the importance of self-care. According to a survey conducted by The Harris Poll on behalf of Samueli Integrative Health Programs, a staggering 80% of respondents expressed their commitment to being more mindful about practicing regular self-care once the pandemic subsides. This shift reflects a growing understanding of the integral role personal well-being plays in overall health.

SEE STRATEGY 1

Self-Care Alleviates Burden on Understaffed NHS:

Beyond individual well-being, the emphasis on self-care has broader implications, particularly in alleviating the strain on healthcare systems such as the National Health Service (NHS). As highlighted by the NHS, embracing self-care practices can significantly reduce the burden on healthcare professionals and resources, empowering individuals to take charge of their health and well-being. This paradigm shift offers opportunities for personal care brands to align their products with the broader societal goal of promoting self-sufficiency in health management.

SEE STRATEGY 3

Inspiring and Convenient Digital Channels for Personal Goods Shopping

The rise of digitalisation has reshaped consumer habits, and personal care is no exception. Consumers are increasingly turning to online platforms for their personal care needs, seeking inspiration and convenience. E-commerce channels provide a platform for brands to engage with consumers, offering personalised recommendations and creating an immersive shopping experience. Personal care brands that capitalise on the digital landscape stand to benefit from this shift in consumer behaviour.

SEE STRATEGY 2

Sustainable Consumption for Eco-Conscious Consumers:

Another notable trend in the personal care market is the growing emphasis on sustainable consumption. As eco-consciousness gains momentum, consumers are actively seeking products that align with their values of environmental responsibility. Personal care brands can seize this opportunity by adopting sustainable practices in product development, packaging, and distribution. From eco-friendly packaging to cruelty-free formulations, aligning with sustainability trends not only meets consumer demands but also contributes to a positive brand image.

SEE STRATEGY 4

OUR STRATEGY

1 Robust new product development pipeline

In 2023, our commitment to innovation and market growth was exemplified through a robust new product development pipeline. The introduction of six new products marked a significant stride, with the standout success being the Balance Activ Thrush Cream, which not only achieved but surpassed its sales targets. This notable accomplishment was achieved just eight weeks after its launch in October 2023, contributing to a thriving product portfolio.

Throughout the year, our expansion efforts were bolstered by the addition of 28 new listings across various UK retailers, with a substantial portion stemming from the success of newly developed products (NPD). We have secured further listings for Balance Activ NPD with a major UK retailer, indicating sustained momentum in the market.

2 Sales channel expansion through digital transformation

Our strategic move into the digital landscape has transformed our sales channels, showcasing an intentional approach to digital transformation. Balance Activ, has successfully reached six markets, including the UK, US, Germany, France, Italy and Spain, reflecting our commitment to international expansion and adaptability to diverse consumer preferences. Alongside this global reach, our dedication to immersive consumer experiences is evident through the launch of a dedicated Lift brand shopping site. We also achieved standout success in our digital portfolio is Earol Olive Oil Ear Wax Removal Spray on Amazon. With an impressive 8,900 high-rating, this accomplishment not only validates the efficacy of our digital strategies but also emphasises the resonance of our products with online consumers.

Our digital journey has not only transformed sales channels but has become a pivotal element of our consumer engagement strategy. In the year 2023, our online sales surged by an impressive 40% compared to the previous year. This substantial growth not only reflects the successful execution of our digital initiative but also stands as undeniable evidence of our strategic accomplishments.

3 Consumer education for increasing awareness

Beyond our business pursuits, a significant focus was placed on consumer education as a means to elevate awareness. Our commitment to empowering individuals with knowledge was manifested through diverse initiatives tailored to each brand.

Balance Activ's "Big Vagina Report" and symptom checker stood as pioneering endeavours in providing comprehensive information to consumers.

Moreover, it forged partnerships with influencers and gained prominence in podcasts that explored an extensive range of topics associated with female intimate health. Lift, on the other hand, delved into the realm of daily vitamin needs, exploring the essential nutrients required for optimal energy through blog posts and educational content, making nutritional knowledge accessible to a broad audience. Earol's also established a digital content focus on providing informative guidance to parents and individuals on maintaining ear health, emphasising not just the "how" but also the "why."

These initiatives aimed to create an informed and empowered consumer base, fostering a sense of confidence over their health, enabling consumers to make decisions aligned with their individual health goals.

4 Sustainability study for better environmental practices

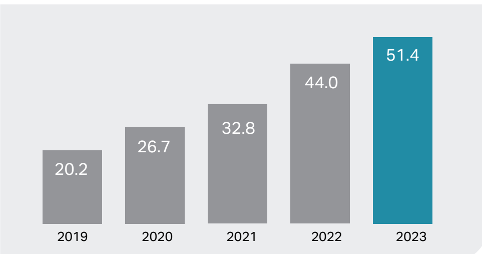
Commitment to sustainability remained a cornerstone of our corporate strategy. We have conducted life cycle analyses on key brand products, which exemplified our dedication to better environmental practices. The achievement of B Corp certification and a silver accreditation for the EcoVadis certification by Biokosmes underscored our progress in becoming a more trusted, responsible, and sustainable business.

We work hand-in-hand with our business customers to create eco-friendly packaging and materials, actively contributing to waste reduction. Our design process involves exploring innovative materials that align with environmental and functional requirements, minimising the impact on the environment. This collaborative approach fosters open communication and mutual understanding to ensure that our eco-friendly solutions meet their expectations, creating a shared ethos of environmental responsibility and sustainability. So far, we have obtained 100% customer satisfaction rate of green projects development.

KEY PERFORMANCE INDICATORS

Our KPIs measure our progress, aligning with our strategic framework and our road map for developing our business in the coming years.

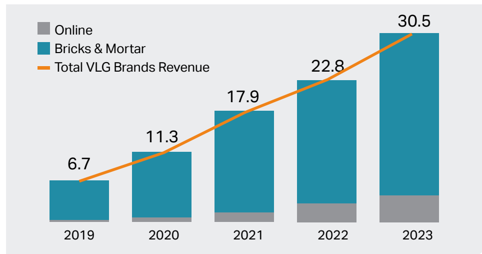
GROUP REVENUE £M



Definition
The total amount of income generated by the sale of goods and services.

Why we measure
Consistent and sustainable growth is a key part of our business model.

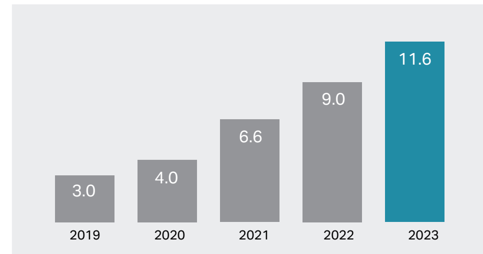
DIGITALISATION — VLG Brands Revenue £'M



Definition
The value of VLG Brands revenue generated through online selling.

Why we measure
The digital space is becoming increasingly important and remains the most efficient way to reach our target audience.

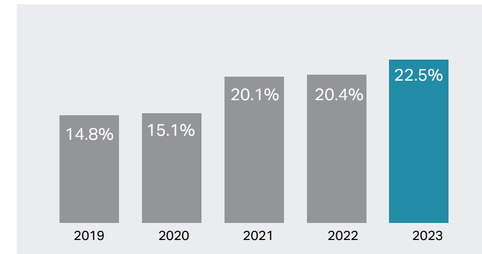
ADJUSTED EBITDA £M[2]



Definition
Earnings before interest, tax, depreciation and amortisation (EBITDA) before deduction of exceptional items and share based payments.

Why we measure
Consistent and sustainable growth in profitability is a key element of our business model.

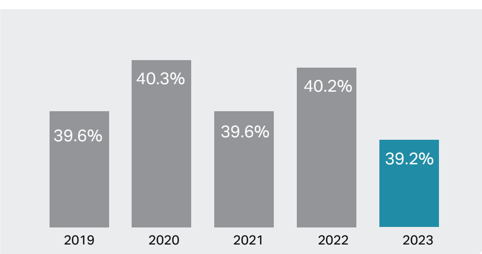
ADJUSTED EBITDA % MARGIN



Definition
The percentage of our Adjusted EBITDA as a proportion of revenue.

Why we measure
To measure the impact of increasing operational leverage.

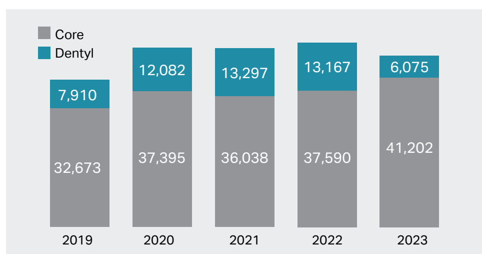
GROSS MARGIN



Definition
The percentage of our gross profit as a proportion of revenue.

Why we measure
To measure the direct profitability of our sales and ensure any mitigation or improvements are actioned.

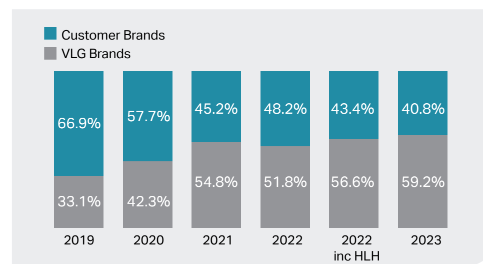
DISTRIBUTION POINTS



Definition
Total number of product listings of VLG Brands across high street, pharmacy and grocery channels in the UK.

Why we measure
Strong distribution is critical to the success of the VLG Brands so that consumers have access to our products.

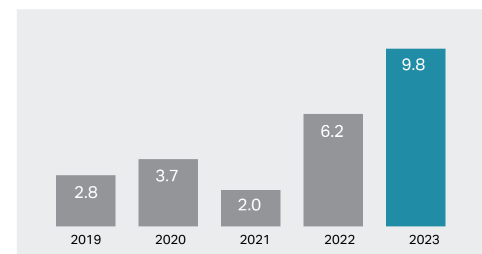
REVENUE MIX %



Definition
The proportion of revenues derived from our VLG Brands versus our Customers' Brands.

Why we measure
Growth of the higher margin VLG Brands is a key strategic objective.

CASH GENERATED FROM OPERATIONS £M



Definition
The net cash generated from operating activities excluding cash exceptional items.

Why we measure
Our investment case sets out our goal to be both profitable and cash generative.

A Thriving Venture into Women's Health and Energy Management

In June 2021, Venture Life Group initiated a transformative strategic plan that involved acquiring a portfolio of three prominent brands specialising in women's health and energy management. The acquisition of BBI Healthcare Limited ("BBIH"), valued at £35 million, not only broadened VLG's product portfolio but also solidified its position as a key player in the evolving consumer self-care landscape.

VLG's strategic foresight was evident as the acquisition immediately proved to be earnings-enhancing and remarkably cash generative. Notably, brands like Balance Activ and Lift witnessed strong year-on-year organic revenue growth—10.7% and 15.1%, respectively—for the full year of 2023. The strategic move aligned with VLG's vision to explore untapped therapeutic avenues, with a focus on innovation and strategic market penetration.

REVENUE GROWTH (FY 2023)

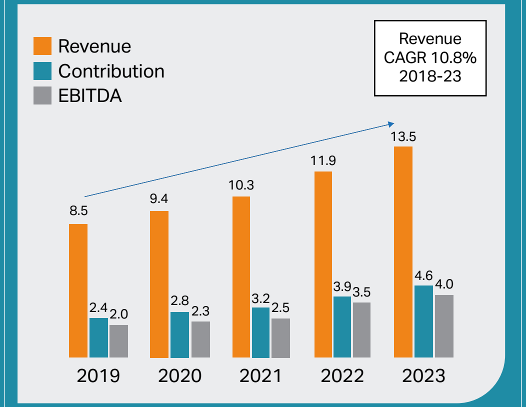
Balance Activ

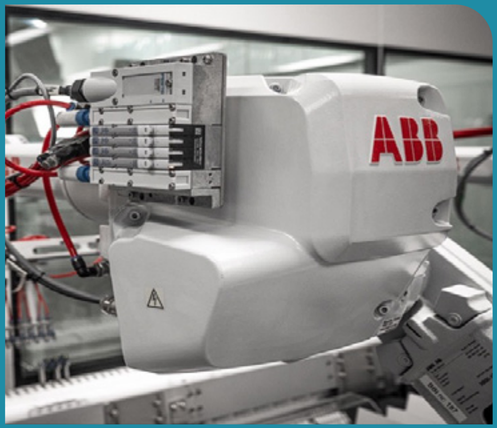
+10.7%

Lift

+15.1%

EX-BBI BRANDS FINANCIAL PERFORMANCE (£M)

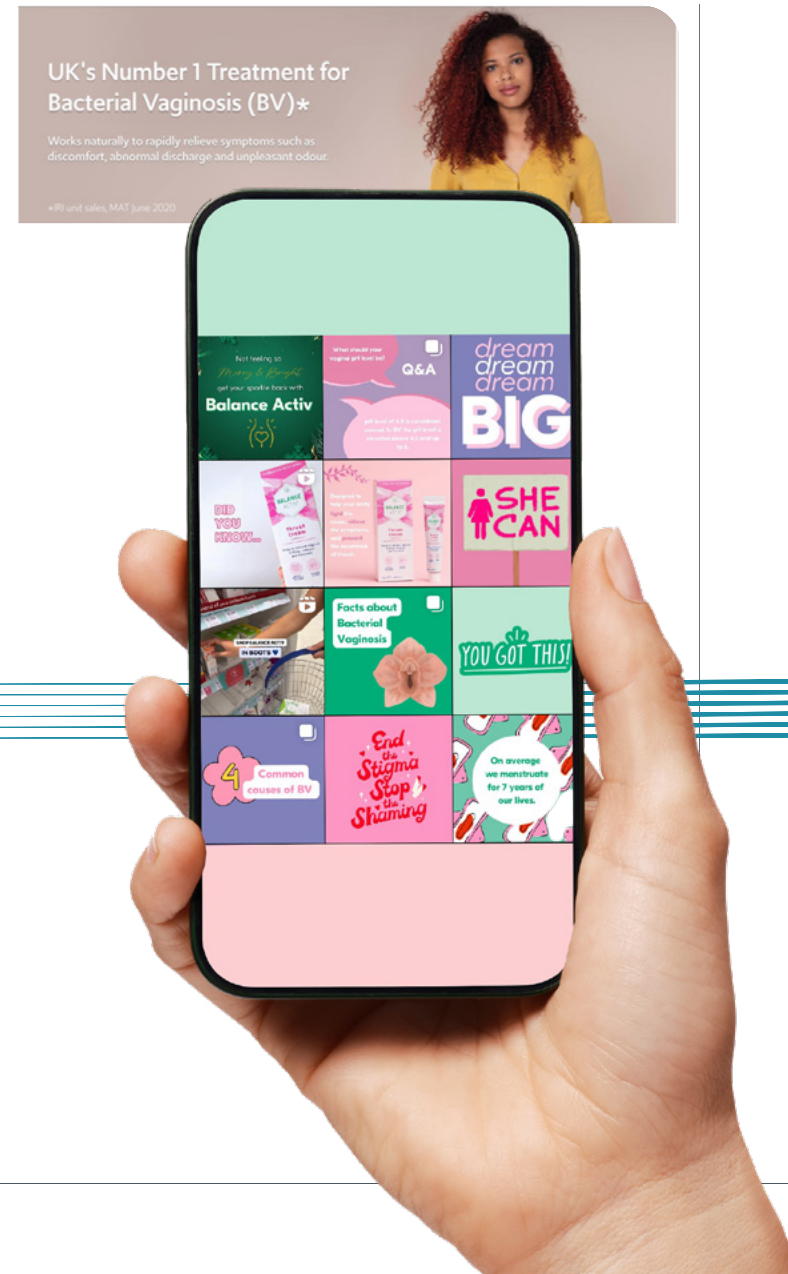




Benefiting from immediate market expansion and strategic synergies

The acquisition presented a spectrum of opportunities for VLG. Notably, it brought forth key assets, including a cutting-edge, fully automated manufacturing plant strategically located in Sweden. This facility significantly bolstered VLG's production capabilities, providing a robust foundation for the company's supply chain resilience. Moreover, the acquisition also delivered key partnerships with leading pharmaceutical players such as Bayer Consumer Care AG. Balance Activ is marketed and sold in 25 countries under various customer brand names, immediately propelling VLG's products onto the international stage and offering synergistic opportunities, cost-saving initiatives, and cross-selling potentials.

CASE STUDY CONTINUED



Focusing on brand building and new product development

VLG's mission is to empower and educate consumers through a proactive approach to identify and address various women's health issues. An illustration of this commitment is the online symptom checker for bacterial vaginosis on Balance Activ's website which has been completed over 850,000 times around the world, proving to be a valuable tool in this mission. VLG also published *The Big Vagina Report*, an extensive market research project surveyed 5,000 women with an aim to understand better how our consumers manage their intimate health. It embodies VLG's commitment to empowering and educating consumers by identifying and addressing women's health issues, further establishing Balance Activ as a leading brand in female intimate care.

Initially concentrating on bacterial vaginosis, the scope of VLG's product offering has broadened to encompass thrush, vaginal dryness, itch & irritation, and vaginal hygiene, providing comprehensive support for the overall well-being of women of all ages. This initiative empowers women to take control of their intimate health with expert advice and reliable solutions that harmonise with the body. With a dedicated focus on product development for the Balance Activ brand between 2023 and 2025, VLG aims to tap into the lucrative £93 million women's intimate health market in the UK.

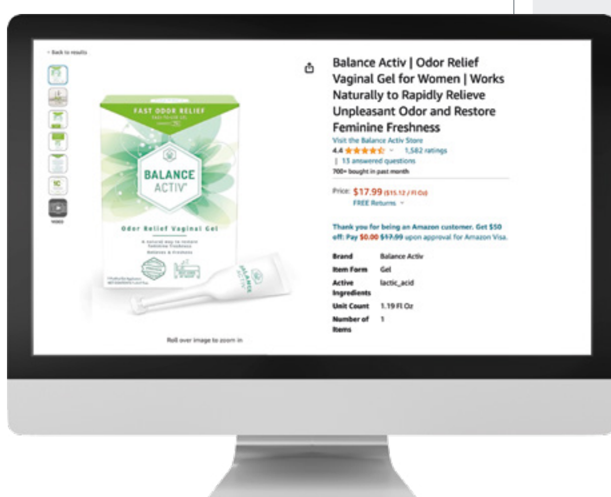
CASE STUDY CONTINUED

Building omni-channel distribution and marketing resources

With Amazon providing a robust online presence and garnering high ratings, both Balance Activ and Lift are steadily gaining traction in the market. Additionally, Lift launched its own dedicated UK shopping website in September 2023, ensuring a direct channel for consumer engagement.

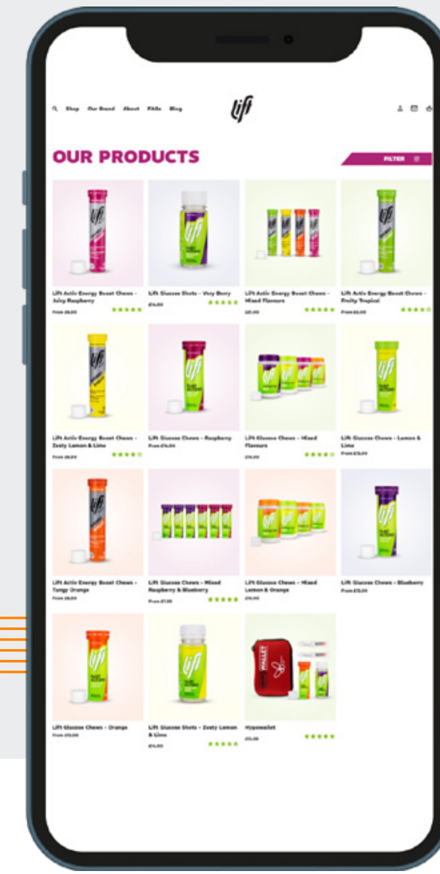
Both brands strategically balance their offline and online presence, with a significant offline footprint in major supermarkets and pharmacies. This offline availability is complemented by a strong online presence, creating a seamless and convenient shopping experience for consumers.

Notably, online channels also successfully projected both brands to more international customers with solid demand in self-care. Both brands have successfully expanded their reach internationally, distributing products to seven countries including the US and major EU countries, further solidifying its global impact and market presence.



Reinforcing strategic Vision and long-term goals

The strategic acquisition of BBIH was a pivotal move that expanded VLG's foothold into women's health and energy management. This transformative journey not only propelled VLG to gain substantial advantages by leveraging its operational strength, but also aligns with VLG's enduring strategy of achieving growth through both organic initiatives and strategic acquisitions.



Biokosmes: Pioneering Innovation and Celebrating 40 Years of Excellence

In the picturesque northern landscapes of Italy, near the vibrant city of Milan, Biokosmes stands as a testament to four decades of unwavering commitment to innovation in the field of consumer healthcare products. Celebrating its 40th anniversary in 2023, the manufacturing site, which merged with Venture Life Group in 2014, stands out with its exclusive in-house capabilities, solidifying its role as the powerhouse behind the continuous growth of Venture Life Group's diverse product offerings.

A Manufacturing Marvel in Northern Italy

Biokosmes operates from an expansive 5,500m² facility, where ingenuity meets precision. Only 10 minutes' drive away from the world-renowned Lake Como, this manufacturing hub is behind the comprehensive offering that spans VLG brands, customer brands and private label products. The site's prowess is marked by six turbo mixers and 13 filling and packing lines, delivering an annual production capacity of 65 million units. Biokosmes attributes its success to over 40 years of experience in developing consumer healthcare products, both as Medical Devices and Cosmetics. A robust technical team with regulatory expertise enables the company to adapt swiftly to market demands. This in-house innovation capability serves as a key differentiator, allowing Venture Life Group to stay agile in a dynamic industry.

Compliance and Quality Assurance

Biokosmes holds itself to the highest international standards for quality and safety. The Italian site is compliant with ISO 9001:2015, ISO 13485:2016, ISO 22716:2008, and MDSAP. Certifications from regulatory authorities like the US FDA, UAE MoH, and Korean FDA underscore the site's commitment to excellence and availability to scale up its offering to billions more consumers elsewhere in the world. It is also staying actively compliant with The European Medical Device Regulation (EU MDR), a new set of regulations that governs the production and distribution of medical devices in Europe. Currently, 27 technical files are undergoing the process of ensuring compliance with the MDR, and a subset of them has already successfully attained this status.

ESG Commitment: A Journey of Sustainability, Innovation, and Dedication

In alignment with its strategic ambitions and robust growth, Biokosmes has made significant investments in recent years to augment its manufacturing capacity, while equally prioritising the achievement and alignment with ESG goals. To initiate the transformative journey toward carbon neutrality, Biokosmes has achieved a remarkable 77% reduction in carbon emissions from transport, a 23% reduction in heating consumption and recycled 18% of waste material in 2022. In 2023, Biokosmes made significant progress towards achieving the B Corp certification and EcoVadis Silver accreditation, marking a significant milestone in the commitment to responsible business practices. Looking ahead, the announcement of an ambitious net-zero goal by the end of 2024 underscores the unwavering dedication to a sustainable and responsible future within our organisation.

As Biokosmes commemorates its 40th anniversary, it not only celebrates its rich history but also looks forward to a future marked by innovation, quality, and a continued commitment to advancing healthcare solutions for consumers worldwide.

PEOPLE

165

TOTAL EMPLOYEES (Dec 2023)

82%

PARTICIPATED IN THE EMPLOYEE SURVEY (2022: 74%)

75%

ARE SATISFIED WORKING AT VLG (2022: 74%)

80%

THINK SUSTAINABILITY AS IS "VERY IMPORTANT" WHEN WORKING AT VLG (2022: 75%)

In our ongoing commitment to fostering a vibrant and engaged workplace, we are delighted to share the positive trends in employee engagement for the year. Highlighting our progress in 2023, we implemented several initiatives aimed at enhancing the well-being and camaraderie among our employees:

Work Health Promotion Project - "HEALTHY WEEKS" Campaign:

Our innovative "HEALTHY WEEKS" campaign was designed to encourage and empower employees to take the initiative in improving their personal lifestyles. This initiative emphasised steering clear of toxic habits, vices, and addictions. The inclusion of an engaging and interactive quiz not only tested knowledge but also created a fun and educational platform for our workforce.

Employee Training - Three-Tier Approach:

We are implementing a group-wide, comprehensive training program with three tiers - mandatory, recommended, and leadership. This multi-tiered approach ensures that employees receive tailored training to enhance their skills, stay informed, and develop leadership capabilities.

Employee Quarterly Events:

Recognising the significance of team building and fostering positive relationships outside the office, we introduced quarterly events for employees. These events offer a half-day off each quarter, dedicated to entertaining team-building activities that strengthen bonds and create a positive work culture.

Internal ESG Communication Newsletter:

As part of our commitment to Environmental, Social, and Governance (ESG) initiatives, we launched an internal ESG communication newsletter. This newsletter focused on showcasing the group's efforts in sustainability and raising employee awareness on the importance of adopting eco-friendly practices.

Electric Vehicle Scheme in Partnership with Octopus:

In line with our commitment to sustainability, we are initiating an electric vehicle scheme in partnership with Octopus. This program allows employees to use salary sacrifice for affordable access to clean energy cars for their daily commute, contributing to our collective efforts in reducing our carbon footprint.

As we continue to prioritise employee engagement, these initiatives reflect our dedication to creating a workplace that not only meets professional needs but also nurtures personal growth, well-being, and a sense of community among our valued team members.

Our Priority SDGs for our sustainable development

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all ages.

7 AFFORDABLE AND CLEAN ENERGY

Progressing towards sourcing more of our energy from renewable resources.

8 DECENT WORK AND ECONOMIC GROWTH

Helping our colleagues to succeed by providing support, flexibility and rewards to help them grow.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Investing in innovation and technology to further support our drive to sustainability.

10 REDUCED INEQUALITIES

Reducing inequality within and between nations.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ambition to reduce waste and increase recycling and recyclability of products.

13 CLIMATE ACTION

Reduce our carbon emissions.

14 LIFE BELOW WATER

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

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> As the global pursuit of net-zero targets gains momentum, we are dedicated to double down our efforts in the realm of ESG initiatives. Our overarching goal is to emerge as a trustworthy, responsible, and sustainable business entity, with a dedicated focus on nurturing Our Planet, fortifying Our Business, and fostering the well-being of Our Community
>
> **Jerry Randall**
> CEO

Sustainable Development Goals

The 2030 Agenda for Sustainable Development, was adopted by all United Nations Member States in 2015, and provides a shared blueprint for peace and prosperity for people and the planet, now and in the future.

We believe the 17 Sustainable Development Goals (SGDs) are a clear framework for creating an effective ESG strategy and our commitments will therefore be aligned against the relevant SDGs.

In 2023, the VLG Group initiated a coordinated group wide ESG strategy, signalling a commitment to sustainable business practices. Common ESG practices were implemented across all units, driven by the shared dedication of employees and the Board to invest time and resources. This strategic shift aimed to not only align with ESG principles but also enhance the Group's standing as a source of pride for customers valuing responsible corporate conduct.

All departments worked diligently throughout the year to integrate ESG considerations into their operations, resulting in notable achievements. KPIs provided a transparent measure of the group's performance against common ESG goals and Sustainable Development Goals (SDGs), guiding its trajectory towards sustainable practices.

As the organisation reflects on the successes of 2023, the focus now shifts to 2024, where efforts will intensify. New investments and ambitious targets will be pursued, reinforcing the commitment to ESG principles. The Group aims to solidify its position as a leader in sustainable business practices, meeting and surpassing stakeholder expectations. This ongoing pursuit of excellence positions the organisation to make a lasting impact on both the corporate landscape and the communities it serves.

In 2023, we undertook stakeholder research to identify our eight priority Sustainable Development Goals.

In alignment with the United Nations directives on sustainability, our Group aims to achieve net zero carbon emissions by 2050. In 2023, we worked to establish our carbon footprint. In consultation with expert advisers, we identified the key areas of interest for planning decarbonisation activities. These efforts will form the basis of our progression towards achieving net zero by 2050.

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Our ESG Strategy: The 5 step approach we are taking.

ESG Leadership Team

Our leadership team will be formed from a diverse and accurate representation of our stakeholders

Stakeholder Consultation

We will consult with our stakeholders to understand the expectations on us, in being a trusted, responsible, and sustainable business

Priority Goals

Learning from our stakeholders' views and expectations, identify our priority goals and ensure alignment to the SDGs

Measurement method

The key to our ESG success will be creating a clear and transparent measure of progress against each of the goals set

Reporting

Regular reporting and transparency of progress to our stakeholders

In 2023, we have achieved some tremendous steps on this journey:

Our People

- "Bananarama Wellness Boost": Fruit baskets delivered to office every week for staff health. Fruitful Office, a supplier, also planted four trees on behalf of Venture Life in 2023.
- We are committed to providing equal opportunities in employment. All job applicants and employees receive equal treatment regardless of sex, race, colour, age, nationality, or ethnic origin.
- **58%** female staff, with **11%** of workforce holding foreign nationality.
- **60%** female staff, with **20%** of workforce holding foreign nationality.
- Launched a three-tier SEEDL training program aimed at enhancing your professional development, spanning from cyber security essentials to leadership skills.
- **57%** of the employee participation in a healthy program with a focus on fighting against addictions and the development of motor practices aimed at improving the life of the worker during working hours.

Our Business

- We have launched a quality management system project launched for UK head office.
- Italian site obtained EcoVadis Silver Medal, which means the quality of our sustainability management system ranks among the top15% of the total applicants.
- Italian site also filed for a B Corp certification, which testifies to our commitment to meeting high standards of social and environmental performance, transparency, and accountability.
- Our innovative product development team at Italian site pioneered and developed green formulas in our products that can be silicon and plastic free, and available for NOI (Natural Origin Index) and biodegradability calculation.
- We achieved 100% customer satisfaction rate for supplying new sustainable packaging material.

Our Community

- Both manufacturing sites executed a carbon footprint study for the plant (2020-2023).
- We reduced carbon footprint of commuting by having **40%** of UK staff hours working from home.
- We pivoted to environmentally friendly, recycled and recyclable consumables used in the office, and recycled all coffee pods and batteries.
- Swedish site had **59%** of electricity generated from renewable sources, and **59%** of waste recycled.
- Italian site has **14%** of electricity generated from solar panels, and **34%** of paper and plastic waste recycled and recovered.
- A new washing machine was installed on Italian site that reduced **50%** water used on washing tools.

UK head office

Biokosmes site

Gnesta site

ESG CONTINUED

Key activities during 2024 for the Sustainable Life team will be numerous.

The initial focus will be at our Biokosmes site, whereby far the largest part of our operations. The work will then roll out to our other locations in subsequent years.

2024 ESG goals

- Products donation to communities, including Berkshire Women's Aid
- Launch Apprenticeship scheme
- Two volunteer half-days for corporate group volunteering activities in a local community organisation
- One volunteer full-day for individual volunteering of their choice
- Wellbeing & Charity Newsletter
- Electric Car Salary Sacrifice Scheme
- Marathon participation and donation to the organising association
- EcoVadis certification
- ISO 45001 certification
- Drafting of a corporate charity program
- New purchase policy with ESG KPI for suppliers
- Work-from-home policy clarification to reduce carbon footprint from commuting, support employees' mental health, enhance sense of engagement, and fostering a sense of acknowledgment for contributions
- B Corp certification
- Improvement measurement data carbon footprint
- Perform physical and psychosocial evaluation of all employees

- UK head office
- Biokosmes site
- Gnesta site

We have an exceptional team of people within the Group, who have performed to an outstanding level in 2023. Our team continues to grow, and setting the right culture as well as identifying and developing our values is becoming more and more important to our business. We commenced a number of initiatives in the second half of the year with our people to assess and understand the culture of the business and identify areas of improvement. This will be a continuing theme into 2024 and beyond, as part of our Sustainable Life project, as well as establishing with the team the values that the Group subscribe to in our path forward.

To be a trusted global leader in the self-care market, we must behave in an environmentally and socially responsible manner.

Streamlined Energy and Carbon Reporting

We are required to comply with the Companies (Directors' Report) and Limited Liability Partnerships (Energy & Carbon Report) Regulations, this covers Streamlined Energy and Carbon Reporting (SECR). The results are achieved according to the Green House Gas (GHG) Protocol requirements foreseen by The Corporate Accounting and Reporting Standard and The Product Life Cycle Accounting and Reporting Standard.

In accordance with the GHG Protocol guidelines, VLG has implemented the consolidation approach known as "operational control" for its operations. This approach is in line with the conventional accounting and reporting practices adopted by numerous companies that monitor and report emissions from the facilities under their management, specifically those for which they possess the operational license.

Under this framework, VLG is accountable for the entirety of emissions from operations that are either directly overseen by the company or its subsidiaries. It is important to highlight that having operational control confers upon the company the full authority to make all decisions regarding the management of its operations.

Environmental Impact

In 2023 VLG emitted 13,243,773 Kg CO_2e into the atmosphere, an increase of 15.5% since 2021. This has been impacted by increased production levels. In 2022, we observed a notable increase in the "purchase of goods and services" category. It is important to highlight that the boost in production is not precisely proportionate to the rise in CO_2; however, these two factors are intricately linked.

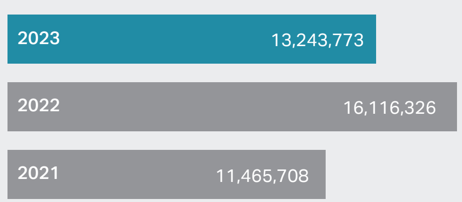
In 2022, we committed to investing time and resources into becoming both more sustainable and more carbon efficient.

We use our Environmental Policy to guide decisions and our Board are committed to our environmental plans and objectives.

2022/23 targets

20% of energy consumption generated from photovoltaic panels	Achieved
Replace neon lamps with LED bulbs	Achieved
Gas consumption cut by 17%	Achieved

Totals market based (Kg CO_2e)



Our reporting

Our calculations are based on records we hold and use location-based emissions in compliance with the factors published by DEFRA from 2021 to 2023. We report all our Scope 1 and Scope 2 emissions. On top of that, we also made voluntary disclosure of a wider Scope 1 emissions, including other fuel use, refrigerants and manufacturing emissions.

- **Scope 1 - Direct emissions (voluntary disclosures including other fuel use, refrigerants and manufacturing emissions)**
  Boiler – fixed sources
  vehicle, portable backup power generators – mobile sources
  refrigerant gases
- **Scope 2 - Indirect emissions**
  Renewable electricity purchased
  Non-renewable electricity purchased
  Renewable electricity produced
- **Scope 3 - Other indirect emissions**
  Upstream:
  Purchased goods and services
  Capital goods
  Fuel and energy related activities
  Raw material transportation and distribution
  Waste generated in operations
  Business travel
  Employee commuting

  Downstream:
  Sold goods transportation and distribution
  End of life treatment of sold products

The table below covers the total emissions from our activities for all locations in 2023, it also offers a comparison to both 2022 and 2021.

		Yearly comparison (kg CO_2e)		
Scope	**GHG Protocol Classification**	**2021**	**2022**	**2023**
Scope 1	n.a.	377,375	366,996	448,680
Scope 2	Market based	341,609	301,680	335,018
	Location based	193,621	174,402	330,019
Scope 3 upstream	Purchased goods and services	9,012,633	13,231,237	10,493,026
	Capital goods	158,387	319,998	350,014
	Fuel & energy related activities	148,124	141,287	141,088
	Transportation and distribution	875,746	1,115,979	840,821
	Waste generated in operations	119,739	123,582	113,053
	Business travel	37,753	37,753	39,132
	Employee commuting	157,081	130,649	134,974
	Leased assets	-	-	-
Scope 3 downstream	Transportation and distribution	158,555	295,122	278,442
	Use of sold products	-	-	-
	End of life treatment for sold products	78,706	52,042	69,526
	Total Scope 1, 2 & 3 (Kg CO_2e)	**11,465,708**	**16,116,326**	**13,243,773**

Delivering value to our consumers, suppliers, customers, communities, employees, shareholders.

Consumers

What matters to them

Quality products for enhanced life quality: Consumers prioritise quality products that elevate their daily lives. Our commitment is to exceed these expectations by delivering excellence and creating lasting connections.

Affordable products with easy access: Recognising the importance of accessibility, we expanded distribution points by 2,595 in the UK. Our pricing strategy ensures that our products remain affordable and accessible, enriching daily lives without undue strain.

How we delivered

Introduction of six new products: In 2023, we introduced six new products, showcasing our dedication to innovation and market trends.

Wide distribution network across the UK and considerate pricing: 47,277 distribution points across the UK ensure our products are readily available, making it easier for consumers to access quality goods. Our pricing strategy strikes a balance between quality and affordability, reflecting our commitment to making our products a seamless part of consumers' everyday lives.

Communities

What matters to them

Responsible corporate keeps giving back to the communities: Communities want local businesses to actively contribute, creating a positive cycle of growth for both.

Sustainable business practices: Communities want a clean and organised environment whereby the corporate is aware and vigilant about the potential impact caused by its business practices.

How we delivered

Community wellbeing: We have reinforced our recycle and recover activities across all three operational sites, and plan for more community engagement activities for 2024.

Measure and mitigate: We executed a carbon footprint study for both manufacturing plants in Italy and Sweden to quantify, understand and mitigate emissions from production.

STAKEHOLDER ENGAGEMENT CONTINUED

Customers

What matters to them:

Meeting supplier demands for high-quality products:
Our clients, renowned FMCG companies worldwide, have exacting standards for both products and services. They seek products characterised by superior quality, attractive design, and the ability to meet high-volume demands.

Eco-packaging and product life cycle assessment:
In response to environmental concerns and the need to adhere to Scope 3 emissions requirements, customers insist on packaging solutions that meet stringent environmental standards. They specifically request packaging made from durable, recyclable, reliable, and eco-friendly materials.

Innovation and customisation in formulas:
In a rapidly changing market where consumer preferences evolve swiftly, our clients require a reliable partner with robust research and development capabilities. This partnership is crucial for product innovation and development to keep up with emerging trends and to satisfy consumer demand for new and exciting products.

Ensuring regulatory compliance:
As the European Union Medical Device Regulation (EU MDR) takes effect, our clients prioritise collaborations with partners capable of ensuring timely compliance. The ability to meet regulatory requirements is crucial for maintaining a seamless business relationship.

How we delivered:

World-class fully-automated production lines:
Our state-of-the-art, fully-automated production line ensures precision, efficiency, and consistency, reducing production times and enhancing overall efficiency.

Full CDMO capability:
Our comprehensive CDMO capability provides end-to-end services, ensuring a holistic manufacturing process and delivers the best-in-class customer services.

1500+ Formulas in the lab:
Innovation thrives in our lab, where over 1500 formulas are available to our customers who want to stay ahead of market trends.

EU MDR compliance:
Actively working towards European Union Medical Device Regulation (EU MDR) compliance showcases our dedication to meeting regulatory standards on time.

STAKEHOLDER ENGAGEMENT CONTINUED

Employees

What matters to them:

Feeling engaged and satisfied:
Employees want to know more about what's happening in the company so they can feel connected to the cause they work for every day. Our latest survey shows that 92% of staff agree that they always want to give their best whenever at work.

Personal growth opportunities:
Our employees aspire to grow together with the Company. The employees' motivation for skill development and guidance is evident, as they strive to keep pace with the rapid growth of the company and the swiftly changing industry.

How we delivered:

Quarterly team-building event:
In 2023, we organised four team-building activities that focus on fostering trust, communication, and collaboration among team members by incorporating fun and interactive elements to encourage camaraderie and strengthen the sense of belonging within the organisation.

Employee training program:
We have implemented an extensive training program that encompasses technical skills, soft skills, and industry-specific knowledge. The program is structured in three tiers, allowing for customisation to meet individual needs. This ensures that the training remains relevant and applicable to various roles within the organisation.

Shareholders

What matters to them:

Consistent value return with better profitability:
Shareholders value a steady and reliable return on their investment, which is exemplified by improved profitability. This indicates the maturity of the company and its ongoing commitment to enhancing operational excellence.

Striking a balance between healthy balance sheet and acquisitive expansion:
Companies that find the right balance between sustainable growth and financial resilience are better positioned to thrive in a constantly changing business environment.

How we delivered:

Improving margin:
We have placed a strong emphasis on enhancing our margin, ensuring that our operations are not only profitable but also optimised for efficiency. Through diligent cost management and process improvements, we aim to consistently improve our bottom line, providing shareholders with the desired value return on their investments.

Delivering growth while cutting down net leverage ratio:
Despite the challenges in the market, we have continued to deliver market-leading growth. This not only demonstrates our resilience but also reinforces shareholders' confidence in our ability to navigate dynamic business environments. We aim to sustain growth that outpaces industry benchmark, while also strengthening our financial position. In 2023, we managed to reduce net leverage ratio to 1.3x from 1.6x in 2022.

No change in risk Increase in risk Decrease in risk

Creating quality outcomes by managing risk.

Non-financial risks

RISK

Reduction in demand for products

SUMMARY OF IMPACT

The Group's product distribution agreements generally give market exclusivity to its distribution partners for a period of five or ten years. While such agreements impose minimum annual purchase obligations, if any of the Group's partners fails to meet its minimum purchase obligations, the Group's expected revenues and profits could be negatively affected. Such negative impact would continue until either the partner is able to meet its minimum purchase obligations or until the Group is able to find an alternative commercial partner for that market.

In order to help mitigate this risk, the Group has continued to diversify its product portfolio over the years by broadening the existing product range and expanding into new therapy areas. This is achieved through a combination of in-house innovation and new product development, as well as by continuing to explore attractive M&A opportunities which will further diversify the portfolio.

RISK

Customer-specific risk

SUMMARY OF IMPACT

A significant proportion of our revenues are derived from a relatively small number of customers. The percentage of total revenue generated by the Group's top five customers in the year ended 31 December 2023 was 36.5% (2022: 39.8%). The loss of any customer or group of customers which represents a significant proportion of revenue could have a negative impact on the Group's operating results and cash flow.

As part of the Group's strategy we aim to mitigate this risk by diversifying our customer portfolio by expanding into new channels and new geographies, as well as exploring attractive M&A opportunities which introduce new customers to the Group.

RISK

Delay in regulatory approval

SUMMARY OF IMPACT

The Group's products are primarily approved for use as medical devices, functional cosmetics and food supplements that, in certain regions including Europe, require pre-market notification but not pre-market authorisation or approval by the relevant authorities. In other regions of the world where the Group either has distribution agreements in place or is actively seeking to establish them, the procedure for registering and having products authorised may differ and can require more lengthy registration processes. This in turn may lead to delays in product launches in certain territories although the Group works closely with its partners to support them through the process.

In 2023 the Group worked closely with its distribution partners to obtain regulatory approvals in new markets, most notably in Brazil, as well as continuing to progress the upgrade of its medical devices to new MDR (Medical Device Regulator) compliant standards ahead of the May 2028 deadline.

RISK

Supply chain risk

SUMMARY OF IMPACT

The Group relies extensively on third parties for many of its activities, including raw material supply, logistics, distribution and sales of its products. The Group is therefore at risk of under-performance by third parties, exploitation by third parties of the Group's commercial dependence and by unforeseen interruptions to third parties' businesses. The Group is also reliant on its own Manufacturing business for supply of products and there is a risk of interruption as a consequence of events such as fire, flooding or energy outages.

To mitigate these risks, the Group works with a variety of vendors and aims not to be over-reliant on any one particular vendor, as such the Group continues to strengthen its list of approved backup suppliers for key materials, componentry and manufacturing services, as well as adhering to its own safety policies and taking practical measures such as the installation of fire alert and prevention systems in its factories.

No change in risk Increase in risk Decrease in risk

Financial risks

RISK

Financial risk

SUMMARY OF IMPACT

The Group seeks to minimise exposure to financial risk through issue of its own equity instruments and debt to fund operating and investing activities. Where it is necessary to utilise debt funding, the terms of the financing are reviewed against future cash flow expectations to ensure that there are sufficient resources for the Group to meet its obligations. Further details relating to the Group's exposure to financial instrument risks are provided in Note 3.14.

The Group monitors factors such as risk of loss that may arise from changes in interest rates and foreign exchange rates and regularly reviews business forecasts to assess the impact of changes in market conditions. Management identifies and evaluates financial risks in close cooperation with the Group's operating segments. The Directors provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, non-derivative financial instruments and investment of excess liquidity.

RISK

Credit risk

SUMMARY OF IMPACT

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances. The Group has an established credit policy to help mitigate this risk through a series of controls including but not limited to: 1) regularly assessing credit worthiness of key customers and suppliers; 2) requiring upfront payments for new orders with new customers; and 3) monitoring the composition of the Group's monthly debtor book to ensure that customers are not at risk of exceeding credit limits.

RISK

Liquidity risk

SUMMARY OF IMPACT

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash reserves. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow. During the year, the Group achieved strong cash generation improvement and reduced net debt levels.

RISK

Capital risk management

SUMMARY OF IMPACT

The Group's capital structure is comprised of shareholders' equity and a £30 million revolving credit facility which is secured against the company's entities. The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term. The Group funds its expenditures and commitments from existing cash and cash equivalent balances, these are supported by the revolving credit facility, if needed.

Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Our key stakeholders

The table below highlights our key stakeholders, and why and how we engage with them.

Our key stakeholders	Their importance to our long-term success	The methods we use to engage and understand and their issues
The Company's key stakeholders include the following parties: • Our shareholders • Our dedicated team • The sell-side analysts of the markets in which we are listed • Our customers and suppliers • The local communities in territories in which we operate • The environment • The regulator applicable to our products • Our NOMAD brokers, legal counsel and other professional advisors	Key Stakeholders play a major role in the continuing operation of the business in many forms: • Strategic decision making – including providing input and advice in relation to prospective activities which can include fundraising, M&A, allocation of resources across business segments and other activities. • Operational matters – aimed at ensuring the business operates efficiently as well as adopting a pragmatic approach to planning, forecasting and prioritisation. • Compliance – ensuring the company complies with regulatory, legal and other legislative requirements.	Our CEO leads the interactions with shareholders, NOMAD brokers, and other professional advisors, supported by other Executives and the Non-Executive Chair. Our CFO leads the interactions with sell-side market analysts to ensure forward looking market forecasts are appropriate. The Executives operate openly with their teams, customers and suppliers to ensure a united and coordinated effort to meet Group objectives.

Our principal decisions

We describe below how the Directors had regard to key stakeholders when making principal decisions during the year.

Principal decisions included:

a) The decision to focus on organic growth delivery and rapid debt reduction in light of rising interest rates;

b) The decision to intensify focus on new product innovation and reset our commercial strategy for 2024;

c) The decision to enhance internal processes, invest in training and development, progress ESG matters and strengthen the Group's support infrastructure; and

d) The decision to continue progressing our significant investment in ensuring the Group's medical devices to new MDR compliant standards, despite the deadline extension set by the Medical Device Regulator (MDR).

The Group's strategic drivers include:

a) Sustainable consistent growth in revenues, profit and cash generation;

b) Revenue growth through a combination of organic and acquired growth, employing a buy and build strategy in which Directors are continually exploring business targets that fit against a number of set criteria;

c) Growth in equity value by leveraging growing revenues through our operating structure to deliver increasing profitability;

d) Optimising automation and efficiency in our production facilities to improve cost of goods and manage against rising input and labour costs; and

e) Become a trusted, responsible and sustainable business through our Sustainable Life project, driving towards net carbon zero by 2030 and focusing on the delivery of improvements against our priority Sustainable Development Goals:

a. Good health and wellbeing (SDG 3)
b. Affordable and clean energy (SDG 7)
c. Decent work and economic growth (SDG 8)
d. Industry innovation and |infrastructure (SDG 9)
e. Responsible consumption & production (SDG 12)
f. Climate action (SDG 13)

5.2p

+28.4%

2022: 4.1p

ADJUSTED EPS[1]

22.5%

+2.1ppts

2022: 20.4%

ADJUSTED EBITDA MARGIN

£9.8m

+59.0%

2022: £6.2m

CASH GENERATED FROM OPERATIONS

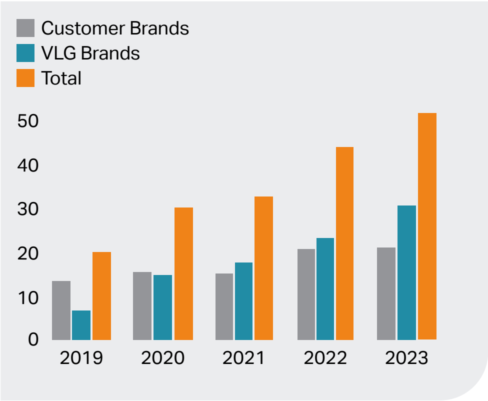
[1]Adjusted EPS reconciliation shown in note 13 of the financial statements

The Group continues to deliver significant EBITDA growth and corresponding cash generation improvement.

Statement of Comprehensive Income

RESULTS FOR THE YEAR	2023 £'000	2022 £'000	CHANGE %
Revenue	**51,410**	43,980	16.9%
Gross profit	**20,150**	17,665	14.1%
Gross margin	**39.20%**	40.2%	(1.0)ppt
Administrative expenses	**(8,960)**	(8,926)	0.4%
Depreciation	**(2,128)**	(1,821)	16.9%
Amortisation	**(4,516)**	(3,564)	26.7%
Impairment of intangibles	**(760)**	–	100%
Exceptional costs	**(639)**	(1,278)	(50.0)%
Operating profit	**3,289**	2,227	47.7%
Net Finance expense	**(2,166)**	(1,521)	42.4%
Profit before tax	**1,123**	706	59.1%
Tax	**(202)**	(186)	8.6%
Net income	**921**	520	77.1%

GROUP REVENUE £'M



REVENUE CAGR 2019-2023	
Customer Brands	**12%**
VLG Brands	**46%**
Total	**26%**

Group revenue

The Group reported 2023 revenues of £51.4 million, an increase of 16.9% over the £44.0 million reported in the previous period and benefited from the annualisation of HL Healthcare Ltd following its acquisition on 1 December 2022. On a proforma basis[1] which treats new acquisitions as if they had been in place for the whole of the comparative period, overall Group revenue was 5.4% ahead of the prior year and comprised volume growth of 4.2% and price of 1.2%.

The Group comprises of two segments: Venture Life Brands and Customer Brands. The Venture Life Brands part of the business includes brands which are owned by Venture Life and this segment reported growth of 32.0% to £30.5 million (2022: £23.1 million) driven by the full-year impact of the HL Healthcare acquisition referred above. On a proforma basis[1] the Venture Life Brands grew 9.3% owing to strong performance of core brands and significant gains made in bricks-and-mortar as well as online sales channels.

The Customer Brands business reported revenues of £20.9 million, an improvement of 0.6% versus 2022. As well as developing and manufacturing the majority of the Venture Life Brands, this part of the business is also focused on the development and manufacture of products on behalf of third parties, sold under their brands. Revenue from this segment over-delivered versus management's expectation for a second successive year as revenues from a key customer continued to perform strongly.

FINANCIAL REVIEW CONTINUED

Gross profit

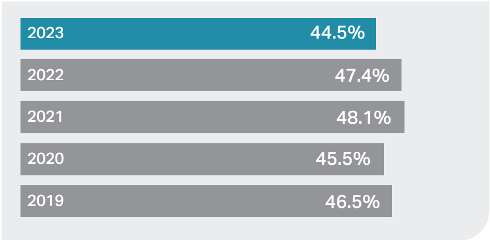
Gross profit for the year of £20.2 million increased 14.1% versus the previous year (2022: £17.7 million) with a slight decline in the gross margin percentage to 39.2% (2022: 40.2%). The absolute gross profit improvement was driven by higher revenues and delivered a material margin improvement of c.1.5% over the prior period. The material margin is the direct profit after costs of materials and packaging but before allocation of other direct and indirect costs such as production labour, transportation and facilities costs.

At a direct cost level, the online sales growth has an impact on the percentage gross margin of the Group since these sales generate a higher revenue per unit but incur additional variable costs in order to realise the revenue. Importantly these sales generate a similar level of cash profit as sales made through bricks & mortar channels however the percentage margin is diluted by these additional variable costs. During the year, the Group has reviewed the accounting treatment of these costs and reclassified commissions payable from net revenue to cost of sales, resulting in an uplift to both revenue and cost of sales by £0.5 million with nil impact on absolute profit and an adverse impact of 0.5ppts on The Group's gross margin percentage.

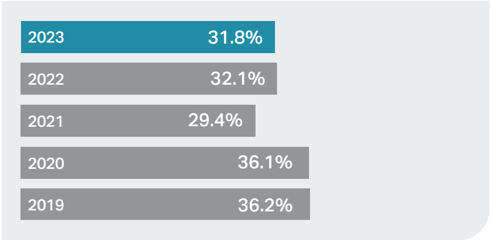
THE KEY FACTORS BEHIND THE GROSS MARGIN PERFORMANCE ARE OUTLINED BELOW:

KEY MARGIN FACTORS	IMPACT DESCRIPTION	% IMPACT	SEGMENT
Online sales growth	The rapid growth of direct to consumer (D2C) sales has a dilutive effect on the Group's percentage gross margin due to additional variable costs incurred on each sale.	↓	VLG Brands
Input costs	Temporary lag effect from passing on additional raw material and packaging costs to customers after cost increases have been incurred – impact arises from inputs procured at a premium in the prior year (to secure supply) whereby costs unwound through the P&L in 2023 in advance of customer price increases becoming effective.	↓	Customer Brands
License fee income	Increased license fee income pertaining to regulatory obligations.	↑	Customer Brands
Sales mix	Temporary margin dilution due to adverse sales mix from high growth of lower margin brands.	↓	VLG Brands
Inventory management	Additional stock write off and destruction costs incurred relating to discontinued lines, including hand sanitiser gel and obsolete inventory for the China geography.	↓	VLG and Customer Brands
FX impact	The Euro strengthened against Sterling by 2.0% during 2023 (based on average FX rates), which had an overall positive impact on the reported revenue and operating profit of the Group as most of the Group's gross margins continue to be Euro denominated.	↑	VLG and Customer Brands
Other	Other factors include the unwind of fair value uplifts on inventory acquired as part of the HL Healthcare Ltd acquisition in the prior year.	↓	VLG Brands

VLG BRANDS GM %



CUSTOMER BRANDS GM %



Further details of the Group's gross margin performance is shown as part of the KPI's on page 24.

Administrative expenses

Administrative expenses before depreciation and amortisation were in line with the previous period at £8.9 million (2022: £8.9 million). This comprised cost increases from inflationary factors including an average 5% pay uplift across the Group's workforce, however this impact was largely mitigated by the rationalisation of the Executive Management team. Marketing expenditure was in line with the previous period owing to increased online advertisement which has driven growth through this channel, this investment was offset by reduced spend on the oral care brands attributable to the decline of Dentyl sales in the UK following de-listings.

Gross R&D expenditure was up on the previous year due to investment in MDR and increased focus in new product innovation and development. Net R&D expenditure which resides within operating costs was down against the prior year as a higher proportion of these costs were capitalisable.

Non-cash administrative expenses

Non-cash costs for amortisation and depreciation increased by £1.0 million and £0.3 million respectively, with the driver of the amortisation increase being the full year impact of amortisation from the acquisition of HL Healthcare Limited acquired on 1 December 2022. Depreciation charge increase reflects growth capex invested into Biokosmes over the last two years as the Group continues to seek opportunities to automate more of its activities and enable internalisation of production from third party manufacturers.

Impairment of intangibles

During the year the Dentyl and Pharmasource intangible assets were impaired by £0.8m collectively. Dentyl was impaired by £0.4m following non-materialisation of sales from the China geography which had been emphasised as a material uncertainty in the prior year accounts. Pharamsource was impaired by £0.4m resulting from margin erosion from a key customer in order to retain the business, coupled with expected business development opportunities not materialising until after the year end, notably if this new customer had been secured pre year end it would have avoided the need for an impairment to arise.

Exceptional costs

Exceptional costs of £0.6 million (2022: £1.3 million) reduced substantially during the period, with approximately half of the 2023 costs being related to further integration work from previous year acquisitions, including costs associated with evaluating an upgrade to the Group's ERP system and other IT integration. The balance of exceptional items related to restructuring costs incurred as part of a commercial team restructure.

Net finance expense

The Group is financed by a revolving credit facility established during 2021 in the committed sum of £30.0 million of which £16.5 million had been drawn at 31 December 2023. The revolving credit facility bears interest at a fixed rate of 2.5% plus SONIA on drawn funds as well as a commitment fee at the rate of 1.0% on the balance of undrawn funds up to the facility limit.

Finance costs increased by £0.7 million to £2.2 million (2022: £1.5 million), wholly owing to increased interest payable following additional drawdown from the facility at the end of the previous year to fund the acquisition of HL Healthcare Ltd. The total finance expense of £2.2 million includes significant non-cash elements amounting to £0.8 million related to amortisation of commitment fees and FX impact on conversion of EUR borrowings.

Adjusted EBITDA

Continued tight control of our cost base ensured that the additional gross margin over the prior year was passed through the P&L to deliver an Adjusted EBITDA of £11.6 million, an increase of 28.9% over the prior year (2022: £9.0 million) at a margin of 22.5% (2022: 20.4%).

Operating profit, PBT and net income

Operating profit was £3.3 million (2022: £2.2 million) with the profit before tax for the Group of £1.1 million (2022: £0.7 million). The Group reported net income of £0.9 million (2022: £0.5 million) which translated into adjusted earnings per share[1] of 5.21 pence (2022: 4.07 pence).

Adjusted profit before tax[2] which adds back exceptional items, amortisation and share based payments increased by 29.2% to £7.3 million (2022: £5.6 million).

	2023 £'000	2022 £'000	CHANGE %
Profit before tax	**1,123**	706	59.1%
Amortisation	**4,516**	3,564	20.9%
Impairment of intangibles	**760**	–	100.0%
Exceptional items	**639**	1,278	50.0%
Share-based payments charge	**225**	72	212.5%
Adjusted profit before tax	**7,263**	5,620	29.2%

1 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments.
2 Adjusted PBT is profit before tax excluding amortisation, exceptional items and share-based payments.

FINANCIAL REVIEW CONTINUED

STATEMENT OF FINANCIAL POSITION	2023 £'000	2022 £'000
Intangible assets	74,612	78,694
Property, plant and equipment	10,194	10,090
Deferred Tax	2,530	2,443
Non-Current Assets	87,336	91,227
Inventories	10,332	11,998
Trade and other receivables	16,205	16,433
Cash and cash equivalents	5,622	5,631
Current Assets	32,159	34,062
Trade and other payables	9,069	11,725
Taxation	269	891
Interest-bearing borrowings	20,342	3,867
Current Liabilities	29,677	16,483
Interest-bearing borrowings	4,050	22,979
Statutory employment provision	1,544	1,461
Deferred tax liability	7,970	8,707
Non-Current Liabilities	13,564	33,147
Net Assets	76,254	75,659

Non-current assets

Non-current assets including goodwill, reduced by £3.9 million during the year to £87.3 million (2022: £91.2 million) reflecting amortisation of intangible assets and the impairments charges recognised during the year on the Dentyl and Pharmasource CGU's.

Current assets

As anticipated, the value of inventory holding was reduced by 14.0% to £10.3 million versus 2022. Despite the revenue growth of the business, this scale of reduction was made possible by the easing supply chain situation which has enabled the Group to regain purchasing power and return to normalised levels. Trade and other receivables were broadly in line with the previous year at £16.2 million (2022: £16.4 million) and as seen historically the seasonality of revenue phasing was weighed towards the final quarter of the year.

Current liabilities

Trade and other payables reduced to £9.1 million (2022: £11.7 million) following a peak at the end of the prior year which reflected the inventory build at that time and payables related to professional fees and integration costs associated with the HL Healthcare Ltd acquisition completed on 1 December 2022. Taxation liabilities at 31 December 2023 reduced by £0.6m compared to the previous year and was attributable to prepaid taxes during 2023 in relation to estimated 2024 taxable profits for the Group's Italian subsidiary. Interest bearing borrowings due within one year include deferred consideration of £2.2m for the acquisition of HL Healthcare Ltd which becomes payable in November 2024. Interest bearing borrowings also include the full drawdown against the RCF which was due to expire in June 2024 and had not been renewed at the balance sheet date – this was subsequently renewed post period end (see note 31 of the financial statements).

Non-current liabilities

Interest bearing borrowings of £4.1 million (2022: £23.0 million) comprised finance leases due after more than one year.
As described above, the previous year included deferred consideration and other interest bearing borrowings which are reported as part of current liabilities at the end of 2023.
Statutory employment provisions, which relate solely to the Group's Italian subsidiary, increased by 6% over the prior year due to increased headcount.

CASH PERFORMANCE AND NET DEBT	2023 £'000	2022 £'000	CHANGE %
Operating cash flow before movements in working capital	10,840	7,544	43.7%
Change in working capital	(1,005)	(1,357)	-
Cash generated from operations	9,835	6,187	59.0%
Income taxes paid	(1,615)	(621)	-
Net cash from operating activities	8,220	5,566	47.7%
Cash outflow from investing activities – acquisitions	(2,933)	(9,860)	-
Cash outflow from investing activities – additions	(2,407)	(1,828)	-
Cash (outflow) / inflow from financing activities	(2,806)	6,922	-
Increase in cash and cash equivalents	74	800	-
Cash and cash equivalents at beginning of year	5,631	5,235	-
Effect of foreign exchange rates	(83)	(404)	-
Cash and cash equivalents at end of year	5,622	5,631	(0.1)%
Adjusted EBITDA Cash conversion %	85.1%	69.0%	+16ppts

85%

2022: 69%

CASH CONVERSION

£4.8m

2022: £2.8m

FREE CASH FLOW

1.30x

2022: 1.65x

NET LEVERAGE[1]

Cash generated from operations

Cash generated from operations increased 59.0% to £9.8 million (2022: £6.2 million) and is reported after an adverse working capital outflow of £1.0 million (2022: adverse £0.4 million) attributable to the normalisation of trade payables and inventories. Operating cash conversion, calculated as cash from operating activities as a proportion of Adjusted EBITDA, increased to 85.1% (2022: 69.0%) as the Group benefited from the full year inclusion of the highly cash generative Earol brand.

Tax paid increased by £1.0 million to £1.6 million (2022: £0.6 million) arising from a significant increase in taxable profits within the Group's Italian subsidiary in 2022 and prepaid tax of £0.6 million based on estimated 2024 profits. Net cash from operating activities increased to £8.2 million (2022: £5.6 million).

Cashflows from investing activities

Cash used in investing activities reduced by 54% to £5.3 million (2022: £11.7 million) and comprised outflows of £3.0 million on deferred consideration for the acquisition of HL Healthcare Ltd, plus £0.8 million of capital investment into the manufacturing facilities in Italy and Sweden (2022: £0.9 million), plus £0.3 million of intangible assets arising from new product development (2022: £0.4 million), with the balance of £1.1 million put towards the Group's continued investment in upgrading its 27 medical devices to become MDR compliant ahead of the Medical Device Regulator's deadline in May 2028 (2022: £0.5 million).

Free cash flow

Notwithstanding the Group's significant investment to upgrade its medical devices, the free cash flow (FCF) generation of the Group has improved considerably for a second successive year, free cash flow available for debt service of £4.8 million was 71% up against the previous period (2022: £2.8 million) with a resulting EBITDA to FCF conversion of 42% (2022: 32%).

FREE CASH FLOW	2022 £'000	2023 £'000
Net Operating cash flow	5.6	**8.2**
CAPEX, PPE	(0.9)	**(0.8)**
CAPEX, intangibles	(0.9)	**(1.6)**
Lease repayments	(0.9)	**(1.0)**
Free Cash Flow	2.8	**4.8**
FCF to EBITDA %	31.7%	**41.7%**

Cashflows from financing activities

Cash outflows from financing activities amounted to £2.8 million (2022: inflow £6.9 million) and comprised interest payments of £1.4 million (2022: £0.6 million) and lease payments of £1.0 million (2022: £0.9 million) with the balance of £0.4 million used to repay interest bearing borrowings (2022: net drawdown £8.2 million).

Net debt and leverage

Net debt excluding finance lease obligations was £13.7 million (31 Dec 22: £16.6 million) and equated to net leverage of 1.30x at the period end (31 Dec 22: 1.65x). With an overall available RCF facility of £30 million (plus £20 million accordion), including an adjusted EBITDA to gross debt leverage limit of 2.5x, the Group retains access to meaningful funding.

Daniel Wells
Chief Financial Officer
8 April 2024

[1]Net leverage reconciliation shown in note 29 of the financial statements

CORPORATE GOVERNANCE REPORT

A focus on strategic clarity, whilst being committed to a high standard of governance, is key to delivering sustainable success for the benefit of all our stakeholders.

Chairman's governance introduction

I am pleased to introduce my second Corporate Governance Report, in which we describe our governance arrangements, the operation of the Board and its Committees, and how the Board discharged its responsibilities.

Board priorities

The Board continues to focus on delivering against the strategic priorities set out on page 23 with the target of continuing to deliver sustainable growth in revenues, profit and cash generation. One of the key areas of focus for the Board has been improving operational fundamentals so that the Company is better equipped to fulfil its true potential. This includes enhancing internal processes, introducing new policies and investing in the Group's supporting infrastructure e.g. training, HR and IT.

Governance

The Board is entrusted with the task of steering the Group and ensuring the implementation of a robust and solid governance framework. This structure is designed to foster vigorous discussions and challenge all Board members, which facilitates effective decision making within acceptable timeframes and based on precise information. Our commitment to achieving excellent governance standards is a crucial element in delivering on our strategic objectives and in creating shareholder value, while also addressing broader stakeholder interests.

In conclusion, I am content with the governance standards that the Board persistently upholds and can confirm that the Group has adhered to the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') throughout the year.

Purpose, culture and values

Our core values, form the bedrock of our culture and behaviours. These values guide our employees in their contributions towards the Group's success, support business growth, and promote a collaborative environment to achieve our aligned goals.

The Board is committed to investing in and maintaining a high-performance culture that attracts and retains talented people who deliver outstanding results for our customers. Fostering this high-performance culture is critical to delivering on our strategic priorities and ultimately enhances the success of the Group. Further details of our purpose, culture and values can be found on page 49.

Stakeholder engagement

In line with the provisions of Section 172 of the Companies Act 2006, the Board has consistently taken into account the interests of all stakeholders when making significant decisions throughout the year.

Utilising various methods, the Board has interacted with all stakeholders over the year, including both formal and informal channels of communication with employees. These channels are crucial in enabling the Board to effectively monitor the Company's culture. Additionally our open dialogue with shareholders has been especially important and is key to fostering mutual understanding. We maintain regular communication with all our major shareholders with additional discussions on the business' key developments.

A comprehensive review of our stakeholder engagement, including our Section 172 statement and examples of how we considered stakeholders in making key Board decisions, can be found on page 36 of the Strategic Report.

Board changes

Sharon Mary Daly stepped down from her Director role in July 2023. No other changes were made to the composition of the Board.

Remuneration

Details on remuneration can be found in the Directors' Remuneration Report on page 59.

Audit, risk and internal control

The Audit and Risk Committee's work has continued to focus on protecting the interests of shareholders and strengthening the Group's risk management and internal control systems. Further information on audit, risk and internal controls can be found in the Audit and Risk Committee report on page 52.

Annual General Meeting

We plan to hold our AGM on 4 June 2024 with details of the arrangements for the meeting set out in the AGM notice which is included as a separate document within this mailing. The AGM notice is also available on our website at www.venture-life.com

Paul McGreevy
Chairman
8 April 2024

BOARD OF DIRECTORS

Chair · N Nomination Committee · R Remuneration Committee · A Audit and Risk Committee

Paul McGreevy
Chairman

Appointed
May 2022

Skills and experience
Paul joined Venture Life as Non-Executive Chair in May 2022. Paul currently holds several Non-Executive roles in healthcare, retail, and manufacturing. Over the past 30+ years Paul has held numerous Senior Executive positions across FMCG and retail, enabling a broad perspective across the business. Having had a successful strategic consulting career across diverse sectors, an advisor to various PE, and extended experience of M&A, Paul brings a wealth of experience to the board. Paul chairs the Group's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

N A R

Carl Dempsey
Non-Executive Director

Appointed
September 2018

Skills and experience
Carl joined the Venture Life board as Non-Executive Director in September 2018. Until recently, Carl was Worldwide Vice President Global Customer Management at Johnson & Johnson ("J&J") where he was responsible for global sales of US$3.6 billion across 22 countries.

During his 29 year career at J&J, Carl had particular responsibility for developing the Health and Wellness Partnership strategy. He also led the successful integration of Pfizer Consumer Healthcare across Europe, Africa and the Middle East which included the mouthwash brand.

N A R

Mark Adams
Non-Executive Director

Appointed
October 2022

Skills and experience
Mark joined Venture Life in October 2022, bringing a wealth of relevant experience and expertise to the Board, including significant time as a main Board Director of publicly listed companies. His most recent role was as Group Finance Director at Marlowe plc, a UK leader in business critical services and software which assures safety and regulatory compliance. Prior to Marlowe, Mark held senior financial and board level roles at Stobart Group, Pets at Home Group plc, easyJet plc and a number of other businesses.

Mark is currently a Non-Executive Director and Audit and Risk Committee Chair at One Media iP Group plc and Development Media International CIC.

N A R

Jerry Randall
Chief Executive Officer

Appointed
March 2010

Skills and experience
Jerry co-founded Venture Life in 2010. From 2000 to 2009, he was CFO and co-founder of Sinclair Pharma plc, an AIM listed international specialty pharma business. Jerry was also on the Board of Silence Therapeutics plc, an AIM listed biotech development business, from 2008 to 2013. Initially a Non-Executive Director, he became a Non-Executive Chairman in 2010 and moved to Executive Chairman in 2012. Jerry enjoyed a career initially in corporate finance acting as nominated adviser (and in practise with KPMG) to both private and quoted companies between 1993 and 2000, he has been involved in a number of flotations and transactions on the Official List, Unlisted Securities Market and AIM, as well as raising private equity. He qualified as a chartered accountant with KPMG in 1990.

Gianluca Braguti
Chief Manufacturing Officer

Appointed
March 2014

Skills and experience
Gianluca began his career working in his father's pharmacy and then, after he graduated as a pharmacist, continued working for several years in the Milano University cosmetic research and development department researching cosmetic applications for raw materials used in different fields. In 1990 he started developing formulations for Italian cosmetic brands mainly in the perfumery and pharmacy area and started his experience in contract manufacturing business, Biokosmes. In 1999 Biokosmes started developing and manufacturing medical devices, selling predominantly in Europe.

In 2002 Biokosmes passed its first FDA inspection, and started exporting its products to the US.

Daniel Wells
Chief Financial Officer

Appointed
December 2021

Skills and experience
Daniel was appointed to the position of Chief Financial Officer in December 2021 following the acquisition of private equity backed BBI Healthcare where he had been Finance Director for two years. Prior to this, he spent ten years at Mitie Group PLC in a variety of senior finance and commercial roles across the UK and Ireland, including as Account Director for the Tesco contract.

Daniel began his career in the private healthcare sector as part of the Corporate Finance team at Hazlewoods LLP, and qualified as an accountant in 2011.

Overview

This report has been structured to follow the Principles of the Code, which are categorised under the following headings: Board leadership and purpose; Division of responsibilities; Composition, succession and evaluation; Audit, risk and internal control; and Remuneration. This report sets out our governance framework and illustrates how we have applied the Code Principles and complied with its Provisions.

Board Leadership and Purpose

Statement of Compliance with the QCA Code

The Board is accountable to the Group's shareholders for good corporate governance and it is the objective of the Board to attain a high standard of corporate governance. As an AIM-quoted company, full compliance with the UK Corporate Governance Code ("the Code") is not a formal obligation. The Group has not sought to comply with the full provisions of the Code; however, it has sought to adopt the provisions that are appropriate to its size and organisation and establish frameworks for the achievement of this objective and has adopted the principles of the Quoted Company Alliance ("QCA") Code. The ten principles of the QCA Code are detailed in the Investor Relations section of the Group's website. This statement sets out the corporate governance procedures that are in place.

The role of the Board

The Board is responsible for promoting the long-term sustainable success of the Group, delivering value for shareholders and contributing to wider society. It agrees the strategic priorities of the Group, ensuring that these are consistent with the Group's culture and achieved within an appropriate framework of effective controls that enable risk to be assessed and managed. It also ensures effective engagement with shareholders and other stakeholders, and that workforce policies are consistent with the Group's values. Further details of our engagement with stakeholders and how we promote success are set out on page 36.

Responsibility for day-to-day operations is delegated by the Board to the Executive Directors within defined authority limits, which are regularly reviewed and updated by the Board.

Matters reserved to the Board

The Board maintains a schedule of matters reserved for decision by the Board, which details the key aspects of the affairs of the Group which the Board does not delegate to management or any Board Committees, though it may consider recommendations from them. The schedule of matters reserved for the Board is regularly reviewed and is available at www.venture-life.com

The Board's specific responsibilities include:

- Setting the strategic aims, purpose and values
- Approving the Group's budget and financial plans
- Ensuring alignment of culture, policy, practices and behaviour throughout the business with the Group's purpose, values and strategy
- Approval of capital expenditure, significant investments and acquisitions
- Approval of annual and interim results and trading updates
- Setting the Group's risk appetite and oversight of the internal control, risk management and governance frameworks
- Monitoring management's performance
- Ensuring succession plans are in place
- Ensuring a satisfactory dialogue with shareholders and other key stakeholders

Matters outside the schedule of matters reserved for decision by the Board or the Committees' terms of reference fall within the responsibility and authority of the Executive Directors, including all executive management matters.

Our purpose

Our CEO steered the Company towards a results-based business model, focusing on delivering measurable outcomes and creating value for our stakeholders. In 2023 we have continued to drive growth through a multi-pronged strategy that includes organic growth, strategic acquisitions, and expanding our market share. Our focus is not just achieving success across the Group, but also making a positive impact on our customers, employees, and the communities we serve.

An explanation of the basis on which the Group generates and preserves value over the longer term is set out in the business model on page 7.

Our culture

The Board is dedicated to upholding a high-performance culture, which is pivotal in attracting and retaining talented individuals. Our focus is on delivering results for our clients, and our focus has been instrumental in the Board being the driving force behind our culture, setting the tone from the top and promoting a high-performance environment. This approach not only allows us to remain competitive in the market but also ensures that we consistently deliver value to our stakeholders. We believe in maintaining an optimal culture, underpinned by robust corporate governance. This is reflected in our commitment to acting responsibly and making the right decisions. Effective monitoring and regular assessments facilitate this while helping us to ensure we continue to thrive in a competitive market.

Our values are the architects of our culture. They serve as a compasss for our employees, directing their contributions towards the Group's success and instilling a commitment to uphold the highest ethical standards.

Our values

Innovation	Consistency
Trust	Responsibility
Integrity	Collaboration

Board stakeholder engagement

Proactive engagement with our stakeholder groups remains a central focus for the Board, which ensures the Directors have regard to the matters set out in Section 172. The Board receives regular stakeholder insights and feedback, which enables stakeholder views to be considered in key Board decisions.

The Board engages with stakeholders both directly and by receiving updates from the Executive Directors on management led stakeholder engagement. The Board regularly interacts with shareholders to facilitate effective dialogue, both through recurring scheduled events, such as investor roadshows and trading updates, and through one-to-one shareholder meetings led by the Chairman, CEO or Committee Chairs. Shareholder communications are also supported by regular coverage from external analysts who cover the financial performance of the Group.

For further information on the Group's engagement with stakeholders, and the Group's Section 172 statement, refer to page 41 of the Strategic Report.

Division of Responsibilities

Our governance model in 2023

At 31 December 2023, the Board comprised of the Non-Executive Chairman, two Non-Executive Directors and three Executive Directors. This page shows the Group's corporate governance structure and provides an overview of the Committees of the Board.

The Board	Nomination Committee	Audit and Risk Committee	Remuneration Committee
Chairman: Paul McGreevy **Other members:** Mark Adams, Carl Dempsey, Jerry Randall, Daniel Wells, Gianluca Braguti **Key responsibilities:** Responsible for the long-term sustainable success of the Group.	**Chairman:** Paul McGreevy **Other members:** Mark Adams, Carl Dempsey **Key responsibilities:** Responsibility for reviewing Board composition, identifying and nominating candidates for Board appointments and for succession planning.	**Chairman:** **Mark Adams** **Other members:** Paul McGreevy, Carl Dempsey **Key responsibilities**: Provides oversight and governance over the Group's financial reporting, risk management and internal controls, internal audit function and relationship with the external auditor.	**Chairman:** Paul McGreevy **Other members:** Mark Adams, Carl Dempsey **Key responsibilities:** Reviews and recommends the remuneration policy and sets and monitors the level and structure of remuneration for Executive Directors and Senior Management. Sets the Chairman's fee.

2023 roles and responsibilities

There is clear delineation of responsibility between the Chairman and the CEO, which is set out in writing. This division of responsibilities, together with the schedule of matters which are reserved for the Board, ensures that no individual has unfettered powers of decision making.

By delegating specific responsibilities to its Committees, the Board can ensure that it is operating effectively and efficiently with the right level of attention and consideration being given to relevant matters. The role and responsibilities of each Board Committee are set out in formal terms of reference, which are reviewed annually. The Chairman ensures that the very significant work of the Committees feeds into, and is influenced by, the full Board.

The Chair of each Committee reports to the Board after each Committee meeting on the matters discussed and minutes of each meeting are provided to the Board for information as appropriate. The terms of reference of the Committees are available at www.venture-life.com

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

The roles and responsibilities of the Board members and Company Secretary as at 31 December 2023 are set out below.

Chairman Paul McGreevy	• Provides leadership and promotes a culture of openness and debate between Executive and Non-Executive Directors, facilitating constructive Board relations and the effective contribution of all Directors, and providing constructive challenge to management. • Sets the Board agenda and ensures that Directors are provided with accurate, timely and clear information to enable the Board to operate effectively. • Responsible for the integrity and effectiveness of the systems of governance. • Seeks regular engagement with major shareholders in order to understand their views on performance and governance, and ensures the Board has an understanding of their views. • Acts on the results of the Board evaluations by recognising the strengths and addressing any weaknesses of the Board.
Non-Executive Directors Carl Dempsey Mark Adams	• Provide a broad range of skills and experience to the Board to assist in formulating the Group's strategy. • Provide constructive challenge, strategic guidance and support to the Executive Directors based on their breadth of knowledge and experience.
Chief Executive Officer Jerry Randall	• Responsible for the development and delivery of the strategic priorities agreed by the Board. • Responsible for leading the Group's operating performance, day-to-day management and risk management programmes in conjunction with the CFO. • Managing relationships with key stakeholders and advising the Board accordingly.
Chief Manufacturing Officer Gianluca Braguti	• Responsible for the regulatory and quality affairs of the Group, under the capacity as the Group's Technical Director. • Responsible for leading new product development and implementing the recommendations put forward by the Group's marketing and innovation teams. • Overall responsibility for operational performance of the Group's manufacturing sites in Italy and Sweden.
Chief Financial Officer Daniel Wells	• Responsible for the Group's financial affairs, including treasury and tax matters. • Responsible for financial strategy, budgeting, monitoring key internal controls, risk management and delivering the investor relations programme. • Supports the CEO in the development and delivery of the Group's strategic priorities.
Company Secretary Link Company Matters	• Supports the operation of the Board and its Committees through the provision of company secretarial services, including providing guidance and advice on corporate governance matters.

Board governance

The Board is comprised of the Chairman, two Non-Executive Directors and three Executive Directors. The Non-Executive Directors have an appropriate balance of skills and experience, and consider that, collectively, they have substantial recent and relevant experience in a variety of sectors which enable robust discussion and appropriate challenge at Board and Committee discussions.

The Board has established a governance framework to discharge its collective responsibilities. This framework supports our Directors' compliance with their duty to promote the success of the Group under Section 172 of the Companies Act 2006, which requires the Directors to act in the way they consider, in good faith, would most promote the success of the Group for the benefit of its shareholders, having regard to certain other matters including other key stakeholders. Agendas for Board meetings identify matters that require a Board decision, and an overview of Section 172 is included in the papers for each Board meeting to act as a reference for Board decisions. Information about how this duty has been performed by our Directors, including the Section 172 statement, is detailed on page 41.

Board and Committee meetings

The Chairman sets the agenda and determines the format of discussions at Board meetings. At each scheduled Board meeting, the CEO, CFO and CMO present reports on operational performance, financial performance and progress against the Group's strategic priorities. Other members of Senior Management are invited to attend during the year to update the Board on key priorities, with External advisers also attending meetings as required.

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

To ensure the continued effectiveness of the Board, the Chairman meets with the Non-Executive Directors without the presence of the Executive Directors when necessary. Refer to page 54 of the Nomination Committee Report on the Group's evaluation procedures.

Directors' attendance at scheduled Board and Board Committee meetings held during 2023 is provided in the table below:

	BOARD	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Mr Paul McGreevy	6/6	2/2	2/2	1/1
Mr Mark Adams	6/6	2/2	2/2	1/1
Mr Carl Dempsey	6/6	0/2	1/2	1/1
Mr Jerry Randall	6/6	-	2/2	1/1
Mr Gianluca Braguti	6/6	-	-	-
Mr Daniel Wells	6/6	2/2	1/2	-

Board activity in 2023

The Board has a rolling agenda of items that are regularly considered, which includes reviewing key areas of the business throughout the year, monitoring delivery against strategic priorities and covering any topical matters that arise. The Board dedicates an additional meeting every year to focus on reviewing the Group's strategy and to consider annual objectives. The Board monitors the achievement of the Group's objectives through regular Board reports which include updates from the Executive Directors, members of the Executive Leadership Team and other Senior Management.

The Board held six scheduled meetings during the year, with two additional sub-committee meetings held to approve the Annual Report and Accounts and interim results.

Conflicts of interest

Directors have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Group, unless that conflict is first authorised by the Directors. This includes potential conflicts that may arise when a Director takes up a position with another company. Venture Life Group' Articles of Association allow the Board to authorise such potential conflicts, and there is in place a procedure to deal with any actual or potential conflict of interest. During the year, no actual or potential conflicts were identified which required approval by the Board. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with the Group, they should notify the Board. The Board deals with each actual or potential conflict and takes into consideration all the relevant circumstances.

Time commitment

All Non-Executive Directors are required to set aside sufficient time to carry out their Board responsibilities and show commitment to their role. During the year the Nomination Committee, as part of their review of the results of the Board evaluation process, considered the time commitment of all the Directors and agreed that the required time commitment is still appropriate. For the year ended 31 December 2023, and at the date of the publication of this Annual Report, the Board is satisfied that none of the Directors are over committed and that each Director devotes sufficient time to discharge their responsibilities.

Audit & Risk Committee Report

Members of the Audit and Risk Committee and attendance at meetings

The Audit and Risk Committee is chaired by Mark Adams who is also the Senior Independent Director. Paul McGreevy and Carl Dempsey are also members of the Committee. All Committee members are considered independent by the Board and in accordance with the Code. Biographical information can be found on page 48 Members' attendance at Committee meetings is set out in the table page 52. The Company Secretary acts as Secretary to the Committee.

Role of the Audit and Risk Committee

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders with regard to the integrity of financial reporting, risk management and internal controls and governing the relationship with the internal and external auditors.

The Committee's terms of reference were reviewed during the year and can be found on the Group's website at: www.venture-life.com

Composition of the Committee

The Chair of the committee's most recent role was that of Group Finance Director at Marlowe plc, a UK leader in business-critical services and software which assure safety and regulatory compliance. The Chair has held senior financial and board level roles at Stobart Group, Pets at Home Group plc, easyJet plc and a number of other businesses and satisfies the requirement of having appropriate recent and relevant financial experience. The Committee members as a whole have competence relevant to the business, in addition to general management and commercial experience.

The Audit and Risk Committee usually invites the CFO and our external auditor to attend each meeting. Other members of management attend as and when requested. The Committee holds private sessions with the external auditor as necessary without members of management being present, and at least twice per year.

Significant financial reporting matters

During the year, the Committee agreed upon the necessity of recognising an impairment against the Dentyl and Pharmasource CGU's.

Other relevant financial reporting matters

The Committee also reviewed other relevant financial reporting matters in the period:

- Adjusted items and alternative performance policy; and
- Going concern and longer-term prospects.

Financial reporting

The Committee regularly reviews the robustness of financial reporting processes. The Group maintains a comprehensive financial review cycle, which includes a detailed annual financial planning process where budgets are prepared for challenge and approval by the Board. Management reviews key performance indicators on a regular basis which enable business performance and the market to be monitored on an ongoing basis, allowing corrective action to be taken as necessary. At a Group level, a comprehensive management accounts pack, including income statements, a balance sheet, a cash flow statement, and key performance indicators, is reviewed monthly by the Board. Re-forecasts of current year performance are carried out on a regular basis during the year. Management monitors the publication of new accounting and reporting standards and reports on any updates to the Committee.

Risk management and internal controls

The Committee, on behalf of the Board, keeps under review the effectiveness of the Group's risk management and internal control systems through management update reports, output from the executive risk committees and reports from CLA Evelyn Partners Limited audit to ensure that controls in place are effective in order to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has defined its risk appetite for strategic, financial, operational and compliance risks as set out on page 39 of the Strategic Report. A standard methodology for risk assessment is applied across the Group to assist with monitoring gross and residual risk and comparing residual risk against risk appetite. As required by the Code, the Board, through the Audit and Risk Committee, has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, solvency or liquidity. Further details can be found on page 39 of the Strategic Report.

The Board, supported by the Audit and Risk Committee, has reviewed the effectiveness of the risk management and internal control systems during 2023, and up to the date of the approval of the Annual Report and Accounts. No significant failings or weaknesses were identified during the period under review.

Whistleblowing

The Group believes that it is important to have a culture of openness and accountability in order to prevent situations relating to possible impropriety, financial or otherwise, from occurring or to address them when they do occur. The Group's independent whistleblowing helpline continues to be in operation and activity reports are provided to the Committee, with any matters relating to Senior Management being reported directly to the Audit and Risk Committee Chair or the Chairman. Any material whistleblowing matters are raised to the Board and responded to accordingly. The Committee is satisfied that the whistleblowing policy and its administration remain effective.

Fair, balanced and understandable

The Group has a comprehensive and thorough assurance process in respect of the preparation, verification and approval of periodic financial reports. The involvement of qualified and appropriately experienced staff, under the direction of the CFO, ensures a comprehensive review and verification process which deals with the factual content of the reports and ensures consistency across various sections.

Together with the review and challenge of management by the Committee and its recommendation to the Board, provides comfort to the Board that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's business model, strategy, position and performance.

External auditor

CLA Evelyn Partners Limited continued as external auditor in 2023, following appointment at the 2022 AGM and the conclusion of a formal tender process for the statutory audit contract.

As noted, the Committee has reviewed the effectiveness and quality of the external audit process. The Committee did this by:

- Reviewing the external auditor's plan, with specific focus on the auditor's approach to auditing areas of heightened interest to the Audit and Risk Committee or are new or unique to the 2023 audit;
- Discussing their views on material accounting issues, key judgements and estimates, and their audit report;

- Considering the robustness of the audit process; and
- Reviewing the quality of people and service provided by CLA Evelyn Partners Limited, confirming the independence and objectivity of CLA Evelyn Partners Limited.

The Committee agreed that it was satisfied with the performance, ongoing quality and independence of CLA Evelyn Partners Limited as external auditor.

Evaluation of the Audit and Risk Committee's performance

As part of the internal Board evaluation this year, the performance of the Committee was reviewed and there were no areas of concern and determined that the Committee had effectively fulfilled its role.

Conclusion

As a result of its work during the year, the Committee has concluded that it has acted in accordance with its terms of reference and has ensured the independence of the external auditor during the year.

Mark Adams
Chair of the Audit and Risk Committee
8 April 2024

Nomination Committee Report

Members of the Nomination Committee and attendance at meetings

The Nomination Committee is Chaired by Paul McGreevy. The other members of the Committee are Mark Adams and Carl Dempsey. Biographical information can be found on page 48. Members' attendance at Committee meetings is set out in the table on page 52. The Company Secretary acts as Secretary to the Committee.

The Nomination Committee regularly reviews the structure, size and composition of the Board and its Committees to ensure they are best placed to drive operational performance, oversee the delivery of the Group's strategic priorities and support the management team. Maintaining the right composition of the Board underpins the quality of debate and constructive challenge during Board discussions. The process for Board appointments is led by the Committee which makes recommendations to the Board for its approval.

2023 area of focus

- Board and Senior Management succession planning

Board and Senior Management succession planning

The Committee evaluated and deliberated on the succession planning of the Board and Senior Management. This was done to ensure the continued presence of a variety of viewpoints and perspectives at Board and leadership level, which we consider crucial for our success. The Committee continues to monitor succession planning and talent development to guarantee that we possess the necessary skills for our future.

Role and responsibilities and activities undertaken during the year

The Committee's main responsibilities, as outlined in its terms of reference, are:

- To keep under review the structure, size and composition of the Board and the membership of its Committees;
- To review succession planning processes for the Board and other Senior Management positions and the opportunities available to the Company to further promote diversity and inclusion; and
- To ensure a formal rigorous and transparent process is adopted for the appointment of new Directors, both Executive and Non-Executive.

Terms of reference were reviewed during the year and set out in detail the Committee's role and responsibilities. The terms of reference can be found on the Company's website at: www.venture-life.com.

The Board has a formal procedure in respect of the appointment of new Directors, with the Nomination Committee leading the process and making recommendations to the Board.

Directors' service contracts

All of the Directors have service agreements or letters of appointment which are available for inspection at the Company's registered office during normal business hours. Details of the letters of appointment for Non-Executive Directors and the service contracts for Executive Directors can be found in the Directors' Remuneration Report on page 59. No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested subsisted during or at the end of the financial year.

STATEMENT OF CORPORATE GOVERNANCE CONTINUED

Board appointment criteria are considered automatically as part of the Committee's review of succession planning. Currently, all the Non-Executive Directors and the Chairman have been appointed for less than nine years. Non-Executive Directors are typically expected to serve a minimum of two three-year terms, and thereafter their appointment is reviewed on an annual basis. All Directors must seek re-election at each AGM.

Election and re-election of Directors

The relevant experience and effectiveness of the Directors, and how that furthers the Company's business, is kept under review. The Committee and the Board have concluded that each Director standing for election and re-election at the AGM continues to demonstrate the necessary skills, experience and commitment to contribute effectively and add value to the Board.

Succession planning

Through succession planning, the Committee ensures that the Board is able to deal with strategic and operational opportunities and challenges. Board succession planning takes into account the Board diversity policy and the existing skills and experience of the Board and future requirements.

The Board's approach to Senior Management succession is to develop a talent pipeline and promote from within wherever possible. The Committee is focused on ensuring there is a robust pipeline of talent and that these high-potential colleagues are developed and supported to prepare for leadership roles. This includes strengthening the leadership development proposition, supporting mentoring initiatives and planning role moves to provide more experience earlier in the careers of potential future successors.

Diversity

The Board recognises the importance and benefits of diversity throughout the organisation and on the Board. We believe that the business benefits from having a diverse workforce, at all levels and in all roles, that reflects the communities in which the Group operates as this enables us to better understand and meet the needs of our customers. Diversity includes different nationalities, race, religion, age, sexual orientation and gender, as well as different personalities, education, backgrounds and culture.

Board diversity

The Board's policy on diversity is to ensure that the Directors on the Board have a broad range of experience, skills and knowledge, with diversity of thinking, background and perspective. When identifying suitable candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria, having regard to the recommendations of the FTSE Women Leaders Review, the Parker Review and the Financial Conduct Authority's Listing Rule 9.8.6R(9), alongside the established needs of the Company. Any search firm engaged to assist the Nomination Committee in identifying candidates for appointment to the Board will be specifically directed to include diverse candidates generally, and women candidates in particular.

Targets set in Listing Rule 9.8.6.R (9) provides:

(i) At least 40% of individuals on the Board of directors are women;
(ii) At least one senior position on the Board of Directors is held by a woman; and
(iii) At least one Director from a minority ethnic background on the Board.

The Board has not met the targets set out in (i) or (ii) above however, target (iii) was met when Gianluca Braguti, was appointed Chief Manufacturing Officer following the acquisition by Venture Life of Biokosmes, the company he founded in March 2014.

Although the Company has a small Board which provides some constraints, the Committee continues to be mindful of the targets set out in (i) and (ii), especially when reviewing succession plans and considering candidates for leadership development opportunities.

Workforce diversity

The Committee continues to be broadly satisfied with the diversity at employee level within the Group but aspires to improve the gender balance and ethnic diversity at the senior level. Management has in place a range of measures designed to address this, including mentoring, development programmes and flexible working, and the Committee will continue to monitor progress on behalf of the Board.

Board evaluation and effectiveness

An internal Board evaluation can be carried out to review the performance of the Board, its Committees, and the individual Directors. The internal Board evaluation would be led by the Chairman and facilitated by Link Company Matters Limited, the Group's Company Secretary. The actions agreed by the Directors following this exercise would then be monitored by the Board during 2024.

Priorities for 2024

The Committee will continue to focus on succession planning for both the Board and Senior Management with our succession planning taking into account our diversity policy, which can be found on the Group's website at: www.venture-life.com and the FCA's Board diversity rules applicable for 2024.

Paul McGreevy
Chair of the Nomination Committee
8 April 2024

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DIRECTORS' REPORT

Introduction

The Directors submit their report and the financial statements of Venture Life Group plc for the year ended 31 December 2023. Venture Life Group plc is a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom with registered office at Venture House, 2 Arlington Square, Bracknell, Berkshire. RG12 1WA. It has subsidiary companies in the United Kingdom, Italy, The Netherlands, Sweden and Switzerland and a branch located in Italy.

Results

The profit before tax for the year ended 31 December 2023 was £1.1 million (2021: £0.7 million). The detailed results for the year and the financial position at 31 December 2023 are shown in the Consolidated Statement of Comprehensive Income on page 72 and the Consolidated Statement of Financial Position on page 72 .

Principal activities

The principal activities of the Company and its subsidiaries (the Group) are the development, manufacturing and commercialisation of healthcare products, including medical devices, food supplements and cosmetics for the ageing population.

Corporate governance

A report on corporate governance and the Group's compliance with the QCA Code is set out on page 49 and forms part of this report by reference.

The Board of Directors

The members of the Board of Directors and their biographical details are shown on page 48 and are incorporated into this report by reference. The following Directors held office during the year and up to the date of this report:

NAME	TITLE
Paul McGreevy	Non-Executive Chair
Jerry Randall	Chief Executive Officer
Sharon Daly (née Collins)	Chief Commercial Officer (resigned 3 August 2023)
Gianluca Braguti	Chief Manufacturing Officer
Carl Dempsey	Non-Executive Director
Mark Adams	Non-Executive Director
Daniel Wells	Chief Financial Officer

External directorships

It is the Group's policy that its Directors may take up other directorships provided that such appointments do not conflict with their employment with the Group. Individuals may retain any remuneration received from such services. External directorships held by the Directors who are in office as at the date of this report are detailed below:

NAME	EXTERNAL DIRECTORSHIPS
Paul McGreevy	McGreevy Consulting Ltd, S&J International (UK) Limited, Normal A/S and Revive Active.
Daniel Wells	Susandan Limited.
Carl Dempsey	Big Blue Bear Limited.
Mark Adams	CeGe Aviation (Holdings) Limited, CeGe Aviation Services Limited, CeGe Aviation Technical Services Limited, Cotterill Drainage Limited, Development Media International Associates C.I.C, One Media IP Group plc and Redlotus Services Limited.

Directors' share interests

The Directors in office at 31 December 2023 and their interests in the shares of the Company were as follows:

DIRECTOR	TITLE	NUMBER OF ORDINARY 0.3P SHARES HELD AT 31 DECEMBER 2023	% OF ISSUED SHARE CAPITAL	NUMBER OF ORDINARY 0.3P SHARES HELD AT 31 DECEMBER 2022	% OF ISSUED SHARE CAPITAL
Jerry Randall[1]	Chief Executive Officer	**2,483,333**	**1.96%**	2,084,865	1.65%
Gianluca Braguti[1]	Chief Manufacturing Director	**3,742,730**	**2.96%**	3,742,730	2.96%
Daniel Wells	Chief Financial Officer	**-**	**-**	-	-
Paul McGreevy	Non-Executive Chair	**689,866**	**0.55%**	563,590	0.45%
Carl Dempsey	Non-Executive Director	**148,500**	**0.12%**	48,500	0.04%
Mark Adams	Non-Executive Director	**58,504**	**0.05%**	-	-

[1] Includes indirect holdings.

DIRECTORS' REPORT CONTINUED

Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Company's Articles of Association (the 'Articles'), the Companies Act 2006 and related legislation. The Articles provide that the Company may by ordinary resolution appoint Directors to the Board. The Articles also provide that the Board may appoint Directors to the Board. The Company must have not less than two, or more than 12 Directors. Where Directors are appointed by the Board, they may only hold office until the next AGM of the Company where they will be eligible for election. Each Director must then retire from office at the third AGM after the AGM at which they were last elected. However, the Board has decided that all Directors will seek re-election at each AGM in accordance with the Code. The Company may remove a Director by special resolution or by ordinary resolution where special notice has been given and the necessary statutory procedures are complied with.

Directors' indemnity and compensation for loss of office

Directors and Officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance, which gives appropriate cover for legal action brought against the Directors.

The Company does not have arrangements with any Director that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share plans may cause options and awards granted under such plans to vest on a takeover. Further information is provided in the Directors' Remuneration Report on page 59.

Engagement with stakeholders

The long-term success of the Company is dependent on its relationships with its stakeholders. In accordance with Section 172 of the Companies Act 2006, the Company's statement on engagement with its suppliers, customers, the community and others can be found on page 36.

Employee engagement and equal opportunities policy

The Company provides employees with information on the Group's performance and on matters concerning them on a regular basis. The Board engages with employees through formal and informal channels including the Employee Satisfaction Survey, as set out on page 30. Venture Life Group operates an equal opportunities policy that aims to ensure that all employees are treated fairly and without favour or prejudice throughout selection, recruitment, training, development and promotion.

Share capital

At 31 December 2023, there were 126,498.20 ordinary shares of £0.03 each in issue. Each ordinary share carries one vote; therefore, the total voting rights in issue at 31 December 2023 were 126,498.20. Details of the Company's issued share capital and shares issued during the year can be found in Note 18 of the financial statements.

The Company was granted a general authority by its shareholders at the 2023 AGM to allot shares up to 33.33% of the Company's issued share capital. The Company also received authority to allot shares for cash on a non-pre-emptive basis up to 10% of the Company's issued share capital. These authorities will expire at the conclusion of the 2024 AGM.

A resolution will be proposed at the 2024 AGM to renew the general authority to allot shares up to 33.33% of the Company's issued share capital. In addition, as recommended by the Pre-Emption Group's revised Statement of Pre-emption Principles (as published in November 2022), the Company will propose Special Resolutions at the 2024 AGM to seek shareholder authority to disapply pre-emption rights of up to 10% of issued share capital.

The Company was granted authority by its shareholders at the 2023 AGM to purchase up to 12,649,820 of its ordinary shares, being 10% of the issued share capital. This authority will expire at the conclusion of the 2024 AGM.

In order to retain flexibility, the Company will propose a resolution at the 2024 AGM to renew the Company's authority to purchase up to 10% of its ordinary shares at the Directors' discretion. If the resolution is passed, the new authority will replace the existing authority, which will lapse at the conclusion of the AGM on 4 June 2024.

Dividends

The Directors do not recommend the payment of a dividend.

Major shareholdings

The table below shows notifications received by the Company in accordance with DTR 5 during financial year ended 31 December 2023. This information was correct at the date of notification. It should be noted that these holdings may have changed since notified to the Company. However, notification of any change is not required until the next applicable threshold is crossed.

INSTITUTION	VOTING RIGHTS AT 31 DEC 2023	% OF CAPITAL AT 31 DEC 2023
Slater Investments	21,846,431	17.27%
BGF Investment Management Limited	11,051,824	8.74%
Hargreaves Lansdown	10,598,607	8.38%
River & Mercantile Asset Management LLP	9,850,000	7.79%
Close Brothers Asset Management	9,354,149	7.39%
Stonehage Fleming	8,483,893	6.71%
Interactive Investor	7,391,327	5.84%
Chelverton Asset Management	7,030,442	5.56%
A J Bell Securities	4,780,139	3.78%

DIRECTORS' REPORT CONTINUED

As at 8 April 2024, the date of this report, the Company had received the following additional notifications:

INSTITUTION	VOTING RIGHTS	% OF CAPITAL
Slater Investments	22,771,431	18.0%
BGF Investment Management Limited	11,396,824	9.01%

Rights and obligations attaching to shares

The Company has a single class of ordinary shares in issue. Holders of the ordinary shares are entitled to receive dividends (when declared) and a copy of the Company's Annual Report and Accounts, attend and speak at general meetings of the Company and appoint proxies and exercise voting rights or the transfer of voting rights.

None of the ordinary shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights or the transfer of voting rights. Major shareholders have the same voting rights per share as all other shareholders.

Significant agreements

The Group is not party to any significant agreements that would take effect, alter or terminate on a change of control of the Group.

Streamlined Energy and Carbon Reporting and Task Force on Climate-Related Financial Disclosures

Information on the Group's Streamlined Energy and Carbon Reporting and Task Force on Climate-Related Financial Disclosures is set out in the Strategic Report on page 35 and forms part of this report by reference.

Risk management and internal controls

The Board has carried out a robust assessment of the Group's principal and emerging risks as set out on pages 39 to 40 of the Strategic Report. The Group's financial risk management objectives and policies, including its use of financial instruments, are set out in Note 27 of the financial statements.

Going concern

The financial position of the Group, its cash flows and liquidity position are set out in the consolidated financial statements. Furthermore, Note 27 of the financial statements includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The Directors believe the Group has adequate resources to continue in operation for a period of at least 12 months from the date of approval of the financial statements due to its existing, and forecast, availability of cash resources. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Directors have made this assessment after consideration of forecast cash flows, specifically uncertainties in relation to the macroeconomic outlook, the reverse stress scenario sensitivity and the Group's liquidity over the relevant forecast period.

Auditor

The Directors holding office at the date of this annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

CLA Evelyn Partners Limited, the external auditor of the Group, has advised of its willingness to continue in office and a resolution to reappoint them as auditor and the authority for their remuneration to be determined by the Audit and Risk Committee will be proposed at the 2024 AGM. Further details on how the objectivity and independence of the auditor is safeguarded and assessed can be found in the report of the Audit and Risk Committee on page 52.

Political Donations

No political donations were made or political expenditure incurred for 2023 (2022 nil).

AGM

The Company's AGM will take place at 10.00 am on 4 June 2024 at the Offices of Simmons & Simmons LLP, CityPoint, 1 Ropemaker Street, London, EC2Y 9SS. The Notice of Meeting, which sets out the resolutions to be proposed at the forthcoming AGM and attendance arrangements, accompanies the Annual Report and Accounts and can also be found on the Group's website at www.venture-life.com

Post balance sheet events and future developments

Refer to Note of the financial statements for details of post-balance sheet events. Details of the Group's business activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 16 to 24 and form part of this report by reference.

On behalf of the Board

Jerry Randall Chief Executive Officer 8 April 2024	**Daniel Wells** Chief Financial Officer 8 April 2024

REMUNERATION REPORT

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Remuneration Committee

As a company listed on the Alternative Investment Market (AIM), the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 as amended in August 2013 (the "Regulations"), nor is it required to comply with the principles relating to Directors' remuneration in the UK Corporate Governance Code 2016 (the "Code"). This report has not been audited.

The Company's Remuneration Committee consists of the Chair and the other two Non-Executive Directors. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee but no Director is involved in any decisions relating to their own remuneration. None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships, or day-to-day involvement in running the business.

The Committee is responsible for the consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other Directors. All decisions made are after giving due consideration to the size and nature of the business and the importance of retaining and motivating management. The Committee will meet at least once a year and at other times as appropriate.

Remuneration policy

The Group's remuneration policy is designed to ensure that the remuneration packages attract, motivate and retain Directors and senior managers of high calibre and to reward them for enhancing value to shareholders. The Group's policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be performance-related and aligned to performance measures that benefit all shareholders and promote the long-term success of the Group.

The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee.

There are four main elements of the remuneration package for Executive Directors and other senior management:

- basic annual salary and benefits;
- annual bonus payments;
- long-term incentives; and
- pension arrangements.

The remuneration of the Non-Executive Directors comprises only of Directors' fees.

Salary

Basic salaries are reviewed annually and if revised, the change in salary takes effect from the start of the financial year.

Annual bonuses

The Board believes that bonuses are an important incentive for Executives to achieve the Group's objectives, and as such should represent a significant element of the total compensation awards for the Executives.

All the Executive Directors currently participate in the same bonus scheme and achievement of bonuses is aligned to the achievement of the Group's financial targets. The bonus scheme enables Executives to earn a bonus of up to £100,000 each for achieving stretching financial targets and, where appropriate, stretching operational targets, which have been set at a level perceived appropriate to provide the necessary incentives. In the event of over-or under-achievement of the Group financial performance against those targets, appropriate adjustments may be made to the bonus payable.

Long-Term Incentive Plan

The Company uses market value share options as its primary Senior Executive incentive arrangement to motivate and retain selected Senior Executives within the Group. Under that arrangement the Directors were granted the following share options:

DIRECTOR	SHARE OPTION SCHEME	OPTIONS AS AT 31 DECEMBER 2022	OPTIONS GRANTED DURING THE YEAR	OPTIONS EXERCISED DURING THE YEAR	**OPTIONS AS AT 31 DECEMBER 2023**	DATE FROM WHICH FIRST EXERCISABLE	EXPIRY DATE	EXERCISE PRICE	PERFORMANCE CONDITIONS
Jerry Randall	Unapproved	483,333	-	-	**483,333**	1 Jul 2014	5 May 2025	41p	Non-market
Jerry Randall	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market
Gianluca Braguti	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market
Daniel Wells	Unapproved	145,349	-	-	**145,349**	1 Sep 2024	1 Sep 2031	68.8p	Non-market
Daniel Wells	Unapproved	300,000	-	-	**300,000**	21 Feb 2025	21 Feb 2032	43.0p	Non-market
Jerry Randall	Unapproved	-	1,000,000	-	**1,000,000**	4 July 2026	4 July 2033	38.1p	Non-market
Gianluca Braguti	Unapproved	-	1,000,000	-	**1,000,000**	4 July 2026	4 July 2033	38.1p	Non-market
Daniel Wells	Unapproved	-	1,000,000	-	**1,000,000**	4 July 2026	4 July 2033	38.1p	Non-market

None of the Directors exercised any options during 2023 (2022: none).

Since 2016, awards have been made under the Company's Long-Term Incentive Plan ("LTIP" or the "Plan") as its primary Senior Executive incentive arrangement to replace market value share options. The key terms of the LTIP are as follows:

- Awards will normally be granted annually and will vest after three years;
- Awards will normally be structured as nil cost options or conditional awards;
- Awards will normally be granted annually immediately following the release of the Group's financial results each year;
- The maximum annual value of nominal cost options that can be made to an individual is equivalent to 200% of basic salary at the date of grant;
- Awards will only normally vest subject to continued service and to the extent that relevant performance targets are met; and
- Performance targets will normally be based on earnings per share and/or total shareholder return targets.

The Remuneration Committee administers the LTIP and the grant of nominal cost options under the LTIP.

A summary of the awards made in previous years that have not yet lapsed are set out below. No awards were made during 2023:

NAME	AWARD FOUR (DATE OF GRANT 23 MARCH 2018)
Jerry Randall	224,274
Gianluca Braguti	180,325
Sharon Daly (née Collins)	149,516
	554,115

A full summary of the performance conditions attached to outstanding awards can be found in Note 23. To the extent that these performance conditions are not met at the end of the vesting period, the options will lapse.

Directors' letters of appointment and contracts

All Executive Directors have rolling service contracts with six months' notice. The Non-Executive Directors do not have service contracts but have letters of appointment.

EXECUTIVE DIRECTORS	DATE OF CONTRACT	NOTICE PERIOD
Jerry Randall	12 December 2013	Six months' notice to be given by the Executive Director and 30 days' by the Company. In the event that the Company terminates the Executive's employment without cause, then an amount equal to 50% of the employee's salary is payable by the Company.
Gianluca Braguti	19 March 2019	
Daniel Wells	1 December 2021	

NON-EXECUTIVE DIRECTORS	DATE OF CONTRACT	NOTICE PERIOD
Paul McGreevy	17 May 2022	Three months
Mark Adams	22 Oct 2022	Three months
Carl Dempsey	20 Sep 2018	Three months

Directors' remuneration 2023

	SALARY/FEES £	BONUS £	BENEFITS £	TOTAL £	PENSION CONTRIBUTIONS £	SOCIAL SECURITY CONTRIBUTIONS £	TOTAL £
Executive Directors							
Jerry Randall	247,209	120,000	4,888	372,097	66,633	57,264	495,994
Sharon Daly (née Collins)[1]	65,810	80,000	2,123	147,933	12,713	20,627	181,274
Daniel Wells	180,000	100,000	614	280,614	27,000	36,408	344,022
Gianluca Braguti	234,925	120,000	3,685	358,610	42,998	23,053	424,661
Non-Executive Directors							
Carl Dempsey	32,445	-	-	32,445	-	3,225	35,670
Paul McGreevy	63,000	-	-	63,000	-	7,433	70,433
Mark Adams	34,650	-	-	34,650	-	3,595	38,345
Total	**858,040**	**420,000**	**11,311**	**1,289,350**	**149,344**	**151,604**	**1,590,298**

[1]Resigned 3 August 2023

Directors' remuneration 2022

	SALARY/FEES £	BONUS £	BENEFITS £	TOTAL £	PENSION CONTRIBUTIONS £	SOCIAL SECURITY CONTRIBUTIONS £	TOTAL £
Executive Directors							
Jerry Randall	235,440	-	4,171	239,611	63,460	40,661	343,732
Sharon Daly (née Collins)	188,028	-	2,972	191,000	28,204	28,648	247,852
Daniel Wells	154,550	-	349	154,899	23,175	20,020	198,094
Gianluca Braguti[1]	225,610	-	5,978	231,588	43,383	21,324	296,295
Non-Executive Directors							
Lynn Drummond[4]	29,553	-	-	29,553	-	3,763	33,316
Peter Bream[5]	23,888	-	-	23,888	-	1,883	25,771
Carl Dempsey	30,900	-	-	30,900	-	3,236	34,136
Paul McGreevy[2]	37,538	-	-	37,538	-	4,745	42,283
Mark Adams[3]	7,530	-	-	7,530	-	741	8,271
Total	**933,037**	**-**	**13,470**	**946,506**	**158,222**	**125,021**	**1,229,750**

The Executive Directors listed above at the reporting date are considered to be the key management of the Group.

[1]Gianluca Braguti's salary and fees equate to €250,000 in respect of his role as Managing Director of Biokosmes and €10,000 in respect of his role as a Director of Venture Life Group plc (2021: €250,000 and €10,000 respectively), translated at average exchange rate over the period.
[2]Appointed 17 May 2022.
[3]Appointed 10 October 2022.
[4]Resigned 17 May 2022.
[5]Resigned 10 October 2022.

Share options

The Company currently issues share options to staff to reward performance, to encourage loyalty and to enable valued employees to share in the success of the Company. In setting up the share option schemes, the Remuneration Committee took into account the recommendations of shareholder bodies on the number of options to issue, the criteria for vesting and the desirability of granting share options to Executive and Non-Executive Directors.

All employees are generally eligible to receive share options under the unapproved share option schemes after three months' service. Option awards for employees are recommended by the Executive Directors and approved by the Remuneration Committee.

Pensions and other benefits

The Group contributes to the personal pension plans of certain Executive Directors and employees. Under the scheme, the Group will make direct contributions. The Group is compliant with its auto-enrolment obligations in respect of eligible employees. Some benefits, such as private medical insurance, are available to all Executive Directors and certain other employees. Death in service benefit is provided to all Executive Directors and employees.

Non-Executive Directors

The Non-Executive Directors have entered into letters of engagement with the Company, with the Board determining the fees paid to the Non-Executive Directors. Non-Executive Directors do not participate in the Group's pension or bonus schemes in their capacity as Non-Executive Directors.

The appointments can be terminated upon three months' notice being given by either party.

On behalf of the Board,

Paul McGreevy
Chairman of the Remuneration Committee
8 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 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 group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company of the profit or loss of the Group for that period.

In preparing the Parent Company 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' has 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.

In preparing the Group's financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Directors' Report, the Strategic Report, the Directors' Remuneration Report and the Corporate Governance Report in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the AIM rules.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement

We confirm that to the best of our knowledge:

- The consolidated and Parent Company financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and was signed on its behalf by:

Jerry Randall
Chief Executive Officer
8 April 2024

Daniel Wells
Chief Financial Officer
8 April 2024

INDEPENDENT AUDITOR'S REPORT (GROUP)

Opinion

We have audited the group financial statements of Venture Life Group plc (the 'group') for the year ended 31 December 2023 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Of the group's 14 reporting components, we directly subjected 5 to audits for group reporting purposes and 2 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter components were not individually significant enough to require an audit for group reporting purposes but were still material to the group.

The components within the scope of our work covered 91% of group revenue, 81% of total component profits before tax and 96% of total component losses before tax and 97% of group net assets.

Video conference meetings were held with the component auditor at the planning stage. At these meetings, the group audit team discussed the component auditors' risk assessment and planned audit approach. Once the audit work was completed, the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor.

In addition to these planned meetings, the group audit team sent detailed instructions to the component audit teams and reviewed their relevant audit working papers.

For the remaining 7 components, which were not significant to the group either individually or in aggregate, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT (GROUP) CONTINUED

KEY AUDIT MATTER	DESCRIPTION OF RISK	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
The carrying value of goodwill and other intangible assets arising from the acquisitions of BBI Healthcare Ltd, Pharmasource BV and Dentyl Brand.	The valuation of goodwill and other acquired intangible assets brought forward is an area where we have assessed that there is an increased risk of material misstatement due to error. For goodwill and other indefinite life intangible assets the directors are required to perform an annual impairment review. The process used by management for undertaking impairment reviews under International Accounting Standards (ISA 36 'Impairment of Assets') is to determine the value in use through forecasting cash flow based on growth rates, and the determination of the appropriate discount rate. We have targeted the key audit risk to those impairment reviews where there is limited headroom and consequently small changes to judgements could significantly impact the results.	We challenged the assumptions used in the impairment models for intangible assets, described in note 15. As part of our procedures we: • considered historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments; • assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations; and • considered management's assertions about the group's future utilisation of assets following a review of the business's strategic plan by CGU. In performing our procedures, we used our internal valuation specialists and third-party evidence to assess the appropriateness of the discount rate applied. We have considered the appropriateness of the disclosures within the financial statements.
Fraud arising in revenue recognition	Revenue is one of the most significant items in the group's statement of comprehensive income and impacts several KPIs. Under ISA (UK) 240, it is presumed that there are risks of fraud in revenue recognised. As the group's revenue is substantially driven from the sale of products, we have determined that, due to pressure to meet market expectations, there is a significant risk that management might fictitiously record revenue around the year end.	For revenue as described in note 3.5 we have performed the following procedures: • assessed whether the revenue recognition accounting policies are in accordance with the requirements of International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and whether management are accounting for revenue in accordance with the accounting policies. • Performed substantive testing across material revenue streams by agreeing a sample of transactions to supporting documentation and vouching that it has been appropriately recognised in the correct period. We focused our testing towards the final two months of the year. • Obtained the pre and post year end nominal ledgers and agreed a sample of invoices raised to delivery notes to determine whether revenue is being recognised in the appropriate period. • Obtained an understanding of credit notes raised post year end and confirmed that the associated revenue was appropriately recognised.

INDEPENDENT AUDITOR'S REPORT (GROUP) CONTINUED

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £642,000. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 1.25% of the group's revenue as presented on the face of the Consolidated Statement of Comprehensive Income.

In determining materiality, we made the significant judgement that revenue is considered to be the most appropriate benchmark because this is the key performance indicator as measured by the directors.

Performance materiality for the group financial statements was set at £481,500, being 75% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements. In determining performance materiality, we considered whether there were any significant adjustments made to the financial statements in prior years, whether there were any significant control deficiencies identified in prior years and whether there were any significant changes in business objectives and strategy.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial year ending 2024 and into 2025.
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments;
- Assessing the appropriateness of the assumptions concerning growth rates and other inputs used against the value in use calculations performed as part of the impairment reviews.
- Comparing the forecast results to those actually achieved in the 2024 financial period to date;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Considering the group's funding position and requirements;
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's 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.

Other information

The other information comprises the information included in the Annual report and Accounts 2023, other than the group and parent company financial statements and our auditor's reports thereon. The directors are responsible for the other information contained within the Annual report and Accounts 2023. Our opinion on the group 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 group 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 group 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.

INDEPENDENT AUDITOR'S REPORT (GROUP) CONTINUED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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:

- 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 set out on page 51, the directors are responsible for the preparation of the group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.

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

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.

We understand that the group complies with the framework through:

- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The close involvement of Executive Directors' in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The UK Companies Act 2006
- the relevant taxation regulations in the jurisdictions in which the parent company and group operates.
- UK-adopted international accounting standards
- AIM Rules for Companies
- the implementation of the EU Medical Device Regulations (MDR)

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- understood the regulatory timeframes and, based on the information set out in the bi-monthly board meetings, managements plans to achieve the MDR registrations. We discussed progress with management as part of our procedures on the costs incurred and read the updates included in the board minutes.
- Understood the qualifications and experience of, and reviewed the work carried out by, the group's tax experts in significant geographical areas.

INDEPENDENT AUDITOR'S REPORT (GROUP) CONTINUED

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Due to pressure to meet market expectations management might fictitiously record revenue around the year end; and
- Management's assumptions made as part of the impairment reviews may not be balanced.
- Understood the qualifications and experience of, and reviewed the work carried out by, the group's tax experts.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- The procedures set out in the Key Audit Matters section in respect of fraud risks relating to revenue recognition;
- Assessing the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations and inputs to the discount rate against latest market expectations;
- Gaining an understanding of the controls that management has in place to prevent and detect fraud;
- Journal entry testing, with a focus on journals indicating large or unusual transactions; and
- Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- Knowledge of the industry in which the parent company and the group operates; and
- Understanding of the legal and regulatory requirements specific to the parent company and the group.

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

Other matter

We have reported separately on the parent company's financial statements of Venture Life Group plc for the year ended 31 December 2023.

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 Bishop FCA
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

Onslow House
Onslow Street
Guildford
GU1 4TL

8 April 2024

INDEPENDENT AUDITOR'S REPORT (PARENT COMPANY)

Opinion

We have audited the financial statements of Venture Life Group plc (the 'parent company') for the year ended 31 December 2023 which comprise Parent Company Balance Sheet and Parent Company Statement Changes of in Equity and the parent company notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2023;
- 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.

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 parent company financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of investments in subsidiary undertakings	The valuation of investments in subsidiary undertakings is the most significant assets of the parent and has a risk of misstatement due to potential impairment. These are held at cost less impairment on an individual basis. Management performs an annual assessment to determine whether there are indicators of impairment. Where indicators are identified, the assumptions contained in the impairment review can be highly judgemental and can significantly impact the results.	For the investments detailed in note 5, we have challenged management's impairment calculation, discounted future cashflows and key assumptions used to support the carrying value of the investments.

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INDEPENDENT AUDITOR'S REPORT (PARENT COMPANY) CONTINUED

Our application of materiality

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £481,500. This has been determined with reference to the benchmark of 0.5% of parent company's total assets, as its purpose is to hold investments in subsidiaries.

Performance materiality for the parent company financial statements was set at £309,225, being 75% of parent FS materiality. In determining performance materiality, we considered whether there were any significant adjustments made to the financial statements in prior years, whether there were any significant control deficiencies identified in prior years and whether there were any significant changes in business objectives and strategy.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 2023 and into 2024.
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments;
- Assessing the appropriateness of the assumptions concerning growth rates and other inputs used against the value in use calculations performed as part of the impairment reviews.
- Comparing the forecast results to those actually achieved in the 2023 financial period so far;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Considering the group's funding position and requirements;
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

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 parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report and Accounts 2023, other than the group and parent company financial statements and our auditor's reports thereon. The directors are responsible for the other information contained within Annual report and Accounts 2023. Our opinion on the parent company 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 parent company 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 parent company 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT (PARENT COMPANY) CONTINUED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 66, the directors are responsible for the preparation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company financial statements.

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

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.

We understand that the company complies with the framework through:

- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The close involvement of Executive Directors' in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The UK Companies Act 2006
- the relevant taxation regulations in the jurisdictions in which the parent company operates.
- United Kingdom Accounting Standards
- AIM Rules for Companies

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Management's assumptions made as part of the impairment reviews may not be balanced.

These areas were communicated to the other members of the engagement team not present at the discussion.

INDEPENDENT AUDITOR'S REPORT (PARENT COMPANY) CONTINUED

The procedures we carried out to gain evidence in the above areas included:

- Gaining an understanding of the controls that management has in place to prevent and detect fraud;
- Journal entry testing, with a focus on journals indicating large or unusual transactions;
- Tested management's impairment calculation by challenging discounted future cash flows and key assumptions, as further described in the Key Audit Matter above; and
- Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
- Knowledge of the industry in which the parent company and the group operates; and
- Understanding of the legal and regulatory requirements specific to the parent company and the group.

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

Other matter

We have reported separately on the group financial statements of Venture Life Group plc for the year ended 31 December 2023.

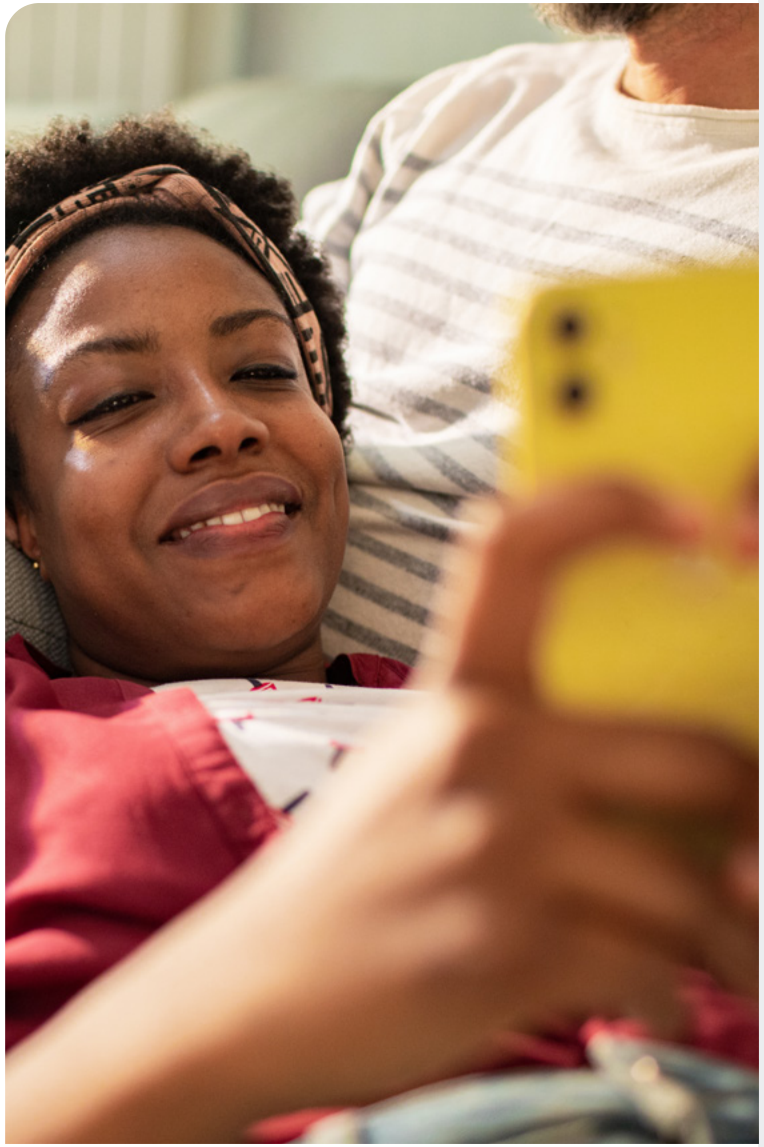
Use of our report

This report is made solely to the parent 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 parent 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 parent company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bishop FCA
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

Onslow House
Onslow Street
Guildford
GU1 4TL

8 April 2024



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

Company number 05651130

	NOTES	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Revenue	5	**51,410**	43,980
Cost of sales		**(31,260)**	(26,315)
Gross profit		**20,150**	17,665
Administrative expenses			
Operating expenses		**(11,189)**	(10,927)
Impairment losses of financial assets	16	**101**	180
Amortisation of intangible assets	13	**(5,276)**	(3,564)
Total administrative expenses		**(16,364)**	(14,311)
Other income		**142**	151
Operating profit before exceptional items		**3,928**	3,505
Exceptional costs	6	**(639)**	(1,278)
Operating profit	7	**3,289**	2,227
Finance income		**15**	1
Finance costs		**(2,181)**	(1,522)
Profit before tax		**1,123**	706
Tax	10	**(202)**	(186)
Profit for the year		**921**	520
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange (loss) / gain / on translation of subsidiaries		**(551)**	1,679
Total comprehensive profit for the year attributable to equity holders of the parent		**370**	2,199
Earnings per share			
Basic earnings per share (pence)	12	**0.73**	0.41
Diluted earnings per share (pence)	12	**0.68**	0.39

All of the profit and the total comprehensive income for the year is attributable to equity holders of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

Company number 05651130

	NOTES	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Assets			
Non-current assets			
Intangible assets	13	**74,612**	78,694
Property, plant and equipment	14	**10,194**	10,090
Deferred tax		**2,530**	2,443
		87,336	91,227
Current assets			
Inventories	15	**10,332**	11,998
Trade and other receivables	16	**16,205**	16,433
Cash and cash equivalents	17	**5,622**	5,631
		32,159	34,062
Total assets		**119,495**	125,289
Equity and liabilities			
Capital and reserves			
Share capital	18	**379**	379
Share premium account	18	**65,960**	65,960
Merger reserve	19	**7,656**	7,656
Foreign currency translation reserve	20	**1,014**	1,565
Share-based payments reserve	21	**1,034**	812
Retained earnings	22	**211**	(713)
Total equity attributable to equity holders of the parent		**76,254**	75,659
Liabilities			
Current liabilities			
Trade and other payables	23	**9,066**	11,725
Taxation		**269**	891
Interest-bearing borrowings	24	**20,342**	3,867
		29,677	16,483
Non-current liabilities			
Interest-bearing borrowings	24	**4,050**	22,979
Statutory employment provision	25	**1,544**	1,461
Deferred tax liability	11	**7,970**	8,707
		13,564	33,147
Total liabilities		**43,241**	49,630
Total equity and liabilities		**119,495**	125,289

The financial statements on pages 72 to 109 were approved and authorised for issue by the Board on 8 April 2024 and signed on its behalf by:

Jerry Randall, Director
8 April 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	MERGER RESERVE £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	SHARE-BASED PAYMENTS RESERVE £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
Balance at 1 January 2022	377	65,738	7,656	(114)	856	(1,349)	73,164
Profit for the year	-	-	-	-	-	520	520
Foreign exchange on translation	-	-	-	1,679	-	-	1,679
Total comprehensive income	-	-	-	1,679	-	520	2,199
Share-based payments charge	-	-	-	-	72	-	72
Share-based payments charge recycling	-	-	-	-	(116)	116	-
Contributions of equity, net of transaction costs	2	222	-	-	-	-	224
Transactions with Shareholders	2	222	-	-	-	-	224
Balance at 1 January 2023	**379**	**65,960**	**7,656**	**1,565**	**812**	**(713)**	**75,659**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**921**	**921**
Foreign exchange on translation	**-**	**-**	**-**	**(551)**	**-**	**-**	**(551)**
Total comprehensive income	**-**	**-**	**-**	**(551)**	**-**	**921**	**370**
Share-based payments charge	**-**	**-**	**-**	**-**	**225**	**-**	**225**
Share-based payments charge recycling	**-**	**-**	**-**	**-**	**(3)**	**3**	**-**
Transactions with Shareholders	**-**	**-**	**-**	**-**	**222**	**3**	**225**
Balance at 31 December 2023	**379**	**65,960**	**7,656**	**1,014**	**1,034**	**211**	**76,254**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	NOTES	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Cash flow from operating activities			
Profit before tax		**1,123**	706
Finance expense		**2,166**	1,521
Operating profit		**3,289**	2,227
Adjustments for:			
– Depreciation of property, plant and equipment	14	**2,128**	1,821
– Impairment gains of financial assets	16	**(101)**	(180)
– Amortisation of intangible assets	13	**4,516**	3,564
– Impairment of intangible assets	13	**760**	-
– Loss on disposal of non-current assets	13	**23**	40
– Share-based payment expense		**225**	72
Operating cash flow before movements in working capital		**10,840**	7,544
Decrease / (increase) in inventories		**1,481**	(2,329)
Decrease / (increase) in trade and other receivables		**104**	(2,517)
(Decrease) / increase in trade and other payables		**(2,590)**	3,489
Cash generated from operations		**9,835**	6,187
– Tax paid		**(1,615)**	(674)
– Tax receipt		**-**	53
Net cash from operating activities		**8,220**	5,566
Cash flow from investing activities:			
Acquisition of subsidiaries, net of cash acquired		**(2,933)**	(7,482)
Purchases of property, plant and equipment	14	**(820)**	(860)
Expenditure in respect of intangible assets	13	**(1,587)**	(3,346)
Net cash used in investing activities		**(5,340)**	(11,688)
Cash flow from financing activities:			
Proceeds from issuance of ordinary shares	18	**-**	224
Drawdown of interest-bearing borrowings	24	**3,165**	14,985
Repayment of interest-bearing borrowings	24	**(3,581)**	(6,728)
Leasing obligation repayments	24	**(999)**	(922)
Interest paid		**(1,391)**	(637)
Net cash (used) / from financing activities		**(2,806)**	6,922
Net increase in cash and cash equivalents		**74**	800
Net foreign exchange difference		**(83)**	(404)
Cash and cash equivalents at beginning of period		**5,631**	5,235
Cash and cash equivalents at end of period	17	**5,622**	5,631

NOTES TO THE CONSOLIDATED STATEMENTS

For the year ended 31 December 2023

1. General information

Venture Life Group plc ("the Company") was incorporated on 12 December 2005 and is domiciled in the UK, with its registered office located at Venture House, 2 Arlington Square, Downshire Way, Bracknell, RG12 1WA.

The principal activities of the Company and its subsidiaries (the Group) are the development , manufacturing and commercialisation of healthcare products, including medical devices, food supplements and cosmetics for the ageing population.

2. Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with UK adopted IFRS and under the requirements of the Companies Act 2006.

The preparation of the Group's financial statements requires management to exercise its judgements in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.22.

3. Summary of significant accounting policies

The principal accounting policies adopted are set out below.

3.1 Going concern

The Group made an operating profit during the year of £3.3 million and generated in excess of £8.2 million in net operating cash flow. Business operations are cash generative and significantly exceed financing outflows. At the period end, Group net leverage[1] was c1.30x net debt to Adjusted EBITDA[3] and Group Interest Cover[4] was 6.2x which are well within the Group's banking covenants of not exceeding 2.5x net debt to Adjusted EBITDA[3] and surplus 4.0x interest cover respectively.

Group net leverage[1] is expected to fall in 2024 to c0.6x due to the cash generative nature of the business and working capital improvements achieved throughout 2023 which are expected to continue into 2024.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of approving these financial statements and have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. On the basis of these projections, the Directors believe that the Group is well placed to manage its business risks successfully.

Our team has continued to work relentlessly to manage against a difficult supply chain backdrop in the wake of global shipping disruptions and the continued impact of the Ukraine conflict. The company has demonstrated its ability to manage short term spikes in commodities pricing and the securing of raw materials supply through its longstanding strong relationship with suppliers and has successfully passed a portion of incremental costs to customers during the year. The company's existing stock level is well positioned to manage foreseeable difficulties and the directors are closely monitoring the group's supply chain and continue to assess the appropriateness of a temporary increased holding of stock to ensure uninterrupted product supply as required.

The Directors have as a prudent exercise evaluated the financial impact of scenarios such as a disruption in manufacturing, for example supply shortages which could result in a temporary slowdown in the production levels of the Italian or Swedish facilities. Management does not expect the factories to close or foresee a decline in consumer demand but acknowledges that there is a risk that unforeseeable events could occur.

These scenarios stress test the revenue forecast against a 20% reduction versus budget 2024 plus associated loss of marginal gross profits and assume a limited 10% reduction in operating spend. The key findings of this evaluation showed that the Group would remain within its existing banking covenants with a minimum headroom above covenants of 0.6x.

The evaluation also considered the Group's revolving credit facility ("RCF") which provides access to draw up to £30 million. The facility is managed and co-ordinated by Santander UK plc ("Santander") and HSBC Innovation Bank Limited ("HSBC") – previously Silicon Valley Bank UK Limited ("SVB") – also participate. Under the facility the Group can draw a maximum of 2.5x the trailing EBITDA[3] for the latest twelve-month period and as at 31 December 2023 there had been £16.5 million drawn. Under the facility, the loans become repayable in the event of a change of control and a key assumption is that in these circumstances, alternative funding will be provided. Post period end the facility has been renewed for a further three years with an option to extend for an additional year.

Based upon the financial forecasts, the Directors believe that the business has sufficient balance sheet strength to weather even an unrealistically long disruption in operations or fall in consumer demand and that the Group has sufficient resources to continue in operational existence for the foreseeable future.

The Directors therefore conclude that the Going Concern basis remains the appropriate basis upon which to prepare the Group's financial statements.

1 Group net leverage calculated as net debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
2 Group Gross leverage calculated as gross debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
3 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments, less IFRS16 leases.
4 Interest Cover is net interest expense (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent Company and its subsidiaries as at 31 December 2023. All subsidiaries have a reporting date of 31 December (2022: except for HL Healthcare Limited which had a year end 31 March). All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between owners of the parent and the controlling interest based on their respective ownership interests.

3.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed including contingent liabilities, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All subsequent changes in the fair value of contingent consideration classed as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

3.4 Foreign currencies

a) Functional and presentational currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial information is presented in UK sterling (£), which is the Group's presentational currency. The functional currency of the Company is also UK sterling (£), which is the currency of the Company's operating expenditure.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rate of the month. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign exchange gains and losses resulting from such transactions are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than sterling are translated into sterling upon consolidation. The functional currency of the entities in the Group has remained unchanged during the period.

On consolidation, assets and liabilities have been translated into sterling at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into sterling at the closing rate. Income and expenses have been translated into sterling at the average rate each month over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The sterling/euro exchange rates used in the Annual Financial Statements and the prior reporting period are as follows:

	YEAR ENDED 31 DECEMBER 2023	YEAR ENDED 31 DECEMBER 2022
Sterling/euro exchange rates		
Average exchange rate for the period	**1.150**	1.173
Exchange rate at the period end	**1.153**	1.129

	YEAR ENDED 31 DECEMBER 2023	YEAR ENDED 31 DECEMBER 2022
Sterling/SEK exchange rates		
Average exchange rate for the period	**13.187**	12.461
Exchange rate at the period end	**12.830**	12.583

3.5 Revenue recognition

Revenue of the Group arises mainly from the sale of goods in both the Venture Life Brands and Customer Brands segments. To determine whether to recognise revenue, the Group follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

The Group typically enters into transactions involving the development and manufacture of the Group's or customer's own products. In each case, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative standalone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

The Group discounts its selling prices from time to time and these discounts are included when determining the transaction price. The Group's terms of trade with certain customers includes discounts and allowances that are dependent upon future selling volumes. Estimates of these sums are included when determining transaction price upon initial recognition and if required corrections are made retrospectively based upon the actual selling volumes achieved. The Group's management reviews the expected level of such discounts at the end of each accounting period to ensure appropriate deductions have been recognised within revenue.

Revenue from the sale of goods is recognised at the point in time when ownership has transferred to the customer. For Venture Life Brands supplied directly to retailers this moment occurs upon delivery to the retailer's warehouse. For supplies of Venture Life Brands to distribution partners as well as supplies of Customer Brands to their relevant partners this takes place at the Group's production facility upon collection by the customer.

Revenue from the performance of development services is recognised over time as the Group satisfies performance obligations.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The majority of the revenue of the Group arises from the sale of goods and is therefore reflected at a point in time.

3.6 Exceptional items

Items that are material because of their size or nature, and which are non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial statements are referred to as exceptional items. The separate reporting of exceptional items helps to provide an understanding of the Group's underlying performance.

3.7 Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any provision for impairment.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Office equipment over £500	25%-33% per annum, straight-line
Fixtures and fittings over £500	20%-33% per annum, straight-line
Manufacturing plant equipment	4%-33% per annum, straight-line
Buildings	2%-33% per annum, straight-line

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The assets' residual values, useful lives and methods of depreciation are all reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation for the year has been charged to administrative expenses in the Statement of Comprehensive Income.

3.8 Internally generated development intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated development intangible asset arising from the Group's product development is recognised if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably, the expenditure attributable to the intangible asset during its development.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Internally generated development intangible assets are recognised at cost less accumulated amortisation and provisions for impairment. Amortisation is provided on a straight-line basis over the useful lives of the assets, commencing from the point where the final marketable product is completed, at the following rates:

Development costs	20% per annum, straight-line

3.9 Licences and trademarks intangible assets

Patents, trademarks and licences are measured at purchase cost less accumulated amortisation and provision for impairment. Amortisation is provided on a straight-line basis over the estimated useful lives of the assets ranging from 5-10 years.

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For the year ended 31 December 2023

Amortisation for the year has been charged to administrative expenses in the Statement of Comprehensive Income.

3.10 Acquired intangible assets

The Group recognises value in respect of acquired intangible assets at cost less accumulated amortisation and impairment. Initial recognition is at fair value and amortisation takes place across their useful economic lives except when such lives are determined to be infinite.

The effective life of each new class of intangible asset acquired is determined as follows:

Brands – expected cash-generating life of the name, term, design, symbol or other feature that identifies the product as distinct from those of other sellers

Customer relationships – expected cash-generating life of the commercial relationship

Distribution Agreements – expected cash generating life of the commercial relationship

Product formulations – expected cash-generating life of the particular product formulation

The following useful economic lives are applied:

Brands: The application of an indefinite life to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brand. Indefinite life brands are tested at least annually for impairment. A review of the useful economic life of brands is performed annually, to ensure that these lives are still appropriate. The carrying value of a brand that is considered to have a finite life is amortised over that period. In reaching a determination that an asset has an indefinite life in accordance with IAS 38 the Directors consider a number of factors including:

i) Length of time the brand has been established in the marketplace;

ii) Stability of the industry in which the brand is traded;

iii) Potentials for obsolescence and erosion of sales;

iv) Competitors and barriers to entry;

v) Availability of marketing and promotional resources; and

vi) Any dependencies on other assets having finite economic lives.

Many such indefinite life assets have patent protection which have finite lives. It is the opinion of the Directors that these patents do not provide any incremental value and therefore no separate value has been placed on these patents. In reaching their determination the Directors assess future profitability before and after patent expiry based upon past experience with similar assets.

3.11 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 3.12 for a description of impairment testing.

3.12 Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its assets, including those acquired in Business Combinations, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset, such as goodwill, with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

The Directors have carried out an impairment review of the Group's tangible and intangible assets as at the reporting date, as is its normal practice. They have assessed the likely cash flows to be generated by those assets and determined that they are stated at fair value and that consequently no impairment is necessary. See Note 13 on intangible assets for further details.

3.13 Inventories

Inventories are stated at the lower of historical cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the average cost method. Net realisable value represents the estimated selling prices less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.14 Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

Financial assets

a) Trade and other receivables

Trade and other receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss based upon an expected credit loss model. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Trade and other receivables are classified in the financial instruments Note 27 as "financial assets at amortised cost".

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified in the financial instruments Note 29 as "financial assets at amortised cost".

c) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The Group's expected credit loss model uses a credit reference agency's sovereign credit default ratings as an indication of the likelihood of default by customers in each territory. Judgements are then applied to translate these ratings into probabilities of default which are then compounded on a sliding scale with aging.

Financial liabilities and equity

a) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability. Trade and other payables are classified in the financial instruments Note 27 as "liabilities".

b) Statutory employment provision

Statutory employment provision includes the liability for severance indemnities related to employees of the Group's Italian subsidiary. The severance indemnity liability arises under Italian law and is calculated with reference to each employee's length of service, employment category and remuneration. There is no vesting period or funding requirement associated with the liability. The liability recorded at the reporting date is based on the aggregate amount that the employees of the Group's Italian subsidiary would be entitled to on termination of employment for whatever reason.

c) Invoice financing

From time to time the Group utilises an invoice financing with recourse facility whereby the Group continues to recognise the receivables and the amount received under the facility is recorded as a liability, with cash received being classified as a financing cash inflow. When cash is collected from the customer, the liability and the receivables are de-recognised. Further details are provided in Note 24.

3.15 Leases

The Group makes use of leasing arrangements principally for the provision of the main operating location and related facilities, office space, office equipment and motor vehicles. The rental contracts for offices are typically negotiated for terms of between three and six years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between six months and three years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

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The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arise typically from a change in the lease term. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate.

The Group has elected to account for short-term leases and leases of low-value assets (less than £2,000) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Further details are given in Note 26.

3.16 Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.17 Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to personal pension plans are charged to the Consolidated Statement of Comprehensive Income on an accruals basis.

3.18 Pension contributions

The Group contributes to the Group stakeholder pension arrangement or personal pension plans of certain employees.

Contributions are charged to the Consolidated Statement of Comprehensive Income as they become payable.

3.19 Share-based payments

The Company issues equity-settled share-based payments to certain employees and others under which the Group receives services as consideration for those equity instruments in the Company. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in the Group's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the awards at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of share options expected to vest at each reporting date.

Options over the Company's shares granted to employees of subsidiaries are recognised as a capital contribution by the Company to the subsidiaries.

When the share options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

In the event where an option owing to an employee has vested but remains unexercised and that employee subsequently leaves the business, the option is then cancelled and the accumulated share

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For the year ended 31 December 2023

based payments reserve remains charged into the profit and loss account as the option achieved its purpose of incentivising the individual to deliver their service across the vesting period. As the element of the share based payments reserve for such employees is no longer required, this charge is recycled through profit and loss reserves.

3.20 Fair value estimation of financial assets and liabilities

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values because of the short-term nature of such assets.

3.21 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following reserves:

- Merger reserve comprising the non-statutory premium arising on shares issued as consideration for acquisition of subsidiaries where merger relief under Section 612 of the Companies Act 2006 applies. Subsequently, when required transfers will be made to the profit and loss account reserve from the merger reserve of an amount equal to the amount that becomes realised by virtue of either:
  - (i) the disposal of the related investment for qualifying consideration; or
  - (ii) an amount being written off the related investment and charged to profit or loss, for example, as the result of an impairment.
- Share-based payments reserve comprising cumulative amounts charged in respect of employee share-based payment arrangements which have not been settled by means of an award of shares to the employee.
- Foreign currency translation reserve comprising all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Retained earnings includes all current and prior period retained profits and losses. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

3.22 Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are outlined below:

a) Judgements

Capitalisation of internally generated development costs

Expenditure on Group product development is reviewed throughout each of the years represented in these financial statements to assess whether it meets the six accounting criteria referenced in Note 3.8. Where the Group can demonstrate that the expenditure meets each of the criteria it is capitalised, with the balance of expenditure expensed to the income statement.

Costs are amortised over five years once the projects are recorded as complete.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which tax loss carry-forwards can be utilised. The Group carries a deferred tax asset in respect of tax losses available in the UK on the basis that its UK entities will achieve sufficient future profitability. The Group reviews its five-year financial projections regularly and is satisfied that these entities will become increasingly profitable. Further details are provided in note 11.

b) Estimates

i) Recoverability of internally generated intangible assets

In each of the years represented in these financial statements, there is a considerable balance relating to non-current assets, including development costs, patents and trademarks. The Group's accounting policy covering the potential impairment of intangible assets is covered in Note 3.12 to these financial statements.

An impairment review of the Group's patent and trademark balances is undertaken at each year end. This review involves the generation of estimates of future projected income streams that will result from the ownership of the development costs, patents and trademarks. The expected future cash flows are modelled over the remaining useful life of the respective assets and discounted present value in order to test for impairment. In each of the year ended 31 December 2022 and 2023 no impairment charge was recognised as a result of these reviews of capitalised development costs, patents and trademarks.

ii) Impairment of other non-financial assets

Estimation uncertainties are discussed in Note 13. The Group conducts annual impairment reviews of assets, such as goodwill, when events or changes in circumstances indicate that their carrying amounts may not be recoverable, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end

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of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Details of the estimates and assumptions made in respect of the potential impairment of goodwill are detailed in Note 13 to the financial statements.

In the year ended 31 December 2023 an impairment charge of £387,000 was recognised in respect of goodwill for the Dentyl CGU and an impairment charge of £373,000 was recognised in respect of goodwill for the Pharmasource CGU (2022: no impairment charge was recognised) (see note 13 for further details).

iii) Fair values on acquisition

When acquiring a business, the Directors have to make judgements and best estimates about the fair value of the assets, liabilities and contingent liabilities acquired. These are estimated regardless of whether or not they were recognised in the financial statements of the subsidiary prior to acquisition. The valuation of externally acquired assets such as products, data or technologies requires judgements regarding the estimated future cash outflows required to commercialise the asset(s) and the cash inflows expected to arise from such commercialisation, discounted at a suitable rate reflecting the time value of money and the risks inherent in such activities.

iv) Amortisation periods

The Directors exercise judgement when assessing the economic life of intangible assets. This involves making a judgement of the strength and longevity of the asset and the number of years that it is expected to generate revenues and profits and makes reference to the market position, competitors, availability of marketing promotional resources, experience with other intangible assets and other factors.

When acquiring a business, the Directors make best estimates about the future life of acquired assets. These best estimates are based on historic trends and the future of existing commercial relationships to determine a suitable future working life of each asset. Estimation uncertainties in these estimates relate to technical advances in the market place and customer demand, as such the Directors review these estimates annually. See Note 13 for further details.

4. Accounting developments

a) New standards, amendments and interpretations issued and adopted

The Group has adopted and applied the following standards and amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 and not adopted early

The Group has not applied the following new or revised standards and interpretations that have been issued but are not yet effective:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The Directors do not expect that the adoption of the standards, amendments and interpretations listed above will have a material impact on the financial statements of the Group.

5. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Directors.

Management has determined the operating segments based on the reports reviewed by the Group Board of Directors (Chief Operating Decision Maker) that are used to make strategic decisions. The Board considers the business from a line-of-service perspective and uses operating profit/(loss) as its profit measure. The operating profit/(loss) of operating segments is prepared on the same basis as the Group's accounting operating profit.

In summary, the operations of the Group are segmented as:

- Venture Life Brands, which includes sales of branded healthcare and cosmetics products, where the brand is owned within Venture Life Group, direct to retailers and under distribution agreement. This segment includes the acquisitions of Periproducts Ltd, the Dentyl Brand, the Pharmasource Group, the acquired Helsinn brands, the acquisition of BBI Healthcare Ltd (subsequently renamed as Venture Life Healthcare Ltd) and the acquisition of HL Healthcare Ltd; and
- Customer Brands, which includes sales of products and services under contract development and manufacturing agreements, where the brand is not owned by the Venture Life Group. This segment includes the acquisition of Biokosmes srl.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

5.1 Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	VENTURE LIFE BRANDS £'000	CUSTOMER BRANDS £'000	CONSOLIDATED GROUP £'000
Year ended 31 December 2023			
Revenue			
Sale of goods	**32,629**	**27,331**	**59,960**
Intercompany sales elimination	**(1,902)**	**(6,647)**	**(8,549)**
Total external revenue	**30,728**	**20,683**	**51,411**
Results			
Operating profit before exceptional items, amortisation of acquired intangibles and excluding central administrative costs	**11,467**	**4,559**	**16,026**
Amortisation of acquired intangibles	**(4,755)**	**(521)**	**(5,276)**
Depreciation incurred by segment	**(2,035)**	**(536)**	**(2,571)**
Operating profit before exceptional items and excluding central administrative costs	**4,677**	**3,502**	**8,179**
Year ended 31 December 2022			
Revenue			
Sale of goods *	24,579	25,621	50,200
Intercompany sales elimination*	(1,444)	(4,776)	(6,220)
Total external revenue	23,135	20,845	43,980
Results			
Operating profit before exceptional items, amortisation of acquired intangibles and excluding central administrative costs*	8,637	4,606	13,243
Amortisation of acquired intangibles	(3,043)	(442)	(3,485)
Depreciation incurred by segment*	(1,795)	(490)	(2,285)
Operating profit before exceptional items and excluding central administrative costs	3,799	3,674	7,473

* Prior year figures reanalysed to show segmental operating profit before amortisation of acquired intangible assets

The reconciliation of segmental operating profit to the Group's profit before tax is as follows:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Operating profit before exceptional items and excluding central administrative costs	**8,179**	7,473
Exceptional items	**(639)**	(1,278)
Central administrative costs	**(4,890)**	(3,968)
Finance costs	**(2,166)**	(1,521)
Profit before tax	**1,123**	706

One customer generated revenue of £8,346,036 which accounted for 10% or more of total revenue (2022: one customer generated revenue of £8,327,607 which accounted for 10% or more of total revenue).

5.2 Segmental assets and liabilities

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Assets		
Venture Life Brands	**100,642**	102,295
Customer Brands	**17,682**	22,149
Central Group assets	**-**	845
Consolidated total assets	**118,324**	125,289
Liabilities		
Venture Life Brands	**17,672**	19,669
Customer Brands	**7,757**	10,839
Central Group liabilities	**16,644**	19,122
Consolidated total liabilities	**42,073**	49,630

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

5.3 Other segmental information

	DEPRECIATION AND AMORTISATION £'000	ADDITION TO NON-CURRENT ASSETS £'000
Year ended 31 December 2023		
Venture Life Brands	**6,790**	2,077
Customer Brands	**536**	765
Central administration	**78**	-
	7,404	2,842
Year ended 31 December 2022		
Venture Life Brands	**4,838**	17,381
Customer Brands	**490**	811
Central administration	**57**	-
	5,385	18,192

5.4 Geographical information

The Group's revenue from external customers by geographical location of customer is detailed below. A materiality threshold of £500,000 is applied for disaggregation.

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Revenue		
UK	**19,041**	15,033
Italy	**11,413**	12,870
Switzerland	**1,662**	1,829
Germany	**606**	393
Netherlands	**938**	1,612
France	**602**	252
Rest of Europe	**9,447**	8,015
USA	**564**	466
Canada	**990**	441
Brazil	**860**	518
Ireland	**1,250**	1,230
Rest of the World	**4,038**	1,320
Total revenue *	**51,412**	43,980

* Prior year figures reanalysed for correction and to expand geographical analysis

The aggregated amount of transaction prices that relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2023 is £nil (2022: £nil).

6. Exceptional items

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Costs incurred in the acquisition of HL Healthcare Ltd	**-**	860
Prospective M&A costs	**86**	-
Integration of acquisitions	**277**	202
Restructure	**276**	216
Total exceptional items	**639**	1,278

During the period the Group incurred further integration costs in relation to previous year acquisitions plus new costs in relation to prospective M&A. Other exceptional items related to restructuring costs.

7. Operating profit

Operating profit for the year has been arrived at after charging:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Depreciation of property, plant and equipment included in operating expenses	**2,098**	1,821
Amortisation of intangible assets included in administrative expenses	**4,740**	3,564
Impairment of intangible assets included in administrative expenses	**760**	-
Research and development costs included in operating expenses	**303**	206
Share-based payments charge	**225**	72
Staff costs excluding share-based payment charge (Note 8)	**8,218**	7,300
Auditor's remuneration:		
– Fees for the audit of the Company's annual accounts	**141**	145
– Audit of the accounts of the Company's subsidiaries	**28**	28
– Audit related assurance services	**11**	7

For the year ended 31 December 2023

8. Employee information

The average number of staff, including Executive Directors, employed by the Group during the year are as shown below:

	YEAR ENDED 31 DECEMBER 2023 NUMBER	YEAR ENDED 31 DECEMBER 2022 NUMBER
Product development and manufacturing	**96**	98
Sales and marketing	**28**	18
Directors	**4**	4
Administration	**37**	33
Total	**165**	153

Their aggregate remuneration comprises:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Wages and salaries	**6,291**	5,404
Social security costs	**1,369**	1,276
Pension costs	**454**	503
Other benefits	**113**	117
Equity settled share-based payments	**225**	72
Total	**8,452**	7,372

The aggregate remuneration is charged within the Financial Statements as follows:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Charged into cost of sales and a proportion absorbed into closing inventory	**2,393**	2,868
Charged into research and development costs and a proportion into capitalised development costs	**497**	411
Charged into operating expenses	**5,562**	4,093
Total	**8,452**	7,372

The aggregate remuneration of the key management personnel of the Group (who are all persons with decision making responsibilities) comprises:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Wages and salaries	**1,278**	933
Social security costs	**152**	125
Pension costs	**149**	158
Other benefits	**11**	14
Equity settled share-based payments*	**198**	41
Total	**1,788**	1,271

Further information on Directors remuneration is included in the Remuneration Report on pages 58-62.

* Prior year figures reanalysed to include share-based payments

9. Pension costs and other post-retirement benefits

The Group operates a stakeholder pension scheme to which it makes contributions. As an alternative, the Group also makes contributions into the personal pension schemes of certain employees. For the Group's Italian subsidiary, a severance indemnity liability is created as required under Italian law (see Note 25). The pension charge represents contributions payable by the Group including the Italian severance indemnity liability and amounted to £454,000 (2022: £503,000). At year end an amount of £56,000 (2022: £16,000) was payable in respect of pension contributions charged during the year. Amounts relating to the Italian severance indemnity liability are paid when they fall due.

For the year ended 31 December 2023

10. Income tax expense

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Current tax:		
Current tax on profits for the year	1,038	1,195
Adjustments in respect of earlier years	(25)	11
Total current tax expense	1,013	1,206
Deferred tax:		
Origination and reversal of temporary differences	(811)	(1,020)
Total deferred tax credit	(811)	(1,020)
Total income tax charge / (credit)	202	186

Tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits and losses of the consolidated entities as follows:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Profit before tax	1,123	706
Profit before taxation multiplied by the local tax rate of 23.52% (2022: 19%)	264	134
Net (tax allowances not recognised in financial statements) / expenses not deductible for tax purposes	(155)	166
Current year losses for which no deferred tax asset has been recognised	31	117
Utilised losses	-	(112)
Other adjustments	(70)	-
Re-measurement of deferred tax balances	(5)	(281)
Higher rate on foreign taxes	162	151
Adjustments for current tax of prior periods	(25)	11
Income tax charge	202	186

With effect from 1 April 2023 the UK corporation tax rate rose from 19% to 25% on all profits in excess of £250,000. The standard corporation tax rate in Italy is 24% and there is in addition a regional production tax of 3.9%. Corporation tax rates in the Netherlands are 25.8% on profits in excess of €395,000 and 15% on profits below this threshold. Corporation tax rates in the Sweden are 20.6%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

As at the reporting date, the Group has unused tax losses of £9,469,282 (2022: £9,867,000) available for offset against future profits generated in the UK. A deferred tax asset has been recognised on the losses which the company considers will be utilised against future profits in the UK however, there remain further losses of £435,000 which a deferred tax asset has not be recognised on due to the uncertainty of their recoverability.

The tax charge of the Group is mainly driven by tax paid on the profits of Biokosmes S.r.l and PharmaSource B.V. as profits from the UK entities are Group relieved against current year and prior year losses within the UK Group. The group recognises a deferred tax asset in relation to losses carried forward in the UK entities as the performance of these entities is expected to become more profitable in future due to the introduction of new customers and products from recent acquisitions and business development activities, as well as cost rationalisation. The deferred tax liabilities generated on previous years acquisitions are released to the income statement over time.

11. Deferred tax

Deferred taxes arising from temporary differences are summarised as follows:

DEFERRED TAX LIABILITIES/(ASSETS)	AT 1 JANUARY 2023 £'000	RECOGNISED IN PROFIT AND LOSS £'000	ARISING UPON ACQUISITIONS IN THE YEAR £'000	MOVEMENTS ATTRIBUTED TO FOREIGN EXCHANGE £'000	AT 31 DECEMBER 2023 £'000
Purchased goodwill	(42)	7	-	1	(34)
Other intangibles	8,543	(764)	-	(15)	7,764
Inventories	36	19	-	-	55
Fixed asset timing differences	128	2	-	-	130
Losses carried forward	(2,312)	(55)	-	-	(2,367)
Other	(89)	(20)	-	1	(108)
Deferred tax liability/(asset)	6,264	(811)	-	(13)	5,440
Assets	(2,443)				(2,530)
Liabilities	8,707				7,970
Net deferred tax balance	6,264				5,440

The Group has recognised a deferred tax asset of £2,367,000 (2022: £2,312,000) in respect of tax losses on the basis it is probable that taxable profits will be available against which the tax losses can be utilised. The losses can be carried forward indefinitely and have no expiry date.

For the year ended 31 December 2023

12. Earnings per share

A reconciliation of the weighted average number of ordinary shares used in the measures is given below:

	YEAR ENDED 31 DECEMBER 2023 NUMBER	YEAR ENDED 31 DECEMBER 2022 NUMBER
For basic EPS calculation	**126,498,197**	126,257,101
For diluted EPS calculation	**133,635,025**	133,393,929

The dilution reflects the inclusion of the options and LTIPs that have been issued, amounting to 10,194,015 stock options and 554,115 LTIPs per Note 21.

A reconciliation of the earnings used in the different measures is given below:

	2023 £'000	2022 £'000
For basic and diluted EPS calculation	**921**	520
Add back: Amortisation	**5,276**	3,564
Add back: Exceptional costs	**639**	1,278
Add back: Share based Payments	**225**	72
For adjusted EPS calculation	**7,061**	5,434

The resulting EPS measures are:

	PENCE	PENCE
Basic EPS	**0.73**	0.41
Diluted EPS	**0.68**	0.39
Adjusted EPS	**5.58**	4.30
Adjusted diluted EPS	**5.21**	4.07

13. Intangible assets

	DEVELOPMENT COSTS £'000	BRANDS £'000	PATENTS AND TRADEMARKS £'000	GOODWILL £'000	OTHER INTANGIBLE ASSETS £'000	TOTAL £'000
Cost or valuation:						
At 1 January 2022	4,049	20,093	979	35,483	10,727	71,331
Acquired through business combinations	-	9,282	-	3,407	2,628	15,317
Additions	923	-	45	-	-	968
Disposals	(84)	-	-	-	-	(84)
Foreign exchange movements	231	-	35	762	168	1,196
At 31 December 2022	5,119	29,375	1,059	39,652	13,523	88,728
Additions	1,377	-	210	-	-	1,587
Disposals	(22)	-	-	-		(22)
Foreign exchange movements	(84)	-	(15)	(305)	(68)	(472)
At 31 December 2023	**6,390**	**29,375**	**1,254**	**39,347**	**13,455**	**89,821**
Amortisation:						
At 1 January 2022	2,112	822	511	-	2,807	6,252
Charge for the year	585	1,522	164	-	1,293	3,564
Disposals	(46)	-	-	-	-	(46)
Foreign exchange movements	129	-	18	-	117	264
At 31 December 2022	2,780	2,344	693	-	4,217	10,034
Charge for the year	869	1,917	144	-	1,586	4,516
Impairment charge	-	-	-	760	-	760
Foreign exchange movements	(45)	-	(9)	2	(49)	(101)
At 31 December 2023	**3,604**	**4,261**	**828**	**762**	**5,754**	**15,209**
Carrying amount:						
At 31 December 2022	2,339	27,031	366	39,652	9,306	78,694
At 31 December 2023	**2,786**	**25,114**	**426**	**38,585**	**7,701**	**74,612**

All Capitalised development costs are amortised over their estimated useful lives, which is five years. All amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.

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All trademark, licence and patent renewals are amortised over their estimated useful lives, which is between five and ten years. All amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.

Other intangible assets currently comprise customer relationships and product formulations acquired through the acquisition of Biokosmes Srl. and customer relationships acquired through the acquisitions of Periproducts, the Dentyl brand, the Pharmasource group, BBI Healthcare Ltd, the Helsinn Brands and HL Healthcare Ltd. These assets were recognised at their fair value at the date of acquisition and were being amortised over a period of between five and ten years. The weighted average remaining amortisation period for other intangible assets is 5.4 years (2022: 5.9 years)

Assets with indefinite economic lives as well as associated assets with finite economic lives are tested for impairment at least annually or more frequently if there are indicators that amounts might be impaired. The impairment review involves determining the recoverable amount of the relevant cash-generating unit, which corresponds to the higher of the fair value less costs to sell or its value in use.

The key assumptions used in relation to the Biokosmes (Customer Brands comprising one CGU), Periproducts, the Dentyl brand, Pharmasource group, BBI Healthcare Ltd, the Helsinn brands and HL Healthcare Ltd (part of the Venture Life Brands comprising six CGU's) impairment review are outlined below:

Biokosmes SRL

- In 2023, Biokosmes SRL achieved revenue growth of 0.2% versus the previous year – being an above expectation result against the backdrop of exceptional revenue growth of 34.0% during 2022. Subsequent period expectations are for a marginal decline in this exceptional performance as revenues stabilise into 2025, followed by strong organic growth thereafter. Management have forecasted future revenue growths for the 5-year period ending 2028 of CAGR 4.1%.
- The Group has valued Biokosmes SRL by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.7%. These assumptions generate a headroom over the assets current carrying value equivalent to £14.4 million.
- An increase in the post-tax WACC rate by 6.7ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed on Biokosmes by restricting earnt margin on sales to 2023 levels, lowering it 0.7 ppts. Under this scenario, headroom remains at £13.0 million.

Periproducts Ltd

- In 2023, PeriProducts Ltd achieved revenue growth of 3.0% versus the previous year primarily owing to strong growth in the online sales of the Ultradex product line. Management have forecast future revenue growths for the 5-year period ending 2028 of CAGR 4.3%.
- The Group has valued PeriProducts Ltd by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.7%. These assumptions generate a headroom over the assets current carrying value equivalent to £6.4 million. An increase in the post-tax WACC rate by 10.6ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to restrict growth in non-core brands to inflationary levels of 2% per annum. This is a considerably prudent scenario whereby Periproducts is engaging in significant marketing activities to promote its brands during the coming year, with anticipation of returns in 2025. Under this inflationary scenario future cashflows still generate a headroom of £6.0 million over the assets of the business held at the balance sheet date.

Dentyl Brand

- In 2023, revenues from the Dentyl Brand declined 8.8% versus the previous year following product delistings within the UK wholesaler channel. International revenues similarly underperformed particularly within the Chinese geography where existing distribution arrangements materialised below expectations. To appropriately reflect these adverse market conditions management has opted to impair the brand by £389,000 and has restricted it's forecasted 5-year revenue growth to a CAGR 1.7%. Primarily this restriction owes to the disregarding of International distribution revenues except where reasonably certain to materialise. The group remains committed to expanding Dentyl into the APAC region however and notes considerable upside opportunity with both existing and new partners.
- The Group has valued the Dentyl Brand by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.7%. Post-impairment the brand assets current carrying value is equivalent to its recoverable amount with no headroom.
- Sensitivity analysis has been performed on scenarios to completely restrict international revenues to nil, which would result in impairment of £0.4 million. Under this scenario, the Group would seek to mitigate this impact and the Directors are satisfied that the forecasts included in the original impairment assessment already apply a cautious approach.

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For the year ended 31 December 2023

Pharmasource BV

- In 2023, PharmaSource BV achieved revenue growth of 7.0% driven by strong performance in the international division. Outlook for 2024 and beyond includes the discontinuation of a significant customer contract, however minimum purchase obligations under post-year end secured business have more than mitigated this reduction. Benefits from this new contract are constrained by a negotiated price reduction with the groups largest footcare customer, however aggregate forecasted future revenue growths for the 5-year period ending 2028 retain a strong CAGR of 5.8%.
- The Group has valued PharmaSource BV by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 11.2%. Price inelasticity has contributed to margin erosion across the forecast period and an impairment has been recognised against the asset for £0.4m. The carrying value of the attributable intangible assets is now £5.0m at 31 December 2023, and the Group is actively seeking new opportunities for the brand internationally.
- During February 2024 a new distribution contract was signed for footcare products with an existing customer with minimum purchase obligations of approximately £0.2 million per annum. No impairment would have been necessary had this contract been foreseeable at the point of valuation. This contract is expected to generate revenues across a five year period and minimum purchase obligations for the coming year have already been secured as orders, providing comfort against the need for future impairment.

BBI Healthcare Ltd

- In 2023, BBI Healthcare Ltd achieved revenue growth of 10.0% versus the previous year which is primarily driven by growth in the Lift brand across both Online and Pharmaceutical channels. Management have forecasted future revenue growths for the 5-year period ending 2028 of CAGR 9.7% , with the largest driver being 16.9% and 11.3% cumulative growth in UK/EU sales of Balance Activ and Lift brands respectively.
- The Group has valued BBI Healthcare Ltd by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.7%. These assumptions generate a headroom over the assets current carrying value equivalent to £27.8 million. An increase in the post-tax WACC rate by 6.5ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to reduce anticipated revenue growths by 10% as a prudent scenario and shows that the future cashflows still generate a significant headroom of £27.1 million over the assets of the business held at the balance sheet date.

Helsinn Brands

- In 2023, Helsinn Brands achieved revenue growth of 25.9% versus the previous year primarily owing to exceptional 51.9% growth across international revenues of the Gelclair brand. Management have forecasted future revenue growths for the 5-year period ending 2028 of CAGR 10.0%.
- The Group has valued Helsinn Brands by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.5%. These assumptions generate a headroom over the assets current carrying value equivalent to £15.0 million.
- An increase in the post-tax WACC rate by 18.0ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to restrict forecasted revenues to those from pre-existing customer relationships only as a prudent scenario and shows that the future cashflows still generate a significant headroom of £10.0 million over the assets of the business held at the balance sheet date.

HL Healthcare Ltd

- In 2023, HL Healthcare Ltd achieved revenue growth of 5.4% versus the previous year with core Earol brands growing 10.9%. Single year overall growth was restricted by the discontinuation of the low-margin Sterinase product line, with normalisation anticipated from 2024 onwards. Management have forecasted future revenue growths for the 5-year period ending 2028 of CAGR 10.1%.
- The Group has valued HL Healthcare Ltd by discounting the associated future cash flows across a five year period, and with a terminal value to reflect future years. The discount rate is based upon the Group pre-tax WACC of 14.3% and is adjusted for specific segment, country and currency risk plus local tax rates to derive a post-tax rate of 10.7%. These assumptions generate a headroom over the assets current carrying value equivalent to £7.2 million.
- An increase in the post-tax WACC rate by 3.7ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Forecasted revenues for HLH benefit from annualisation following product launch of Earol Baby at the tail end of 2023. Sensitivity analysis has considered these new lines failing to generate any revenues versus the forecasted £0.3 million per annum, which results in a total headroom of £6.0 million over the assets of the business held at the balance sheet date.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

The above impairment assessments of Biokosmes SRL, Periproducts Ltd, the Dentyl brand, the Pharmasource group, BBI Healthcare Ltd, the Helsinn brands and HL Healthcare Ltd have included assessment of all elements of intangible value regardless of whether their economic lives are finite or indefinite, and include Customer Relationships, acquired formulations, acquired Trademarks and Goodwill.

Intangible assets with indefinite useful lives allocated to operating segments:

		YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Goodwill	PeriProducts Ltd	**3,337**	3,337
	Dentyl	**2,711**	3,100
	Pharmasource BV	**3,819**	4,279
	BBI Healthcare Ltd	**13,252**	13,252
	The Helsinn brands	**1,925**	1,925
	HL Healthcare Ltd	**3,406**	3,406
	Venture Life Brands Total	**28,450**	29,299
	Biokosmes SRL	**10,135**	10,351
	Customer Brands Total	**10,135**	10,351
	Total	**38,585**	39,652
Brands	Dentyl	**-**	-
	The Helsinn brands	**2,010**	2,010
	Venture Life Brands Total	**2,010**	2,010
	Customer Brands Total	**-**	-
	Total	**2,010**	2,010

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five-year forecast and terminal value. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

Recoverable amount of each operating segment:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
PeriProducts Ltd	**12,173**	7,719
Dentyl	**4,935**	6,370
Pharmasource BV	**4,980**	9,509
BBI Healthcare Ltd	**62,540**	36,553
The Helsinn brands	**21,485**	12,749
HL Healthcare Ltd	**21,961**	20,735
Venture Life Brands Total	**128,074**	93,635
Biokosmes SRL	**34,556**	28,501
Customer Brands	**34,556**	28,501

These assumptions are subjective and provide key sources of estimation uncertainty, specifically in relation to growth assumptions, future cashflows and the determination of discount rates. The actual results may vary and accordingly may cause adjustments to the Group's valuation in future financial years.

Sensitivity analysis has been performed on the impairment review of all other operating segments and indicate sufficient headroom in the event of reasonably possible changes in key assumptions and these are unlikely to result in an impairment.

For the year ended 31 December 2023

14. Property, plant and equipment

	PLANT AND EQUIPMENT £'000	OTHER EQUIPMENT £'000	LAND AND BUILDINGS	RIGHT-OF-USE ASSETS £'000	TOTAL £'000
Cost or valuation:					
At 1 January 2022	5,739	228	1,465	6,766	14,198
Acquired through business combination	-	13	-	-	13
Additions	835	25	-	1,034	1,894
Disposals	(45)	-	-	(325)	(370)
Foreign exchange movements	110	13	(35)	364	452
At 31 December 2022	6,639	279	1,430	7,839	16,187
Acquired through business combination	-	-	-	-	-
Additions	765	40	15	1,602	2,422
Disposals	(211)	(4)	-	-	(215)
Foreign exchange movements	(170)	(5)	(23)	(148)	(346)
At 31 December 2023	**7,023**	**310**	**1,422**	**9,293**	**18,048**
Depreciation:					
At 1 January 2022	1,749	140	45	2,527	4,461
Charge for the year	821	27	100	873	1,821
Disposals	(43)	0	0	(325)	(368)
Foreign exchange movements	38	8	(13)	150	183
At 31 December 2022	2,565	175	132	3,225	6,097
Charge for the year	866	37	97	1,128	2,128
Disposals	(210)	(4)	-	-	(214)
Foreign exchange movements	(80)	(3)	(7)	(67)	(157)
At 31 December 2023	**3,141**	**205**	**222**	**4,286**	**7,854**
Carrying amount:					
At 31 December 2022	4,074	104	1,298	4,614	10,090
At 31 December 2023	**3,882**	**105**	**1,200**	**5,007**	**10,194**

All depreciation has been charged to administrative expenses in the Statement of Comprehensive Income.

Additions to right-of-use asset category reflect the recognition of the Group's leasing obligations under IFRS 16. Further details are included in Note 26.

15. Inventories

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Raw materials	**5,375**	6,882
Finished goods	**4,957**	5,116
Total	**10,332**	11,998

An amount of £23,328k (2022: £23,447k) was recognised in respect of expenditure on inventory in the Statement of Comprehensive Income within Cost of Sales.

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
At 1 January inventory provision	**641**	729
Increase in inventory provision	**515**	209
Utilisation in inventory provision	**(876)**	(314)
Foreign exchange movements	**(9)**	17
At 31 December inventory provision	**271**	641

16. Trade and other receivables

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Trade receivables	**14,578**	14,827
Prepayments and accrued income	**590**	281
Other receivables	**1,037**	1,325
Total	**16,205**	16,433

Contractual payment terms with the Group's customers are typically 60-90 days.

For the year ended 31 December 2023

The aging analysis of trade receivables that are past due is as follows:

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
31 to 60 days past due	190	418
60 to 90 days past due	144	28
90 to 120 days past due	-	342
>120 days past due	415	-
Overdue trade receivables gross	749	788
Allowance for credit losses	(110)	(210)
Trade receivables – net	**639**	578

The Directors consider that the carrying value of trade and other receivables represents their fair value.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on the Group's credit risk management policies, refer to Note 27(d). The Group has adopted IFRS9 to trade receivables and considered the recoverability of amounts owing from its customers by applying the simplified model for expected credit losses to trade receivables to measure the loss allowance at an amount equal to lifetime expected credit losses.

The Group's expected credit loss model uses the Standard & Poor's sovereign credit default ratings as an indication of the likelihood of default by customers in each territory. Judgements are then applied to translate these ratings into probabilities of default which are then compounded on a sliding scale with aging.

The Group does not hold any collateral as security for its trade and other receivables. The amounts of trade and other receivables denominated in currencies other than pounds sterling are shown in Note 27(c).

Allowances for credit losses:

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
At 1 January	210	382
Decrease in credit loss provision	-	(19)
Decrease in bad debt provision	(101)	(161)
Foreign exchange	1	8
At 31 December	**110**	210

17. Cash and cash equivalents

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Available cash and cash equivalents	5,622	5,631

The Group holds sterling, Chinese renminbi and Euro denominated balances in the UK. The Group's subsidiaries hold US dollar, Yen and Euro accounts in Italy, Euro accounts in the Netherlands, a Swiss Franc account in Switzerland and Swedish Krona account in Sweden.

The Directors consider that the carrying value of cash and cash equivalents approximates their fair value. For details on the Group's credit risk management policies, refer to Note 27d).

The amounts of cash and cash equivalents denominated in currencies other than pounds sterling are shown in Note 27(c).

18. Share capital and share premium

Share capital

All shares are authorised, issued and fully paid. The Group has one class of ordinary shares which have full voting rights, no preferences and no restrictions attached.

	ORDINARY SHARES OF 0.3P EACH NUMBER	ORDINARY SHARES OF 0.3P EACH £	SHARE PREMIUM £'000	MERGER RESERVE £'000
At 31 December 2023	**126,498,197**	**379,495**	**65,960**	**7,656**
At 31 December 2022	126,498,197	379,495	65,960	7,656

The Company issued no new shares during 2023. (666,667 new shares were issued during 2022 for total consideration of £224,667).

The Group operates a Long-Term Incentive Plan. Up to the balance sheet date, there have been four awards under this plan, in which Executive Directors and senior management of the Group participate. Further details are included in the Directors' Remuneration Report set out on page 58.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

19. Merger reserve

In 2010 the Company acquired 100% of the issued share capital of Venture Life Limited from shareholders of the Company. This combination gave rise to a merger reserve in the Consolidated Statement of Financial Position, being the difference between the nominal value of new shares issued by the Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account.

The merger reserve is also used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The balance on the reserve of £7,656,000 (2022: £7,656,000) has arisen through the acquisition of Venture Life Limited in 2010 (£50,000), and Biokosmes in March 2014 (£7,606,000).

20. Foreign currency translation reserve

The foreign currency reserve represents unrealised cumulative net gains and losses arising on the translation and consolidation of the Group's Italian and Netherlands subsidiaries.

21. Share-based payments and share-based payments reserve

21.1 Share options

Share options are held by option holders in either the Venture Life Group plc Enterprise Management Incentive Share Option Plan ("EMI Plan") or under the Venture Life Group plc Unapproved Share Option Plan ("Unapproved Plan"). All options in both plans are settled in equity when the options are exercised.

Options under both Plans vest according to time employed at Venture Life. Additionally, some options granted under the EMI Plan vest according to achievement of certain non-market performance targets.

The maximum term of options granted under both Plans is ten years.

The share option charge for the year was £225,000 (2022: £72,000) and is included in administrative expenditure in the Statement of Comprehensive Income. Included within this sum is an amount of £66,000 in respect of the extension of the term of exercisable options granted to Directors.

The share option provision recycling for the year was £3,000 (2022: £116,000.) This sum comprised £3,000 in respect of cancellation of vested stock options in respect of leavers.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	2023 NUMBER	2023 WAEP (P)	2022 NUMBER	2022 WAEP (P)
Total outstanding at beginning of the year	**6,582,713**	**38.2**	7,433,702	39.8
Granted during the year	**4,250,000**	**38.1**	1,253,000	32.4
Exercised	**-**	**-**	(666,667)	33.7
Forfeited	**(638,698)**	**45.6**	(1,437,332)	43.2
Total outstanding at 31 December	**10,194,015**	**37.7**	6,582,713	38.2
Exercisable at 31 December	**5,113,166**	**36.2**	5,141,166	36.2

The following table summarises information about the range of exercise prices for share options outstanding at 31 December:

	2023 NUMBER	2022 NUMBER
Range of exercise prices 0p–49p	**9,823,666**	5,964,166
50p–99p	**370,439**	618,547
Total	**10,194,015**	6,582,713

At 31 December 2023, the weighted average remaining contractual life of options is 7.05 years (2022: 6.57 years). The weighted average exercise price of options granted in the year was 38.1 pence (2022: 32.4 pence).

The non-market performance conditions for all share options outstanding at 31 December 2023 and which are exercisable at 31 December 2023 or before have been achieved.

The share-based payment charge has been calculated using the Black-Scholes model to calculate the fair value of the share options that vest according to non-market performance conditions. An appropriate valuation model has been used to calculate the fair value of share options with market performance-related vesting. Disclosure of those valuation assumptions is not made on the basis that the related charge is immaterial. The scheme is equity settled.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

The inputs into the Black-Scholes model for issuance of stock options were as follows for 2023 and 2022:

	2023	2022
Weighted average share price (p)	**38.1**	32.4
Weighted average exercise price (p)	**38.1**	32.4
Weighted average expected volatility (%)	**59.6**	64.0
Weighted average expected life (years)	**5**	4
Weighted average risk free rate (%)	**4.787**	2.712
Expected dividends (%)	**0.600**	0.600

a) The risk-free rate is based on the UK gilt rate as at the grant date with a period to maturity commensurate with the expected term of the relevant option tranche.

b) The fair value charge is spread evenly over the period between the grant of the option and the earliest exercise date.

c) The expected volatility is based on the historical volatility of the company's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The range of comparable companies has been reviewed for grants in the current year resulting in the decrease in expected volatility.

21.2 Long-Term Incentive Plan

The Group operates a Long-Term Incentive Plan. Up to the balance sheet date, there have been four awards under this plan, in which Executive Directors and senior management of the Group participate.

Awards under the Plan are granted in the form of nominal cost share options, and are to be satisfied either using market-purchased shares or by the issuing of new shares. The awards vest in full or in part dependent on the satisfaction of specified performance targets at the end of the vesting period applying to each plan. The number of awards that vest is dependent upon either the earnings per share ("EPS") achieved for the relevant year and the Group's Total Shareholder Return ("TSR") during the vesting period within a comparator group. Details of the awards made in previous years that vested during 2021 are set out below:

	AWARD FOUR
Grant date of awards	23 March 2018
Grant date fair value of award (pence per award)	46.5
Vesting date of awards	23 March 2021
Maximum number of awards	554,115
Vesting condition based on	TSR
Relevant date for determination of vesting conditions	23 March 2021 for TSR

Further details of vesting conditions are set out in the Directors' Remuneration Report on pages 59 - 61. Award four includes vesting conditions that are market based, and allowance for these are included within the fair value at grant date. The weighted average fair value of options granted in prior years was determined using the Monte-Carlo valuation model and was 46.5 pence per option. The significant inputs into the model were:

- weighted average share price of 46.5 pence at the grant date;
- exercise price shown above;
- dividend yield assumed nil for the basis of the calculation;
- options are assumed to be exercised at point of vesting; and
- an annual risk-free interest rate of 0.939%.

The volatility measured as the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last three years.

The 554,115 awards which vested during 2021 have not yet been exercised.

Please refer to Note 7 for disclosure of the charge to the Consolidated Statement of Comprehensive Income arising from share-based payments.

The share-based payment reserve represents cumulative charges made to the Consolidated Statement of Comprehensive income in respect of share-based payments under the Group's share option schemes. Where vesting conditions are not met, the associated element of share-based payment reserve is released and recycled into retained earnings.

22. Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

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23. Trade and other payables

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Trade payables	**5,796**	7,392
Accruals and deferred income	**1,961**	2,976
Social security and other taxes	**1,092**	1,080
Other payables	**217**	277
Total	**9,066**	11,725

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest-bearing and are normally settled on 30 - 90 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

The amount of trade and other payables denominated in currencies other than pounds Sterling are shown in Note 27(c).

24. Interest-bearing borrowings

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Current		
Invoice financing	**616**	-
Leasing obligations	**1,044**	920
Deferred contingent consideration	**-**	2,947
Secured bank loans due within one year	**16,467**	-
Subordinated loan note (Deferred consideration)	**2,215**	-
Total	**20,342**	3,867
Non-current		
Leasing obligations	**4,050**	3,651
Secured bank loans due after one year	**-**	17,314
Subordinated loan note (Deferred consideration)	**-**	2,014
Total	**4,050**	22,979

All bank loans are held jointly by Santander Bank and HSBC Innovation Bank and comprise the Group's revolving credit facility, secured against the assets and profits of most subsidiaries within the Group and with expiry in June 2024. This facility was established during 2021 in the committed sum of £30.0 million of which £16.5 million has been drawn at 31st December 2023 (31st December 2022: £17.3 million). Invoice financing includes the Italian RiBa (or "Ricevuta Bancaria") facility which is a short-term facility. The balance shown above of £0.6 million (2022: £nil) reflects the amount that had been settled in Biokosmes' account under RiBa and drawn against invoices in the UK as at the reporting date.

The revolving credit facility bears interest at a fixed rate of 2.5% plus SONIA on drawn funds as well as commitment interest at the rate of 1.0% on the balance of undrawn funds up to the facility limit. The RiBa invoice financing balance bears interest at variable rates.

A summary showing the utilisation of the revolving credit facility shown below:

	2023 GBP £'000	2023 EUR £'000	2023 ALL £'000	2022 GBP £'000	2022 EUR £'000	2022 ALL £'000
Opening balance at 1 January	**11,900**	**5,757**	**17,657**	4,000	5,039	9,039
Drawdown	**2,250**	**303**	**2,553**	10,400	4,585	14,985
Repayments	**(3,050)**	**(531)**	**(3,581)**	(2,500)	(4,228)	(6,728)
Impact of foreign exchange	**-**	**(108)**	**(108)**	-	361	361
Closing balance at 31 December	**11,100**	**5,421**	**16,521**	11,900	5,757	17,657

A summary showing the utilisation of the invoice financing is shown below:

	2023 £'000	2022 £'000
Opening balance at 1 January	**-**	-
Drawdown	**612**	-
Impact of foreign exchange	**4**	-
Closing balance at 31 December	**616**	-

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

A summary showing the contractual repayment of interest-bearing borrowings is shown below:

	AT 31 DECEMBER 2023			AT 31 DECEMBER 2022		
	LEASING OBLIGATIONS £'000	OTHER £'000	2023 £'000	LEASING OBLIGATIONS £'000	OTHER £'000	2022 £'000
Amounts and timing of debt repayable:						
Within 1 year	**1,187**	**20,181**	**21,368**	985	5,250	6,235
1-2 years	**1,097**	**-**	**1,097**	665	17,736	18,401
2-3 years	**979**	**-**	**979**	613	-	613
3-4 years	**460**	**-**	**460**	503	-	503
4-5 years	**435**	**-**	**435**	432	-	432
After more than 5 years	**1,271**	**-**	**1,271**	1,595	-	1,595
Total	**5,429**	**20,181**	**25,610**	4,793	22,986	27,779

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Net debt reconciliation

	LIABILITIES FROM FINANCING ACTIVITIES			OTHER ASSETS	NET CASH /
	BORROWINGS	LEASES	SUB-TOTAL	CASH	(NET DEBT)
Net cash / (debt) at 1 January 2022	8,483	4,246	12,729	5,235	(7,494)
Net cashflow	-	-	-	800	800
Finance lease repayments	-	(922)	(922)	-	922
Fees and Interest	240	-	240	-	240
Drawdown	14,985	1,034	16,019	-	(16,019)
(Repayments)	(6,728)	-	(6,728)	-	6,728
Deferred consideration arising on business combination	4,933	-	4,933	-	
Foreign exchange movements	362	213	575	(404)	(979)
Net cash / (debt) at 31 December 2022	22,275	4,571	26,846	5,631	(21,215)
Net cashflow	-	-	-	74	74
Finance lease repayments	-	(999)	(999)	-	999
Fees and interest	478	-	478	-	(478)
Drawdown	3,165	1,602	4,767	-	(4,767)
(Repayments)	(3,581)	-	(3,581)	-	3,581
Deferred consideration arising on business combination	(2,933)	-	(2,933)	-	2,933
Foreign exchange movements	(106)	(80)	(186)	(83)	103
Net cash / (debt) at 31 December 2023	**19,298**	**5,094**	**24,392**	**5,622**	**(18,770)**

Lease liability

In 2017 the Group adopted IFRS 16 which means that lease contracts that have previously been recognised as operating leases are now being recognised as finance leases. In the Statements of Financial Position additional lease liabilities at 31 December 2023 of £5,094,000 (2022: £4,571,000) and right-of-use assets of £5,007,000 (2022: £4,614,000) are recognised, giving a net liability position of £87,000 (2022: asset £43,000).

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

25. Statutory employment provision

The statutory employment provision includes the liability for severance indemnities related to employees of the Group's Italian subsidiary. The severance indemnity liability arises under Italian law and is calculated with reference to each employee's length of service, employment category and remuneration. There is no vesting period or funding requirement associated with the liability. The liability recorded at the reporting date is based on the aggregate amount that the employees of the Group's Italian subsidiary would be entitled to on termination of employment for whatever reason. The timing of utilisation of this provision is uncertain.

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
At 1 January	**1,461**	1,236
Additional provisions	**186**	220
Amount utilised	**(72)**	(64)
Foreign exchange movements	**(31)**	69
At 31 December	**1,544**	1,461

26. Leases

IFRS 16 requires the Group, with the exception of short-term and low value leases, to value all leasing obligations disclosing right-for-use assets and corresponding lease liabilities.

Right-of-use assets

	OFFICE EQUIPMENT £'000	MOTOR VEHICLES £'000	PROPERTY £'000	TOTAL £'000
Carrying value 1 January 2022	-	3	4,236	4,239
Additions	55	6	973	1,034
Depreciation charge in the year	(18)	(5)	(850)	(873)
Foreign exchange movements	2	-	212	214
Carrying value 31 December 2022	39	4	4,571	4,614
Interest charge in the year	4	-	66	70
Cash outflow for leases in the year	15	5	902	922
Carrying value 1 January 2023	**39**	**4**	**4,571**	**4,614**
Additions	**85**	**1**	**1,516**	**1,602**
Depreciation charge in the year	**(53)**	**(5)**	**(1,070)**	**(1,128)**
Foreign exchange movements	**(2)**	**-**	**(79)**	**(81)**
Carrying value 31 December 2023	**69**	**-**	**4,938**	**5,007**
Interest charge in the year	**8**	**-**	**64**	**72**
Cash outflow for leases in the year	**51**	**5**	**943**	**999**

Lease liabilities were calculated as the present value of the future lease obligations of the Group amounting to £5.09 million (31 December 2022: £4.57 million). The future leasing obligations were discounted using the relevant Italian and UK local borrowing rates of between 1% and 11.5%. The closing lease liability is shown in Note 24.

The lease categories of the Group are made up of:

Office equipment

- Photocopiers and laboratory equipment leased by the Group in Italy and the UK are rented under contract with lease terms extending between 2023 and 2026. Each contract comes with a three-month break clause, but management do not expect that these break clauses will be exercised.

Motor vehicles

- A company car was provided during 2020 for use by a senior member of staff whose responsibilities require a high degree of national and international road travel.

For the year ended 31 December 2023

Property

- The Group's Italian subsidiary has one operating location and one logistics facility in Lecco, near to Milan. The operating location has 2 long-term rental agreements. The main agreement was renewed in November 2019 for a period of six years and has an option to extend the lease for a further six years, which the Group expects to exercise, and has accounted for as an addition to right-of-use assets in 2020. The lease on the logistics facility expired on 31 December 2020. The Group entered into a new lease agreement in relation to this facility in December 2020 commencing on 1 January 2021 for a period of three years.
- The Group's current UK operation is headquartered in a leased premises in Bracknell. The lease contract commenced in July 2022 and expires in June 2027.

At transition IFRS 16 permits the cumulative effect of adopting the standard to be taken to retained earnings. The Group also elected to value the right-of-use assets in line with lease liabilities at transition. There were no movements taken to retained earnings as a result of transition. The contractual maturity of lease liabilities is shown in Note 24.

If IFRS 16 was not required, operating profit of the Group for the year would be increased by £57,000 (2022: reduced by £119,000) and profit before tax would be increased by £130,000 (2022: reduced by £50,000).

27. Financial instruments

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

a) Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Trade and other receivables (excluding prepayments)
- Cash and cash equivalents
- Trade and other payables (excluding deferred revenue)
- Interest-bearing debt
- Leasing obligations
- Invoice financing

Set out below are details of financial instruments held by the Group as at:

	31 DECEMBER 2023 FINANCIAL ASSETS AT AMORTISED COST £'000	TOTAL FINANCIAL ASSETS £'000	31 DECEMBER 2022 FINANCIAL ASSETS AT AMORTISED COST £'000	TOTAL FINANCIAL ASSETS £'000
Financial assets:				
Trade and other receivables [1]	**15,615**	**15,615**	16,152	16,152
Cash and cash equivalents	**5,622**	**5,622**	5,631	5,631
Total	**21,237**	**21,237**	21,783	21,783

	31 DECEMBER 2023 FINANCIAL LIABILITIES AT AMORTISED COST £'000	TOTAL FINANCIAL LIABILITIES £'000	31 DECEMBER 2022 FINANCIAL LIABILITIES AT AMORTISED COST £'000	TOTAL FINANCIAL LIABILITIES £'000
Financial liabilities:				
Trade and other payables [2]	**9,066**	**9,066**	11,725	11,725
Leasing obligations	**5,094**	**5,094**	4,571	4,571
Interest-bearing debt	**19,298**	**19,298**	22,275	22,275
Total	**33,458**	**33,458**	38,571	38,571

[1] Trade and other receivables excludes prepayments
[2] Trade and other payables excludes deferred revenue

During 2017 the Group adopted the lease accounting standard IFRS 16. The standard requires the recognition of leasing obligations which are included above. See Note 26 for further details.

b) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk of foreign exchange fluctuations, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's policies for financial risk management are outlined in the section on Principal Risks and Uncertainties in the Strategic Report on pages 40 to 43.

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

c) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk on sales, purchases, and translation of assets and liabilities that are in a currency other than the functional currency of its operating units.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities in SEK, Euros, US dollars, Chinese Renminbi and Swiss Francs are shown below in the Group's presentational currency, (£).

	SEK £'000	US$ £'000	RMB £'000	CHF £'000	EURO £'000	TOTAL £'000
At 31 December 2023						
Assets						
Trade and other receivables	29	17	-	1	10,325	10,372
Cash and cash equivalents	78	12	-	5	3,653	3,748
	107	29	-	6	13,978	14,120
Liabilities						
Trade and other payables	404	10		5	3,992	4,411
Interest-bearing debt	-	-	-	-	6,036	6,036
	404	10	-	5	10,028	10,447

	SEK £'000	US$ £'000	RMB £'000	CHF £'000	EURO £'000	TOTAL £'000
At 31 December 2022						
Assets						
Trade and other receivables	182	-	-	-	9,259	9,441
Cash and cash equivalents	134	46	69	5	3,642	3,896
	316	46	69	5	12,901	13,337
Liabilities						
Trade and other payables	534	-	-	-	6,801	7,335
Interest-bearing debt	-	-	-	-	9,718	9,718
	534	-	-	-	16,519	17,053

The following table details the Group's sensitivity to a 10% increase and decrease in the foreign currencies used by the Group against Sterling. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% weakening or strengthening of the foreign currencies against Sterling.

	£ CURRENCY IMPACT STRENGTHENING £'000	£ CURRENCY IMPACT WEAKENING £'000
At 31 December 2023		
Assets	1,412	(1,412)
Liabilities	(1,045)	1,045
At 31 December 2022		
Assets	1,334	(1,334)
Liabilities	(1,705)	1,705

d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, and in some cases bank references.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk and considers this risk by counterparty and geography.

At 31 December 2023, the Group was also owed £4,118,726 (2022: £3,569,102) from three (2022: three) of its major customers, the balance being shown under trade receivables.

A provision of £110,000 (2022: £210,000) was made against trade receivables and included in the Group's bad debt provision.

No collateral is held by the Group in relation to any of its financial assets.

For the year ended 31 December 2023

Interest rate risk

The Group's principal interest-bearing assets are its cash balances.

The main principles governing the Group's investment criteria are the security and liquidity of its investments before yield, although the yield (or return) is also a consideration. The Group will also ensure:

i) That it has sufficient liquidity in its investments. For this purpose it will use its cash flow forecasts for determining the maximum periods for which funds may prudently be committed; and

ii) That it maintains a policy covering both the categories of investment types in which it will invest, and the criteria for choosing investment counterparties.

The interest rate risk profile of the Group's financial assets, excluding trade and other receivables, as at 31 December was:

	FIXED RATE 2023 £'000	FIXED RATE 2022 £'000	FLOATING RATE 2023 £'000	FLOATING RATE 2022 £'000	TOTAL 2023 £'000	TOTAL 2022 £'000
Sterling	-	-	1,874	1,735	1,874	1,735
Euro	-	-	3,653	3,642	3,653	3,642
RMB	-	-	-	69	-	69
USD	-	-	12	46	12	46
Swiss franc	-	-	5	5	5	5
SEK	-	-	78	134	78	134
Total	-	-	5,622	5,631	5,622	5,631

Floating rate deposits in all currencies earn interest at prevailing bank rates.

The interest rate risk profile of the Group's interest-bearing borrowings, as at 31 December was:

	FIXED RATE 2023 £'000	FIXED RATE 2022 £'000	FLOATING RATE 2023 £'000	FLOATING RATE 2022 £'000	TOTAL 2023 £'000	TOTAL 2022 £'000
Sterling	-	-	11,047	17,128	11,047	17,128
Euro	-	-	6,036	9,718	6,036	9,718
Total	-	-	17,083	26,846	17,083	26,846

e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

f) Maturity of financial assets and liabilities

All of the Group's financial assets and financial liabilities at each reporting date are either payable or receivable within one year, with the exception of the non-current interest-bearing borrowings as detailed in Note 24.

g) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Group is funded by equity, comprising issued capital and retained profits. The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital and retained profits. The Group has no externally imposed capital requirements, but maintains an efficient overall financing structure while avoiding excessive leverage.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Total equity	76,254	75,659
Cash and cash equivalents	(5,622)	(5,631)
Capital	70,632	70,028
Total equity	76,254	75,659
Secured borrowings	16,467	17,314
Unsecured borrowings	2,831	4,961
Leasing obligations	5,094	4,571
Overall financing	100,646	102,505
Capital to overall financing ratio	0.70	0.68

NOTES TO THE CONSOLIDATED STATEMENTS CONTINUED

For the year ended 31 December 2023

28. Related party transactions

The following transactions were carried out with related parties:

a) Transactions with Directors

Total dividends paid to Directors in the year ending 31 December 2023 were £nil (2022: £nil).

Gianluca Braguti, a Director and shareholder of the Group, was provided with services by the Group totalling £nil (2022: £1,308). At 31 December 2023, Gianluca Braguti owed the Group £nil (2022: £nil).

b) Transactions with other related parties

Braguti's real estate SRL (formerly known as Biokosmes Immobiliare SRL), a company 2% owned by Gianluca Braguti, a Director and shareholder of the Group provided property lease services to Biokosmes Srl, the Group's Italian subsidiary, totalling £431,345 in the year to 31 December 2023 (2022: £405,962). At 31 December 2023, the Group owed Braguti's real estate Srl £nil (£33,953 at 31 December 2022).

Services provided to Braguti's real estate SRL totalled £345 (2022: £6,140). At 31st December 2023, Biokosmes Immobiliare Srl owed to the Group £nil (2022: £nil).

Services purchased from A. Erre, a company 10% owned by Gianluca Braguti, a Director and shareholder of the Group, totalled £nil (2022: £28,769) and services provided totalled £nil (2022: £nil). At 31 December 2023, the Group owed A. Erre £nil (2022: £nil). At 31 December 2023, A. Erre owed the Group £nil (2022: £nil). During 2022, A. Erre was closed down.

Services purchased from Farmacia San Francesco, a company previously 10% owned by Gianluca Braguti, a Director and shareholder of the Group, who is also a Director, totalled £nil (2022: £60). At 31 December 2023, Farmacia San Francesco owed the Group £nil (2022: £nil). During 2022, Gianluca Braguti sold his holding in Farmacia San Francesco.

Services purchased from McGreevy Consulting Ltd, a company 100% controlled by Paul McGreevy, a Non-Executive Director of the Group, totalled £16,000 (2022: £nil). At 31 December 2023, the Group owed McGreevy Consulting Ltd £nil (2022: £nil).

29. Alternative Performance Measures (APM's)

The Group uses certain financial measures that are not defined or recognised under IFRS. The Directors believe that these non-GAAP measures supplement GAAP measures to help in providing a further understanding of the results of the Group and are used as key performance indicators within the business to aid in evaluating its current business performance. The measures can also aid in comparability with other companies who use similar metrics. However as the measures are not defined by IFRS, other companies may calculate them differently or may use such measures for different purposes to the Group.

The measures used are Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted EBITDA which is defined as EBITDA excluding share-based payment charges and exceptional items.

EBITDA and Adjusted EBITDA

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Operating profit	**3,289**	2,227
Add back:		
Depreciation	**2,128**	1,821
Amortisation	**4,516**	3,564
Impairment of Intangible assets	**760**	-
EBITDA	**10,693**	7,612
Add back:		
Share-based payments charge	**225**	72
Exceptional costs	**639**	1,278
Adjusted EBITDA	**11,557**	8,962

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For the year ended 31 December 2023

Net debt / (cash)

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Cash and cash equivalents	**(5,622)**	(5,631)
Interest bearing borrowings - Deferred contingent consideration - current	**-**	2,947
Interest bearing borrowings - Bank Loans - current	**16,467**	-
Interest bearing borrowings - Bank Loans - non-current	**-**	17,314
Interest bearing borrowings - Subordinated Loan (deferred consideration) - current	**2,215**	-
Interest bearing borrowings - Subordinated Loan (deferred consideration) - non-current	**-**	2,014
Invoice financing	**616**	-
Net debt (excl finance leases)	**13,676**	16,644
Interest bearing borrowings - Leasing obligations - current	**1,044**	920
Interest bearing borrowings - Leasing obligations - noncurrent	**4,050**	3,651
Net debt (incl finance leases)	**18,770**	21,215

Net Leverage

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Net debt (excl finance leases)	**13,676**	16,644
Adjusted EBITDA	**11,557**	8,962
Adjustment to include mid year acquisition on trailing 12 month basis	**-**	2,110
12 month trailing adjusted EBITDA	**11,557**	11,072
deduct:		
Lease payments for 12 month period	**(999)**	(992)
Adjusted EBITDA for net leverage	**10,558**	10,080
Net leverage	**1.30x**	1.65x

30. Post balance sheet events

Post period end, the Group's revolving credit facility was renewed for a further three years with its existing lenders Santander UK plc and HSBC Innovation Limited – previously Silicon Valley Bank UK Limited. The facility continues to enable the Group to draw up to £30 million and up to a maximum of 2.5x the trailing Adjusted EBITDA for the latest twelve-month period.

PARENT COMPANY BALANCE SHEET

For the year ended 31 December 2023
Company number 05651130

	NOTE	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Fixed assets			
Investments	5	**66,642**	67,450
Intangible assets	6	**8,052**	8,659
Tangible assets		**2**	-
		74,696	76,109
Current assets			
Inventory		**121**	133
Debtors – amounts falling due within one year	7	**545**	393
– amounts falling due after more than one year	7	**13,986**	16,967
Cash at bank		**1,102**	706
		15,754	18,199
Creditors			
Amounts falling due within one year	8	**(26,708)**	(8,844)
Net current (liabilities) / assets		**(10,954)**	9,355
Total assets less current liabilities		**63,742**	85,464
Creditors			
Amounts falling due after one year	9	**-**	(19,328)
Net assets		**63,742**	66,136
Capital and reserves			
Called up share capital	10	**379**	379
Share premium account		**65,960**	65,960
Merger reserve		**7,656**	7,656
Foreign currency translation reserve		**(11)**	-
Share-based payments reserve		**1,034**	812
Profit and loss account*		**(11,276)**	(8,671)
Shareholders' funds		**63,742**	66,136

* As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented. The loss for the financial year dealt with in the financial statements of the Company is £2,608,000 (2022: loss £1,539,000).

The financial statements on pages 72 to 109 were approved and authorised for issue by the Board on 8 April 2024 and signed on its behalf by:

Jerry Randall, Director
8 April 2024

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	SHARE CAPITAL £'000	SHARE PREMIUM ACCOUNT £'000	MERGER RESERVE £'000	FOREIGN CURRENCY TRANSLATION RESERVE £'000	SHARE-BASED PAYMENTS RESERVE £'000	PROFIT AND LOSS ACCOUNT £'000	TOTAL EQUITY £'000
Balance at 1 January 2022	377	65,738	7,656	(25)	856	(7,248)	67,354
Loss for the year	-	-	-	-	-	(1,539)	(1,539)
Foreign exchange on translation	-	-	-	25	-	-	25
Total comprehensive income/(expenses)	-	-	-	25	-	(1,539)	(1,514)
Share-based payments charge	-	-	-	-	72	-	72
Share-based payments charge recycling	-	-	-	-	(116)	116	-
Contributions of equity, net of transaction costs	2	222	-	-	-	-	224
Transactions with shareholders	2	222	-	-	(44)	116	296
Balance at 31 December 2022	379	65,960	7,656	-	812	(8,671)	66,136
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,608)**	**(2,608)**
Foreign exchange on translation	**-**	**-**	**-**	**(11)**	**-**	**-**	**(11)**
Total comprehensive income/(expenses)	**-**	**-**	**-**	**(11)**	**-**	**(2,608)**	**(2,619)**
Share-based payments charge	**-**	**-**	**-**	**-**	**225**	**-**	**225**
Share-based payments charge recycling	**-**	**-**	**-**	**-**	**(3)**	**3**	**-**
Contributions of equity, net of transaction costs	**-**	**-**	**-**	**-**	**222**	**3**	**225**
Transactions with shareholders	**-**	**-**	**-**	**-**	**222**	**3**	**225**
Balance at 31 December 2023	**379**	**65,960**	**7,656**	**(11)**	**1,034**	**(11,276)**	**63,742**

NOTES TO THE PARENT COMPANY BALANCE SHEET

For the year ended 31 December 2023

1. Company information

Venture Life Group plc is a publicly traded company on the UK alternative investments market ("AIM"), incorporated in the United Kingdom whose registered office is at: Venture House, 2 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA. The Company's principal place of business is at: 12 The Courtyard, Eastern Road, Bracknell, Berkshire RG12 2XB.

The principal activity of the Company is the holding of the Group's share capital and provision of management services to the Group.

2. Accounting convention

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Going concern

On the basis of the strength of the balance sheet and performance of the business, the Directors are confident that the Company and its Group are well placed to manage business risks successfully. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. A summary of how the Directors have considered Going Concern at a Group level and the various scenarios that have been examined is included in Note 3.1 of the Group Financial Statements.

Investment in subsidiary undertakings and impairment review

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Share-based payments

The Company issues equity-settled share-based payments to certain employees and others under which the Group receives services as consideration for those equity instruments in the Company. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense in the Group's Statement of Comprehensive Income over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation is adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the awards at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of share options expected to vest at each reporting date.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

When the Company grants options over equity instruments directly to the employees of a subsidiary undertaking, the effect of the share-based payment, as calculated, is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

Deferred tax is measured at the rates that are expected to apply in the period when the timing differences are expected to reverse, based on the tax rates and law enacted or substantively enacted at the balance sheet date.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are charged/credited to the profit and loss account.

The Company conducts trade in Italy by means of a permanent establishment. This foreign operation operates in a functional currency of euros which results in a foreign currency translation reserve recognised in the Statement of Changes in Equity.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred.

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the assets are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three-months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Key sources of estimation uncertainty and judgements

Estimates: Impairment of other non-financial assets

The Company conducts annual impairment reviews of assets, such as goodwill, when events or changes in circumstances indicate that their carrying amounts may not be recoverable, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its fair value less costs to sell or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. These assumptions relate to future events and circumstances. The actual results may vary and may cause adjustments to the Parent's assets in future financial years.

The Directors considered that no impairment was necessary in respect of goodwill recognised in the years ended 31 December 2022 and 31 December 2023.

Estimates: Fair values on acquisition

When acquiring a business, the Directors have to make judgements and best estimates about the fair value of the assets, liabilities and contingent liabilities acquired. These are estimated regardless of whether or not they were recognised in the financial statements of the subsidiary prior to acquisition. The valuation of externally acquired assets such as products, data or technologies requires judgements regarding the estimated future cash outflows required to commercialise the asset(s) and the cash inflows expected to arise from such commercialisation, discounted at a suitable rate reflecting the time value of money and the risks inherent in such activities.

Estimates: Amortisation periods

The Directors exercise judgement when assessing the economic life of intangible assets. This involves making a judgement of the strength and longevity of the asset and the number of years that it is expected to generate revenues and profits and makes reference to the market position, competitors, availability of marketing promotional resources, experience with other intangible assets and other factors.

When acquiring a business, the Directors make best estimates about the future life of acquired assets. These best estimates are based on historic trends and the future of existing commercial relationships to determine a suitable future working life of each asset. Estimation uncertainties in these estimates relate to technical advances in the market place and customer demand, as such the Directors review these estimates annually.

Judgements

There are no key judgements other than those mentioned above.

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination and the Company's interest in the fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses (which are not reversed).

Goodwill can be subsequently adjusted for changes to estimates of contingent considerations given in a business combination.

Goodwill is amortised on a straight-line basis over its useful economic life. This is assessed individually for each acquisition taking into account the period over which the Company expects to realise the synergies from the combination. In the rare situation that a reliable estimate cannot be made the useful life would be set to ten years but this does not apply at present.

Other intangible assets

Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. In the rare situation that a reliable estimate cannot be made the useful life would be limited to ten years but this does not apply to the Company at present.

Intangible assets are amortised over their useful economic lives using a straight-line method as follows:

Goodwill	5%-10% per annum, straight-line
Brands	5%-10% per annum, straight-line
Other intangible assets	10%-20% per annum, straight-line

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

The Company assesses at each reporting date whether there is any indication that the intangible asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the intangible asset and recognises an impairment loss for any shortfall below carrying amount.

Business combinations

Business combinations are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, on acquisition date, to the cash generating units that are expected to benefit from the synergies of the combination.

Contingent consideration is included in the cost of the combination at the acquisition date if additional payment is probable and can be measured reliably. The liability is measured at the present value of the estimated future payment, using a discount rate reflecting conditions at the acquisition date. If the additional payment becomes probable and/or reliably measurable only after the acquisition date it is recognised as an adjustment to the cost of the combination and goodwill at that time. Similarly, if estimated future payments are revised, for example due to the non-occurrence of future events that had been expected to occur, the resulting adjustment is recorded against goodwill. However, changes resulting from the unwinding of the discount are recognised in profit or loss. The Company has not recognised any contingent consideration at present.

Financial liabilities and equity

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

3. Profit attributable to members of the parent Company

As permitted by s408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The loss dealt with in the financial statements of the parent Company was £2,608,000 (2022: loss £1,539,000).

The current auditors' remuneration in respect of audit services provided to the Company is disclosed in Note 7 of the consolidated financial statements.

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

4. Employee information

The average number of staff, including Executive Directors, employed by the Company during the year are as shown below:

	YEAR ENDED 31 DECEMBER 2023 NUMBER	YEAR ENDED 31 DECEMBER 2022 NUMBER
Directors	3	4
Total	**3**	4

Their aggregate remuneration comprises:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Wages and salaries	913	582
Social security costs	114	91
Pension costs	106	115
Other benefits	8	8
Equity settled share-based payments	165	38
Total	**1,306**	834

The aggregate remuneration is charged within the Financial Statements as follows:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Charged into operating expenses	1,306	834
Total	**1,306**	834

The aggregate remuneration of the key management personnel of the Company (who are all persons with decision making responsibilities (PDMRs)) comprises:

	YEAR ENDED 31 DECEMBER 2023 £'000	YEAR ENDED 31 DECEMBER 2022 £'000
Wages and salaries	1,043	712
Social security costs	129	105
Pension costs	106	116
Other benefits	8	8
Equity settled share-based payments	165	38
Total	**1,451**	979

Further information on Directors remuneration is included in the Remuneration Report on page 58.

5. Investments

	INVESTMENTS IN SUBSIDIARY UNDERTAKINGS SHARES £'000	CAPITAL CONTRIBUTIONS FROM SHARE-BASED PAYMENTS £'000	OTHER INVESTMENTS £'000	TOTAL £'000
Cost				
At 1 January 2023	66,765	685	31	67,481
Additions	-	77	-	77
At 31 December 2023	**66,765**	**762**	**31**	**67,558**
Accumulated impairment				
At 1 January 2023	-	-	(31)	(31)
Charge for the year	(885)	-	-	(885)
At 31 December 2023	**(885)**	**-**	**(31)**	**(916)**
Net book value				
At 31 December 2022	66,765	685	-	67,450
At 31 December 2023	**65,880**	**762**	**-**	**66,642**

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

Venture Life Group plc has five UK subsidiary undertakings, Venture Life Limited (Company number 07186207), Lubatti Limited (Company number 06704099), Periproducts Limited (Company number 02864374), HL Healthcare Ltd (Company number 05234145) and Venture Life Healthcare Ltd (Company number 05623945) which are all Incorporated in England and registered with the same address as the Company. Venture Life Healthcare Ltd (formerly named BBI Healthcare Ltd until 18 June 2021) has three wholly owned subsidiaries (Rolf Kulgren AB, Kullgren Holdings AB, Venture Life Manufacturing (Sweden) AB which are all Incorporated in Sweden). Venture Life Group plc also has one Italian subsidiary (Biokosmes Srl, registered address 20122 Milano – Via Besana, 10), one Swiss subsidiary (PermaPharm AG, registered address Oberallmendstrasse 24, 6304 Zug), one Irish subsidiary (Venture Life Europe Ltd, registered address Corrig Road, Dublin 18, Ireland) and one Netherlands Group, Nelie BV (registered address Hescheweg 94, 5342 CL in Oss, NL) (which wholly-owns Pharmasource BV and MD Manufacturing BV).

The impairment charge is in respect of Pharmasource BV. See Group note 13 for a discussion of the Pharmasource business and value in use.

Name of subsidiary	CLASS OF HOLDING	PROPORTION HELD DIRECTLY	LOCATION
Venture Life Limited	Ordinary	100%	UK
Lubatti Limited	Ordinary	100%	UK
Periproducts Limited	Ordinary	100%	UK
HL Healthcare Limited	Ordinary	100%	UK
Venture Life Healthcare Ltd (including three subsidiaries – Rolf Kullgren AB, Kullgren Holdings AB, Venture Life Manufacturing (Sweden) AB)	Ordinary	100%	UK
PermaPharm AG	Ordinary	100%	Switzerland
Biokosmes Srl	Ordinary	100%	Italy
Venture Life Europe Ltd	Ordinary	100%	Ireland
Nelie BV (including two subsidiaries – Pharmasource BV and MD Manufacturing BV)	Ordinary	100%	Netherlands

6. Intangible assets

	BRANDS £'000	GOODWILL £'000	OTHER INTANGIBLE ASSETS £'000	TOTAL £'000
Cost or valuation:				
At 1 January 2023 and 31 December 2023	**3,099**	**5,830**	**1,271**	**10,200**
Amortisation:				
At 1 January 2023	398	905	238	1,541
Charge for the year	188	292	127	607
At 31 December 2023	**586**	**1,197**	**365**	**2,148**
Carrying amount:				
At 1 January 2023	2,701	4,925	1,033	8,659
At 31 December 2023	**2,513**	**4,633**	**906**	**8,052**

Other intangible assets are amortised over their estimated useful lives, which is between five and ten years. Goodwill and Brands are amortised over 20 years.

All amortisation has been charged to administrative expenses in the Statement of Comprehensive Income.

Please refer to the impairment review within Note 13 of the Group Financial Statements for more information.

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

7. Debtors

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Amounts falling due within one year:		
Trade debtors	**398**	127
Other debtors	**1**	12
Other taxation	**108**	170
Prepayments and accrued income	**38**	84
	545	393
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	**13,986**	16,967
Aggregate amounts	**14,531**	17,360

Amounts owed by Group undertakings

As part of annual impairment review procedures the Directors assessed the recoverability of its loans to Group undertakings based upon estimates of likely sales and profits from each subsidiary in turn. A Group loan to Venture Life Limited in the amount of £14.1 million (2022: £13.2 million) was re-assessed at 31 December 2023 and its impairment was unchanged at £5.5 million resulting in an impairment charge of £nil (2022: £nil) recognised in the Income Statement in respect of this. A Group loan to Lubatti Limited in the amount of £0.9 million (2022: £0.8 million) was re-assessed at 31 December 2023 and its impairment was unchanged at £0.5 million resulting in an impairment charge of £nil (2022: £nil) recognised in the Income Statement in respect of this.

8. Creditors: amounts falling due within one year

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Trade creditors	**565**	588
Other taxation and social security costs	**14**	28
Accruals and deferred income	**179**	1,217
Bank loan - secured	**16,467**	-
Amounts owed to Group undertakings	**7,267**	4,058
Deferred contingent consideration	**-**	2,947
Subordinated loan note (deferred consideration)	**2,215**	-
Other payables	**1**	6
Total	**26,708**	8,844

9. Creditors: amounts falling due after more than one year

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Bank loan - secured	**-**	17,314
Subordinated loan note (deferred consideration)	**-**	2,014
Total	**-**	19,328

As at 31 December 2023, there were no unsecured bank loans outstanding (31 December 2022, none).

NOTES TO THE PARENT COMPANY BALANCE SHEET CONTINUED

For the year ended 31 December 2023

10. Share capital

	AT 31 DECEMBER 2023 £'000	AT 31 DECEMBER 2022 £'000
Allotted, issued and fully paid:		
At the balance sheet date there were 126,498,197 (2022: 126,498,197) ordinary shares of 0.3 pence each	**379**	379

There were no ordinary shares issued during the year. (2022: 666,667 ordinary shares were issued during the year). The Company has removed the Authorised Share capital from its Memorandum and Articles of Association as allowed by the Companies Act 2006.

11. Post balance sheet events

Post period end, the Group's revolving credit facility was renewed for a further three years with its existing lenders Santander UK plc and HSBC Innovation Limited – previously Silicon Valley Bank UK Limited. The facility continues to enable the Group to draw up to £30 million and up to a maximum of 2.5x the trailing Adjusted EBITDA for the latest twelve-month period.

COMPANY INFORMATION

Share Register Enquiries

The register for the Ordinary Shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on +44 (0) 371 664 0391 or email: enquiries@linkgroup.co.uk or email: co.sec@venture-life.com.

Changes of name and/or address must be notified in writing to the Registrar, at Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL. You can check your shareholding and find practical help on transferring shares or updating your details at www.signalshares.com. Shareholders eligible to receive dividend payments gross of tax may also download declaration forms from that website.

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Share Information

Total Voting Rights	126,498,197
SEDOL Number	BFPM890
ISIN Number	GB00BFPM8908

Share Prices

The latest Venture Life share price can be obtained via a number of financial information websites. Venture Life's London Stock Exchange code is VLG.

Annual and Half-Yearly Reports

Copies of the Annual and Half-Yearly Reports are available from the Company's website.

Financial Calendar

4 June 2024	AGM
30 June 2024	Half-Year end
26 September 2024	Announcement of half-yearly results
31 December 2024	Year-End
8 April 2024	Announcement of annual results

Directors

Paul McGreevy (Non-Executive Director and Chair)
Jerry Randall (Chief Executive Officer)
Gianluca Braguti (Chief Manufacturing Officer)
Daniel Wells (Chief Financial Officer)
Mark Adams (Non-Executive Director)
Carl Dempsey (Non-Executive Director)

Company Secretary

Link Company Matters Limited
Central Square
29 Wellington Street
Leeds LS1 4DL

Registered Office

Venture House, 2 Arlington Square,
Devonshire Way
Bracknell
Berkshire RG12 1WA
Incorporated and registered in England and Wales with No. 05651130

Registrar

Link Group
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29 Wellington Street
Leeds LS1 4DL

Auditor

CLA Evelyn Partners Limited
Onslow House
Onslow Street
Guildford
Surrey GU1 4TL

Solicitors

Simmons & Simmons LLP
CityPoint
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London EC2Y 9SS

Company Website

www.venture-life.com

Investor relations

Any shareholders with enquiries regarding the Group are welcome to contact Jerry Randall or Daniel Wells on +44 (0)1344 578 004. Alternatively, they can e-mail their enquiry to Investor Relations ir@venture-life.com

Copies of Annual Report and Financial Statements

Printed copies of the Annual Report will be sent to all shareholders shortly and will be available on the Company's website.

Copies are also available at the registered office of the Company, Venture House, 2 Arlington Square, Devonshire Way, Bracknell, Berkshire RG12 1WA.

National Storage Mechanism

A copy of the Annual Report and Financial Statements will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

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