

25 September 2023



**VENTURE LIFE GROUP PLC**  
("Venture Life", "VLG" or the "Group")

**Unaudited interim results for the six months ended 30 June 2023**

Venture Life (AIM: VLG), a leader in developing, manufacturing and commercialising products for the international self-care market, is pleased to announce its interim results for the six months ended 30 June 2023 (the "Period"). The Group has delivered another half year of growth and development across the whole business, along with the integration of the HL Healthcare business acquired in late 2022. Strong cash generation has been a theme of the first half, reducing Group net leverage<sup>1</sup> to 1.47x, from 1.65x at 31 December 2022, with the contingent consideration of £3.0m for the acquisition of HL Healthcare ("HLH") paid in full during the period.

**Financial Highlights**

- Group revenue increased 24.5% to £23.5m (H1 22: £18.9m)
- Adjusted EBITDA<sup>3\*</sup> up 33.4% to £4.4m (H1 22: £3.3m) and adjusted EBITDA<sup>3\*</sup> margin up 1.3% to 18.9% (H1 22: 17.6%)
- Operating profit before amortisation and exceptional items\* up 40.9% to £3.3m (H1 22: 2.4m)
- Loss before tax increased to £1.3m (H1 22: £0.2m) as anticipated, reflecting higher amortisation and finance costs versus the comparative period
- Cash from operations up 131% to £4.1m (H1 22: £1.8m) and free cashflow of £2.6m (H1 22: £0.5m)
- Underlying cash from operations\* up 159% to £4.8m (H1 22: £1.8m) and improved cash conversion\* of 108% (H1 22: 56%)
- Net debt reduced to £15.3m with Group net leverage<sup>1</sup> commensurately reduced to 1.47x (31 Dec 2022: 1.65x)

**Operating Highlights**

- H1 revenues comprised growth from both the VLG Brands and Customer Brands with revenue growth in customer brands being particularly strong. On a proforma<sup>2</sup> basis revenue was 10.4% ahead of the previous year
- Continued strong performance of Balance Activ and Lift Brands, achieving revenue growth of 24% and 16% respectively
- 17 new listings secured with major retailers for Balance Activ, Lift and Earol, plus progress on digital transformation; online sales were 69% ahead of the previous year at £1.6m (H1 22: £0.9m)

**Jerry Randall, CEO of Venture Life Group plc commented:** *"I am delighted with performance of the business over this first half, with strong growth contributions, in particular from our Customer Brands, as well as from Balance Activ and Lift, in the VLG Brands portfolio. The acquisitions we made in 2021 and 2022 are now fully integrated and delivering good organic growth, and as expected, we will be launching newly developed products in the second half of the year and increasing our distribution points in the UK, which will both contribute to the expected stronger revenues in H2. We have delivered good cash conversion and seen a meaningful reduction in our debt position, having now paid the full contingent consideration for the acquisition of HLH in the first half. We expect strong cash*

generation to continue through the second half and will maintain our focus on cost savings to further reduce our net leverage<sup>1</sup>. I send out a big thanks again to all our hard working, dedicated and innovative team across the Group for continuing to grow our business in challenging times."

\* The performance of the Group is assessed using Alternative Performance Measures ("APMs"), which are measures that are not defined under IFRS but are used by management to monitor ongoing business performance against both shorter term budgets and forecasts and against the Group's longer term strategic plans. APMs are defined in note 16.

<sup>1</sup> Group net leverage calculated as net debt (excl. finance leases) and using proforma<sup>2</sup> Adjusted EBITDA<sup>3</sup> on a trailing 12-month basis.

<sup>2</sup> Proforma basis i.e. if the acquisition had been in place for the whole of the prior period.

<sup>3</sup> Adjusted EBITDA for Group net leverage is EBITDA after deduction of finance lease costs and before deduction of exceptional items (see note 6) and share based payments (see note 16 for reconciliation)

### Investor Meets Presentation

A live presentation relating to the 2023 Interim Results via Investor Meet Company will be provided on 27 September 2023 at 11:00am BST. The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Venture Life Group plc via: <https://www.investormeetcompany.com/venture-life-group-plc/register-investor> Investors who already follow Venture Life Group plc on the Investor Meet Company platform will automatically be invited.

### Change of Name of Nominated Adviser and Broker and Appointment as Sole Broker

The Company also announces that its Nominated Adviser and Broker has changed its name to Cavendish Securities plc ("Cavendish") following completion of its own merger.

The Company also announces that Cavendish will act as Nominated Adviser and sole corporate broker with immediate effect.

### For further information, please contact:

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### About Venture Life ([www.venture-life.com](http://www.venture-life.com))

Venture Life is an international consumer self-care company focused on developing, manufacturing and commercialising products for the global self-care market. With operations in the UK, Italy, The Netherlands and Sweden, the Group's product portfolio includes some key products such as the UltraDEX and Dentyl oral care product ranges, the Balance Activ range in the area of women's intimate healthcare, the Lift and Glucogel product ranges for hypoglycaemia, Gelclair and Pomi-T for oncology support, Earol for ear wax removal, products for fungal infections and proctology, and dermo-cosmetics for addressing the signs of ageing. Its products are sold in over 90 countries worldwide.

The products, which are typically recommended by pharmacists or healthcare practitioners, are available primarily through pharmacies and grocery multiples. In the UK and The Netherlands these are supplied direct by the Company to retailers, elsewhere they are supplied by the Group's international distribution partners.

Through its two Development & Manufacturing operations in Italy and Sweden, the Group also provides development and manufacturing services to companies in the medical devices and cosmetic sectors.

## Trading Performance

### Overview

Group revenues for the period grew by 24.4% to £23.5m and on a proforma<sup>1</sup> basis revenue was 10.4% ahead of H1 2022, comprising growth from both the VLG brands and Customer brands. Excluding the newly acquired HLH, revenue performance elsewhere in the Group was 11.4% ahead of the same period last year. Traditionally the VLG Brand revenues are weighted more towards the second half (2022: H1 44%, H2 56%), and we expect this to be the case in the second half of 2023 which is also expected to benefit from the impact of new distribution gains and the launch of several newly developed products.

Revenue £'m Unaudited six months ended	30-Jun-23 Actual	30-Jun-22 Actual	30-Jun-22 Proforma	Growth Vs 2022	Growth Vs Proforma
Balance Activ	2.9	2.3	2.3	24%	24%
Lift	2.3	2.0	2.0	16%	16%
Earol	2.3	-	2.2	100%	6%
Ultradex	1.1	0.9	0.9	16%	16%
Gelclair	1.0	0.3	0.3	201%	201%
Glucogel	1.0	1.1	1.1	(9%)	(9%)
Dentyl	0.9	1.2	1.2	(29%)	(29%)
Footcare	0.8	0.9	0.9	(9%)	(9%)
Pomi-T	0.1	0.4	0.4	(77%)	(77%)
Other	0.5	0.8	1.0	(32%)	(45%)
<b>Sub-Total VLG Brands</b>	<b>12.9</b>	<b>10.1</b>	<b>12.5</b>	<b>27%</b>	<b>3%</b>
Customer Brands	10.6	8.8	8.8	20%	20%
<b>Total</b>	<b>23.5</b>	<b>18.9</b>	<b>18.9</b>	<b>25%</b>	<b>10%</b>

### Venture Life Brands

VLG Brands delivered revenues of £12.9m (H1 22: £10.1m), a growth of 27% over the previous period and accounted for 55% of first half revenues (H1 22: 53%). VLG Brands include the acquisition of HLH on 30 November 2022 which delivered revenues of £2.4m during the period (H1 22: £2.4m). HLH's main product is Earol which contributes c.95% of the sales and achieved revenues of £2.3m in the period (H1 22: £2.2m), a growth of 6.1% over the previous period on a proforma<sup>2</sup> basis.

On a proforma<sup>1</sup> basis, revenue from VLG Brands was 3.5% ahead of the same period the previous year; within this portfolio the Balance Activ and Lift brands have continued to perform strongly, achieving revenue growth of 24%

and 16% respectively during the period. Revenues for the VLG Brands are expected to show stronger growth in the second half consistent with previous years.

The Group's focus for 2023 is driving organic growth through the dual approach of distribution gains and new product development. The Group's extensive research and development capability, coupled with significant capacity in its manufacturing operations, means it is well positioned to rapidly innovative and develop efficacious new products for its VLG Brand portfolio. The second half of 2023 will see the market entry for some of these new products and the Group has a program to continue this innovation program over the coming years.

VLG Brands Revenue £'m	30-Jun-23	30-Jun-22	30-Jun-22	Growth	Growth Vs
Unaudited six months ended	Actual	Actual	Proforma	Vs Reported %	Proforma %
Energy Management	3.3	3.2	3.2	4%	4%
Women's Health	2.9	2.3	2.3	24%	24%
Ear, Nose & Throat	2.4	-	2.4	100%	0%
Oral Care	2.0	2.4	2.4	(16%)	(16%)
Oncology Support	1.2	0.9	0.9	42%	42%
Footcare	0.8	0.9	0.9	(9%)	(9%)
Other	0.2	0.4	0.4	(44%)	(44%)
<b>Total</b>	<b>12.9</b>	<b>10.1</b>	<b>12.5</b>	<b>27%</b>	<b>3%</b>

### Energy Management

Energy management (LIFT & Glucogel) grew by 4% to £3.3m (H1 22: £3.2m). These products are predominantly sold in the UK & Eire and the main component of this first half growth has been the impact of the increased listing of Lift in Eire through our distributor there. As with most of our VLG Brands, we are increasing our online revenues through Amazon at this time, and although small, we saw growth in the Lift online revenues in both the UK and USA driven by advertising investment and listing optimisation.

Lift revenues for the first half were £2.3m (H1 22: £2.0m) and Glucogel revenues £1.0m (H1 22: £1.0m). The second half of the year is expected to deliver more growth for Lift as several newly developed products will be launching in both the off-line and on-line settings. Extension of the Lift brand with these new products will allow us to broaden the offering and bring new users into the brand, as well as extend our points of distribution.

### Women's Health

Revenues for the Balance Activ brand grew 24% to £2.9m (H1 22: £2.3m). Revenues from this brand were split £1.2m (H1 22: £1.1m) in UK & EU direct to retail and online, and £1.7m (H1 22: £1.2m) internationally with our distribution partners.

Growth in the UK & EU retail and online has been driven by several initiatives. The launch of a 14 tube multipack (compared to the usual 7 tube pack) of the Balance Activ gel has allowed us to attract value shoppers at a time when cost of living pressures have been increasing. Performance in the grocery channel has also been good, with both the BV gel and pessary in growth, and the launch of our newly developed Thrush cream in the first outlets.

Internationally our partners have performed well, with increased geographic distribution contributing to growth. Revenues with partners rose 33% to £1.7m (H1 22: £1.2m). The launch of the Balance Activ gel in Brazil with our partner contributed to revenue growth in the first half.

### **Ear, Nose & Throat**

Revenues for the brands in this area were £2.4m (H1 22: £nil) and arose from the HL Healthcare Limited business, acquired on 30 November 2022. Products in this portfolio are Earol, Earol Swim and Sterinase.

Earol accounts for the vast majority of revenues (and includes sales under the brand name Vaxol in certain European territories) and was £2.2m in the first half of 2023. On a like for like basis in 2022, revenues were £2.1m, so H1 2023 was 6% ahead of the H1 2022 revenues. This growth has been driven more on the international side than in the UK. New points of distribution and the launch of the product on Amazon is expected to contribute to growth in the UK in H2, with new product development also being launched in H2 2023.

Earol Swim revenues were £0.2m vs £0.2m on a like for like basis in H1 2022.

### **Oncology Support**

Revenues for the brands in this area were up 42% to £1.2m (H1 22: £0.9m), driven by growth of Gelclair, with revenues three times higher than for the same period in 2022 at £1.0m (H1 22: £0.3m). This brand is sold entirely through partners, and as indicated when we acquired this brand, timing of revenues can be variable and growth is dependent, to a large extent, on geographic expansion. Integration into the Group from the previous owner, coupled with the MDR process meant revenues in H1 2022 were lower than historically seen for the products, and revenues in H1 2023 are more reflective of the normal level of business. New agreements signed in 2022 are expected to continue to contribute to growth in the second half.

Pomi T revenues were lower in the first half of 2023 at £0.1m (H1 22: £0.5m) due to the timing of delivery of orders. H2 revenues are expected to be significantly higher based on the order book in hand for this product. With only a small number of current partners, activity is ongoing to increase the geographic penetration of this brand, as well as areas of new product development.

### **Oral care**

Revenues for the oral care brands were down 16% at £2.0m compared to the same period last year (H1 22: £2.4m). Whilst Ultradex revenues grew in the period there was an overall revenue reduction in this sector driven by lower Dentyl revenues, emanating from the combination of poor performance by our Chinese partner and aggressive promotion of competitor brands during the Period.

Revenues for UltraDEX were 16% higher at £1.1m (H1 22: £0.9m), as we see a continued return to usage of the product post lockdowns with the growth being driven primarily by our online sales through Amazon.

Dentyl revenue, by comparison, was down 9% in the UK, to £0.9m (H1 22: £1.0m) as a result of aggressive promotion from the big competitors, such as Listerine. Internationally we currently only have one partner for Dentyl, Samarkand in China, and we have recorded no sales to them in the first half of 2023 (H1 22: £0.3m), as they have performed poorly with the product, and this is under review. Elsewhere within the International business, other oral care revenues from non-core products were £0.1m (H1 22: £0.2m).

### **Digital**

Direct online sales (through Amazon) increased 69% to £1.6m (H1 22: £0.9m), as a result of strong growth by a number of our brands, including Balance Activ and Lift, and included the launch of Balance Activ through Amazon Germany, the largest Amazon market in the EU. As a result of this growth, online sales represented 12.3% of the Venture Life Brands revenues in H1 2023, compared to 9.7% in H1 2022.

We expect to see further progress in online revenues in the second half, as we extend our online presence, including the launch of Earol on Amazon and further European roll out of Balance Activ across the Amazon platform.

### **Customer Brands**

The Customer Brands business had a strong first half with revenue increasing 20% to £10.6m (H1 22: £8.8m). This growth was delivered mainly from existing customers and included £1.2m of revenues from newly developed products that completed development in 2022. This shows the strength of the in-house development expertise we have within our Italian facility, which has also developed a number of new products for the Venture Life Brands which will be launching in H2 2023 and beyond. The balance of growth came from the existing customers growing their own sales and showing that demand remains strong in the consumer health space.

### **Operational developments**

Operationally we have worked in the first half to bolster the team to manage the growing business. This included the appointment of Fabio Perego as Group Operations Director, and General Manager of both the Biokosmes manufacturing facility in Italy and the Rolf Kullgren manufacturing facility in Sweden. Fabio has extensive experience in the Contract Development and Manufacturing Organisation space, and in particular, in medical devices, and will be responsible for the harmonisation of the two facilities and the maximisation of efficiencies in production at the two sites.

### **Innovation and the Medical device Directive**

At our Biokosmes development facility we have a deep technical department covering research, innovation, development, regulatory and quality assurance. With our own quality management systems in place across the business (in Italy, Sweden, The Netherlands and the UK) we are strongly positioned to develop and manufacture new products for both the Venture Life and Customer Brands business units. We have seen this already in the Customer Brands business in the first half, and will see this impact also in the Venture Life Brands in the second half, with the launch of a number of new products in UK retailers including:

- Baby Earol
- Lift Energy Boost Range
- Balance Activ cleansing range
- Balance Activ Thrush cream
- Women's Intimate Health probiotic range

During 2023 and into 2024 it is our intention to focus resource on the expansion of our revenues through new product development and organic growth, and further capitalising on the brands and products we have acquired over recent years.

The transition from the Medical Device Directive (MDD) to the Medical Device Regulations (MDR) continues. However, an extension to the deadline to transfer products has been recently announced, and now products can continue to be sold under their MDD certificates until May 2028 (previously May 2024), which means that the timing to complete new MDR registrations has become more relaxed with 4 additional years to achieve this. As a result, we have slowed down the registration process for the remaining technical files that we have not yet registered under MDR, to alleviate pressure in the approval system. This will also have an added benefit that the costs to undertake these new registrations (in excess of €1 million across all our files) can be spread over the next 4 and a half years rather than the next 12 months. This will free up more cash flow to further reduce our net leverage<sup>1</sup>.

### **Sustainable Life**

Our progress in the pursuit of our sustainability goals continued to be strong in the first half. We were delighted to bolster the ESG team in February 2023, with the appointment of Emma Caprini, a dedicated executive in the ESG team in Italy. Objectives for ESG in 2023 are:

- Obtaining BCorp status for our Biokosmes manufacturing facility - this will also be a test run of the process for obtaining BCorp for the whole Group in 2024.
- Assessing the carbon footprint of our Biokosmes manufacturing facility and designing the net zero 2050 plan for the facility - this will also be a test run of the process for obtaining carbon footprint and net zero plan for the whole Group in 2024.
- Undertaking the life cycle analysis for three of Venture Life Brands - DentyL, UltraDEX and Balance Activ.

We are on target to complete these objectives by the end of 2023.

Post period end, we have been awarded the Ecovadis Silver Sustainability Rating at our Biokosmes facility. Ecovadis is world's largest and most reliable provider of corporate sustainability assessments and has more than 90,000 companies assessed in 175 countries in over 200 industries. Many of our customers look to this assessment to understand our commitment to sustainability. This Silver Sustainability Rating places us in the top 25% of companies assessed. Last year we were awarded the Bronze Award and it is as a result of numerous improvements around the facility and hard work by the whole team that we achieved this improved rating.

### Profit and loss account

The Group delivered Adjusted EBITDA<sup>1</sup> of £4.4m for the six-month period, an increase of 33% over the £3.3m reported in the previous year and at an improved margin of 18.9% (H1 22: 17.6%).

The inflationary environment has been challenging over the last three years but we have continued to see this plateau gradually over the course of 2023. Raw materials and packaging, which had been procured at inflated prices during the height of the supply chain issues in the prior year, have now unwound through cost of goods sold.

Our teams have worked hard to mitigate the financial impact, delivering production efficiencies and extending our supplier network to increase the number of alternative supply options available. Costs have been passed onto customers only where it has been possible to do so. As there is a lag effect between these costs being incurred and being passed onto customers, we expect to see a positive impact on margins in the second half of 2023.

In addition, the first half of 2023 has absorbed the impact of fair value adjustments on inventory acquired as part of the HLH acquisition which inflated the cost of goods sold and this inventory has been sold in full during the period.

The net impact of these factors resulted in an overall decline in gross margin by 350 basis points (bp) to 37.1% (H1 22: 40.6%) and a 14% increase in gross profit to £8.7m (H1 22: £7.7m), in line management's expectations and is expected to improve in the second half of the year.

Our vertically integrated business model enables newly acquired brands to be integrated profitably within the existing infrastructure. Operating costs (defined as operating expenses less depreciation) were in line with the previous year at £4.5m (H1 22: £4.5m) and as a % of revenue reduced by 450bp to 19.1% (H1 22: 23.6%) which highlights the Group's ability to deliver significant operational gearing benefit.

Operating profit before amortisation and exceptional items increased by 40.9% to £3.3m (H1 22: £2.4m) reflecting the pull through effect of the EBITDA improvement which was offset partially by an £0.2m increase in depreciation charges to £1.0m (H1 22: £0.9m).

As disclosed in the 2022 full year results, there was a material uncertainty around the impairment assessment of DentyL due to an unknown speed of recovery from our partner in China. This position has not changed since last year and coupled with a decline in the UK performance, has resulted in an impairment of £0.4m being recognised against the DentyL brand during the period. The carrying value of the attributable intangible assets is now £3.8m at 30 June 2023 (30-Jun-22: £4.3m). The Group is actively seeking new opportunities for the brand internationally,

however as a prudent measure we have reduced the useful economic life (UEL) applied to Dentyl for amortisation purposes to mitigate the risk of further impairment.

Amortisation of £2.3m (H1 22: £1.6m) increased significantly due to the acquisition of HLH as well as a reduction in the UEL of the acquired brand pertaining to Dentyl. Exceptional costs incurred to complete integration of previous acquisitions have reduced to £0.2m (H1 22: £0.3m) and were significantly lower than the full year prior year.

Net finance costs of £1.7m were significantly higher than the prior period (H1 22: £0.7m) due to a significant increase in interest payable on the Group's revolving credit facility by £0.6m to £0.8m (H1 22: £0.2m) reflecting the additional debt drawn to fund the acquisition of HLH which has been compounded by the increase in the Bank of England base rate. The balance of the overall increase comprised non-cash factors, including a £0.2m increase in amortisation of the up-front fees of this facility which are already paid for, the profile of amortisation is aligned to the anticipated usage of the facility over the term, as such the full year finance charge in the P&L is expected to increase. Net exchange losses of £0.7m (H1 22: £0.4m) accounted for the remainder of the increase.

Net of the increase in amortisation, impairment and finance costs and reduction in exceptional costs, the loss before tax for the period increased to £1.3m (H1 22: £0.2m).

### Cash generation

Free cash flow in the period was £2.6m (H1 22: £0.5m). Net debt reduced to £15.3m as at 30 June 2023 (31-Dec-22: £16.6m) and Group net leverage<sup>1</sup> reduced to 1.47x at the period end (31-Dec-22: 1.65x). Cash generated from operations increased to £4.1m (H1 22: £1.8m) and underlying cash from operations increased to £4.8m (H1 22: £1.8m) aided by improved cashflow conversion of 108% versus the 56% in the comparative period.

This cash generation has been used to reduce interest bearing borrowings by £3.3m to £19.0m at 30 June 2023 (31-Dec-22: £22.3m) including full payment of the contingent consideration of £3.0m on the acquisition of HLH.

We expect cash generation to increase further in H2, reflecting the growth in revenues and collection of cash from customer billing following strong revenues at the end of H1, and for Group net leverage<sup>1</sup> to reduce to approximately 1.0-1.1x by the end of the year.

### Current trading and outlook

Post period trading continues to perform well. We anticipate strong sales growth in H2 across our VLG Brands, including the impact of new distribution in the UK which is bolstered by new product launches and the continued strong sales growth from our Customer Brands. The order book remains strong and is c.35% up since the end of the previous year.

The order book growth is driven by our higher margin VLG Brands and, on a standalone basis, revenue visibility for this part of the business has increased 2.5x compared to the same time last year giving us confidence in the Group's ability to deliver an improved gross margin in the second half. This together with a tight control on operating costs underpins the Board's confidence in meeting management's expectations for the full year notwithstanding the continued strong performance of the lower margin customer brands business.

Jerry Randall  
Chief Executive Officer  
25 September 2023

Daniel Wells  
Chief Financial Officer  
25 September 2023

<sup>1</sup> Group net leverage calculated as net debt (excl. finance leases) and using proforma<sup>2</sup> Adjusted EBITDA<sup>3</sup> on a trailing 12-month basis.

<sup>2</sup> Proforma basis i.e. if the acquisition had been in place for the whole of the prior period.



<sup>3</sup> Adjusted EBITDA for Group net leverage is EBITDA after deduction of finance lease costs and before deduction of exceptional items (see note 6) and share based payments (see note 16 for reconciliation)

**Unaudited Interim Condensed Consolidated Statement of Comprehensive Income  
For the six months ended 30 June 2023**

	Note	Six months ended 30-Jun-23 (Unaudited) £'000	Six months ended 30-Jun-22 (Unaudited) £'000	Year ended 31-Dec-22 (Audited) £'000
<b>Revenue</b>	4.1	23,454	18,860	43,980
Cost of sales		(14,733)	(11,203)	(26,315)
<b>Gross profit</b>		<b>8,721</b>	<b>7,657</b>	<b>17,665</b>
Operating expenses		(5,496)	(5,309)	(10,927)
Impairment gain / (losses) of financial assets		1	(75)	180
Amortisation of intangible assets	5	(2,321)	(1,612)	(3,564)
Impairment of intangible assets		(389)	-	-
<b>Total administrative expenses</b>		<b>(8,205)</b>	<b>(6,996)</b>	<b>(14,311)</b>
Other income		84	77	151
<b>Operating profit before exceptional items</b>		<b>600</b>	<b>738</b>	<b>3,505</b>
Exceptional items	6	(217)	(300)	(1,278)
<b>Operating profit</b>		<b>383</b>	<b>438</b>	<b>2,227</b>
Finance income		-	-	1
Finance costs	7	(1,716)	(679)	(1,522)
<b>(Loss)/Profit before tax</b>		<b>(1,333)</b>	<b>(241)</b>	<b>706</b>
Tax	8	(175)	9	(186)
<b>(Loss)/Profit for the period attributable to the equity shareholders of the parent</b>		<b>(1,508)</b>	<b>(232)</b>	<b>520</b>
Other comprehensive (loss)/income which may be subsequently reclassified to the income statement	9	(345)	763	1,679
<b>Total comprehensive (loss)/profit for the period attributable to equity shareholders of the parent</b>		<b>(1,853)</b>	<b>531</b>	<b>2,199</b>

Basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	10	(1.19)	(0.18)	0.41
Diluted basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	10	(1.19)	(0.18)	0.39

**Unaudited Interim Condensed Consolidated Statement of Financial Position  
As at 30 June 2023**

	Note	30-Jun-23 (Unaudited) £'000	30-Jun-22 (Unaudited) £'000	31-Dec-22 (Audited) £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	12A	75,846	64,271	78,694
Property, plant and equipment	12B	9,006	9,715	10,090
Deferred tax	8	2,457	2,502	2,443
		<b>87,309</b>	<b>76,488</b>	<b>91,227</b>
<b>Current assets</b>				
Inventories		12,666	11,491	11,998
Trade and other receivables		13,034	12,637	16,433
Cash and cash equivalents		3,658	5,393	5,631
		<b>29,358</b>	<b>29,521</b>	<b>34,062</b>
<b>TOTAL ASSETS</b>		<b>116,667</b>	<b>106,009</b>	<b>125,289</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	13	379	379	379
Share premium account	13	65,960	65,960	65,960
Merger reserve	13	7,656	7,656	7,656
Foreign currency translation reserve		1,220	649	1,565
Share-based payment reserve		932	976	812
Retained earnings		(2,221)	(1,581)	(713)
<b>Total equity attributable to equity holders of the parent</b>		<b>73,926</b>	<b>74,039</b>	<b>75,659</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		8,973	11,063	11,725
Taxation		1,055	349	891
Interest bearing borrowings - Deferred contingent consideration		-	-	2,947
Interest bearing borrowings - Leasing obligations		761	786	920
		<b>10,789</b>	<b>12,198</b>	<b>16,483</b>
<b>Non-current liabilities</b>				
Interest bearing borrowings - Bank loans		16,898	8,528	17,314
Interest bearing borrowings - Leasing obligations		3,257	3,684	3,651
Interest bearing borrowings - Subordinated loan (deferred consideration)		2,106	-	2,014
Statutory employment provision		1,413	1,240	1,461

Deferred tax liability	8	8,278	6,320	8,707
		<u>31,952</u>	<u>19,772</u>	<u>33,147</u>
<b>TOTAL LIABILITIES</b>		<u>42,741</u>	<u>31,970</u>	<u>49,630</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>116,667</u>	<u>106,009</u>	<u>125,289</u>

**Unaudited Interim Condensed Consolidated Statement of Changes in Equity**  
For the six months ended 30 June 2023

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2022 (Audited)</b>	377	65,738	7,656	(114)	856	(1,349)	73,164
Loss for the period	-	-	-	-	-	(232)	(232)
Foreign exchange for period	-	-	-	763	-	-	763
<b>Total comprehensive income</b>	-	-	-	763	-	(232)	531
Share options charge	-	-	-	-	120	-	120
Shares issued	2	222	-	-	-	-	224
<b>Transactions with Shareholders</b>	2	222	-	-	120	-	344
<b>Balance at 30 June 2022 (Unaudited)</b>	379	65,960	7,656	649	976	(1,581)	74,039
Profit for the period	-	-	-	-	-	752	752
Foreign exchange for period	-	-	-	916	-	-	916
<b>Total comprehensive income</b>	-	-	-	916	-	752	1,668
Share options charge	-	-	-	-	(48)	-	(48)
Share options charge recycling	-	-	-	-	(116)	116	-

Transactions with Shareholders	-	-	-	-	(164)	116	(48)
<b>Balance at 31 December 2022 (Audited)</b>	<b>379</b>	<b>65,960</b>	<b>7,656</b>	<b>1,565</b>	<b>812</b>	<b>(713)</b>	<b>75,659</b>
Profit for the period	-	-	-	-	-	(1,508)	(1,508)
Foreign exchange for period	-	-	-	(345)	-	-	(345)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(345)</b>	<b>-</b>	<b>(1,508)</b>	<b>(1,853)</b>
Share options charge	-	-	-	-	120	-	120
Transactions with Shareholders	-	-	-	-	120	-	120
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>379</b>	<b>65,960</b>	<b>7,656</b>	<b>1,220</b>	<b>932</b>	<b>(2,221)</b>	<b>73,926</b>

**Unaudited Interim Condensed Consolidated Statement of Cash Flows  
For the six months ended 30 June 2023**

	<b>Six months 30-Jun-23 (Unaudited)</b>	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	<b>£'000</b>	£'000	£'000
<b>Cash flow from operating activities:</b>			
(Loss)/profit before tax	<b>(1,333)</b>	(241)	706
Finance cost	<b>1,716</b>	679	1,521
<b>Operating profit</b>	<b>383</b>	<b>438</b>	<b>2,227</b>
Adjustments for:			
- Depreciation of property, plant and equipment	1,006	855	1,821
- Impairment losses of financial assets	(1)	75	(180)
- Amortisation of intangible assets	2,321	1,612	3,564
- Impairment of intangible assets	389	-	-
- Loss on disposal of non-current assets	-	-	40
- Share-based payment expense	120	120	72
<b>Operating cash flow before movements in working capital</b>	<b>4,218</b>	<b>3,100</b>	<b>7,544</b>
Increase in inventories	(952)	(2,282)	(2,329)
Decrease/(increase) in trade and other receivables	3,096	(288)	(2,517)
(Decrease)/increase in trade and other payables	(2,296)	1,232	3,489

<b>Cash generated by operating activities</b>	<b>4,066</b>	<b>1,762</b>	<b>6,187</b>
Tax paid	(370)	(319)	(674)
Tax receipt	-	-	53
<b>Net cash from operating activities</b>	<b>3,696</b>	<b>1,443</b>	<b>5,566</b>
<b>Cash flow from investing activities:</b>			
Acquisition of subsidiaries, net of cash acquired	(2,933)	-	(7,482)
Purchases of property, plant and equipment	(242)	(169)	(860)
Expenditure in respect of intangible assets	(414)	(377)	(3,346)
<b>Net cash used by investing activities</b>	<b>(3,589)</b>	<b>(546)</b>	<b>(11,688)</b>
<b>Cash flow from financing activities:</b>			
Net proceeds from issuance of ordinary shares	-	224	224
Drawdown in interest-bearing borrowings	1,838	417	14,985
Repayment of interest-bearing borrowings	(2,276)	(500)	(6,728)
Leasing obligation repayments	(479)	(433)	(922)
Interest paid	(755)	(272)	(637)
<b>Net cash from financing activities</b>	<b>(1,672)</b>	<b>(564)</b>	<b>6,922</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,565)</b>	<b>333</b>	<b>800</b>
Net foreign exchange difference	(408)	(175)	(404)
Cash and cash equivalents at beginning of period	5,631	5,235	5,235
<b>Cash and cash equivalents at end of period</b>	<b>3,658</b>	<b>5,393</b>	<b>5,631</b>

## Notes to the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2023

### 1. Corporate information

The Interim Condensed Consolidated Financial Statements of Venture Life Group plc and its subsidiaries (collectively, the Group) for the six months ended 30 June 2023 ("the Interim Financial Statements") were approved and authorised for issue in accordance with a resolution of the directors on 25 September 2023.

Venture Life Group plc ("the Company") is domiciled and incorporated in the United Kingdom, and is a public company whose shares are publicly traded on AIM. The Group's principal activities are the development, manufacture and distribution of healthcare and dermatology products.

### 2. Basis of preparation

The Group Financial Statements are prepared in accordance with the recognition and measurement principles of the United Kingdom adopted International Financial Reporting Standards and does not constitute statutory accounts within the meaning of section 343 of the Companies Act 2006.

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as adopted by the UK. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared based on IFRS that the Directors expect to be adopted by the UK and applicable as at 31 December 2023.

The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

The financial information contained in the Interim Financial Statements, which are unaudited, does not constitute statutory accounts in accordance with the Companies Act 2006. The financial information for the year ended 31 December 2022 is extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor issued an unqualified opinion that included an emphasis of matter reference or statement made under section 498(2) or (3) of the Companies Act 2006.

### 3. Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements for the year ended 31 December 2022.

#### *Foreign currencies*

The assets and liabilities of foreign operations are translated into sterling at exchange rates ruling at the balance sheet date. Revenues generated and expenses incurred in currencies other than sterling are translated into sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation of assets and liabilities of foreign operations are recognised directly in the foreign currency translation reserve.

The sterling/euro exchange and sterling/SEK rates used in the Interim Financial Statements and prior reporting periods are as follows:

Sterling/euro exchange rates	Six months	Six months	Year
	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)	ended 31-Dec-22 (Audited)
Average exchange rate for period	1.141	1.188	1.173
Exchange rate at the period end	1.163	1.162	1.129

  

Sterling/SEK exchange rates	Six months	Six months	Year
	30-Jun-23 (Unaudited)	30-Jun-22 (Unaudited)	ended 31-Dec-22 (Audited)
Average exchange rate for period	12.926	12.439	12.461
Exchange rate at the period end	13.710	12.441	12.583

### 4. Segmental information

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/(loss) before exceptional items (see note 6)

In line with the 2022 Consolidated Financial Statements, the operations of the Group are segmented as VLG Brands, which includes sales of healthcare and skin care products under distribution agreements and direct to UK retailers, and Customer Brands, which includes development and manufacturing.

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

	VLG Brands £'000	Customer Brands £'000	Eliminations £'000	Consolidated Group £'000
<b>Six months to 30 June 2023</b>				
<b>Revenue</b>				
External Sales	12,875	10,579	-	23,454
Inter-segment sales	683	3,637	(4,320)	-
<b>Total revenue</b>	<b>13,558</b>	<b>14,216</b>	<b>(4,320)</b>	<b>23,454</b>
<b>Results</b>				
Operating (loss)/profit before exceptional items and excluding central administrative costs	(1,466)	4,315	-	2,849

	VLG Brands £'000	Customer Brands £'000	Eliminations £'000	Consolidated Group £'000
<b>Six months to 30 June 2022</b>				
<b>Revenue</b>				
External sales	10,077	8,783	-	18,860
Inter-segment sales	633	2,172	(2,805)	-
<b>Total revenue</b>	<b>10,710</b>	<b>10,955</b>	<b>(2,805)</b>	<b>18,860</b>
<b>Results</b>				
Operating profit before exceptional items and excluding central administrative costs	1,270	1,163	-	2,433

	VLG Brands £'000	Customer Brands £'000	Eliminations £'000	Consolidated Group £'000
<b>Twelve months to 31 December 2022</b>				
<b>Revenue</b>				
External sales	23,135	20,845	-	43,980
Inter-segment sales	1,444	4,776	(6,220)	-
<b>Total revenue</b>	<b>24,579</b>	<b>25,621</b>	<b>(6,220)</b>	<b>43,980</b>
<b>Results</b>				
Operating profit before exceptional items and excluding central administrative costs	3,799	3,674	-	7,473

	Six months 30-Jun-23 (Unaudited) £'000	Six months 30-Jun-22 (Unaudited) £'000	Year ended 31-Dec-22 (Audited) £'000
Operating profit before exceptional items and excluding central administrative costs	2,849	2,433	7,473
Central administrative costs	(2,249)	(1,695)	(3,968)
Exceptional expenses	(217)	(300)	(1,278)

Operating profit	<u>383</u>	<u>438</u>	<u>2,227</u>
Net finance cost	(1,716)	(679)	(1,521)
(Loss)/profit before tax	<u>(1,333)</u>	<u>(241)</u>	<u>706</u>

## 5. Amortisation of intangible assets

	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
Amortisation of:			
Acquired intangible assets	(794)	(611)	(1,293)
Patents, trademarks and other intangible assets	(1,189)	(786)	(1,686)
Capitalised development costs	(338)	(215)	(585)
	<u>(2,321)</u>	<u>(1,612)</u>	<u>(3,564)</u>

## 6. Exceptional items

	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
Costs incurred in acquisitions	-	(75)	(860)
Integration of acquisitions	(160)	(89)	(202)
Restructuring costs	(57)	(136)	(216)
	<u>(217)</u>	<u>(300)</u>	<u>(1,278)</u>

The Group treats costs as exceptional items where their frequency and nature warrant being separately classified. In the six month period to 30 June 2023, the Group incurred integration costs of acquisitions of £160,000 which included the final unwind of prepaid warranty insurance on the acquisition of BBH and costs incurred in completing the integration of HL Healthcare. Restructuring costs of £57,000 were incurred in the period and have been classified as an exceptional item in consistence with prior periods.

## 7. Finance costs

	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
On loans and overdrafts	802	241	594
Amortised finance issue costs	183	(13)	212
Interest on lease liabilities	34	31	71



Net exchange difference	697	420	645
	<u>1,716</u>	<u>679</u>	<u>1,522</u>

## 8. Taxation

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the earnings in the six months to 30 June 2023. The major components of income tax expense in the Interim Condensed Statement of Comprehensive Income are as follows:

	<b>Six months</b>	Six months	Year
	<b>30-Jun-23</b>	30-Jun-22	ended
	<b>(Unaudited)</b>	(Unaudited)	31-Dec-22
	<b>£'000</b>	£'000	(Audited)
Current income tax	(599)	(438)	(1,206)
Deferred income tax expense related to origination and reversal of timing differences	424	447	1,020
<b>Income tax (expense)/credit recognised in statement of comprehensive income</b>	<u>(175)</u>	<u>9</u>	<u>(186)</u>

The current income tax expense is based on the profits of the businesses based in Italy and Netherlands. The UK based businesses have utilised tax losses and thus have no current income tax expense.

At the period end, the estimated tax losses amounted to £9,867,000 (30 June 2022: £10,163,000; 31 December 2022: £9,867,000).

## 9. Other comprehensive income/(expense)

Other comprehensive income/(expense) represents the foreign exchange difference on the translation of the assets, liabilities and reserves of Biokosmes and PharmaSource which have functional currencies of Euros and the Swedish entities which have functional currencies in Swedish Krona (SEK). The movement is shown in the foreign currency translation reserve between the date of acquisition of Biokosmes, when the GBP/EUR rate was 1.193 and the balance sheet date rate at 30 June 2023 of 1.163 (at 31 December 2022 of 1.129 and at 30 June 2022 of 1.162) together with the same computation for PharmaSource BV between the date of acquisition when the GBP/EUR rate was 1.185 and the balance sheet date rate at 30 June 2023 of 1.163. The movement for Sweden is shown in the foreign currency translation reserve between the date of acquisition of BBI Healthcare, when the GBP/SEK rate was 11.742 and the balance sheet date rate at 30 June 2023 of 13.710 (at 31 December 2022 of 12.583 and at 30 June 2022 of 12.441). The result is an amount that may subsequently be reclassified to profit and loss.

## 10. Earnings per share

	<b>Six months</b>	Six months	Year
	<b>30-Jun-23</b>	30-Jun-22	ended
	<b>(Unaudited)</b>	(Unaudited)	31-Dec-22
			(Audited)
Weighted average number of ordinary shares in issue	126,498,197	126,012,009	126,257,101
(Loss)/profit attributable to equity holders of the Company (£'000)	(1,508)	(232)	520
Basic (loss)/profit per share (pence)	(1.19)	(0.18)	0.41

Diluted (loss)/profit per share (pence)	(1.19)	(0.18)	0.39
Adjusted profit per share (pence) <sup>4</sup>	0.91	1.43	4.30
Diluted adjusted profit per share (pence) <sup>5</sup>	0.86	1.37	4.07

<sup>4</sup> Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments.

<sup>5</sup> Diluted adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments, diluted by the inclusion of 6,454,515 stock options and 554,115 long-term incentive plan awards ("LTIP's"). Including this dilution, the weighted average number of ordinary shares for the diluted EPS calculation is 133,506,827 (30 June 2022: 131,622,290; 31 December 2022: 133,393,929) shares.

In circumstances where the Basic and Adjusted results per share attributable to ordinary shareholders are a loss then the respective diluted figures are identical to the undiluted figures. This is because the exercise of share options would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33.

## 11. Intangible assets

At the reporting date the Goodwill generated from the acquisitions of Biokosmes Srl in March 2014, Periproducts Limited in March 2016, Dentyl in August 2018, PharmaSource BV in 2020, BBI Healthcare in June 2021, Helsinn in August 2021 and HL Healthcare in November 2022 accounted for £38.8m of the intangible assets of the Group (£35.8m at 31 December 2022). There was an impairment of Goodwill of £389,000 (6 months to June 2022: £nil).

	Development Costs	Brands	Patents and Trademarks	Goodwill	Other Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>						
<b>At 1 January 2022</b>	<b>4,049</b>	<b>20,093</b>	<b>979</b>	<b>35,483</b>	<b>10,727</b>	<b>71,331</b>
Acquired through business combinations	-	-	-	-	-	-
Additions	340	-	37	-	-	377
Disposals	-	-	-	-	-	-
Foreign exchange	103	-	16	346	76	541
<b>At 30 June 2022</b>	<b>4,492</b>	<b>20,093</b>	<b>1,032</b>	<b>35,829</b>	<b>10,803</b>	<b>72,249</b>
Acquired through business combinations	-	9,282	-	3,407	2,628	15,317
Additions	583	-	8	-	-	591
Disposals	(84)	-	-	-	-	(84)
Foreign exchange	128	-	19	416	92	655
<b>At 31 December 2022</b>	<b>5,119</b>	<b>29,375</b>	<b>1,059</b>	<b>39,652</b>	<b>13,523</b>	<b>88,728</b>
Additions	411	-	3	-	-	414
Disposals	-	-	-	-	-	-
Foreign exchange	(182)	-	(20)	(428)	(94)	(724)
<b>At 30 June 2023</b>	<b>5,348</b>	<b>29,375</b>	<b>1,042</b>	<b>39,224</b>	<b>13,429</b>	<b>88,418</b>
<b>Amortisation:</b>						
<b>At 1 January 2022</b>	<b>2,112</b>	<b>822</b>	<b>511</b>	<b>-</b>	<b>2,807</b>	<b>6,252</b>

Charge for the period	215	704	82		611	1,612
Disposals	-	-	-	-	-	-
Foreign exchange	56	-	8	-	50	114
<b>At 30 June 2022</b>	<b>2,383</b>	<b>1,526</b>	<b>601</b>	<b>-</b>	<b>3,468</b>	<b>7,978</b>
Charge for the period	370	818	82	-	682	1,952
Disposals	(46)	-	-	-	-	(46)
Foreign exchange	73	-	10	-	67	150
<b>At 31 December 2022</b>	<b>2,780</b>	<b>2,344</b>	<b>693</b>	<b>-</b>	<b>4,217</b>	<b>10,034</b>
Charge for the period	338	1,115	74	-	794	2,321
Impairment charge	-	-	-	389	-	389
Disposals	-	-	-	-	-	-
Foreign exchange	(89)	-	(12)	-	(71)	(172)
<b>At 30 June 2023</b>	<b>3,029</b>	<b>3,459</b>	<b>755</b>	<b>389</b>	<b>4,940</b>	<b>12,572</b>
<b>Carrying amount:</b>						
<b>At 31 December 2022</b>	<b>2,339</b>	<b>27,031</b>	<b>366</b>	<b>39,652</b>	<b>9,306</b>	<b>78,694</b>
<b>At 30 June 2022</b>	<b>2,109</b>	<b>18,567</b>	<b>431</b>	<b>35,829</b>	<b>7,335</b>	<b>64,271</b>
<b>At 30 June 2023</b>	<b>2,319</b>	<b>25,916</b>	<b>287</b>	<b>38,835</b>	<b>8,489</b>	<b>75,846</b>

## 12. Property, Plant & Equipment

The carrying value of property, plant & equipment at 30 June 2023 reduced to £9.0m compared to prior year (30 June 2022: £9.7m).

	Plant & Equipment	Other Equipment	Right of Use Assets	Land & Buildings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>					
<b>At 1 January 2022</b>	<b>5,739</b>	<b>228</b>	<b>6,766</b>	<b>1,465</b>	<b>14,198</b>
Acquired through business combinations	-	-	-	-	-
Additions	154	15	558	-	727
Disposals	-	-	-	-	-
Foreign exchange	27	5	163	(22)	173
<b>At 30 June 2022</b>	<b>5,920</b>	<b>248</b>	<b>7,487</b>	<b>1,443</b>	<b>15,098</b>
Acquired through business combinations	-	13	-	-	13
Additions	681	10	476	-	1,167
Disposals	(45)	-	(325)	-	(370)
Foreign exchange	83	8	201	(13)	279
<b>At 31 December 2022</b>	<b>6,639</b>	<b>279</b>	<b>7,839</b>	<b>1,430</b>	<b>16,187</b>
Additions	215	12	34	15	276
Disposals	(202)	(2)	-	-	(204)
Foreign exchange	(456)	(8)	(207)	(97)	(768)
<b>At 30 June 2023</b>	<b>6,196</b>	<b>281</b>	<b>7,666</b>	<b>1,348</b>	<b>15,491</b>
<b>Depreciation:</b>					
<b>At 1 January 2022</b>	<b>1,749</b>	<b>140</b>	<b>2,527</b>	<b>45</b>	<b>4,461</b>
Charge for the period	388	12	405	50	855
Disposals	-	-	-	-	-
Foreign exchange	8	4	63	(8)	67
<b>At 30 June 2022</b>	<b>2,145</b>	<b>156</b>	<b>2,995</b>	<b>87</b>	<b>5,383</b>

Charge for the period	433	15	468	50	966
Disposals	(43)	-	(325)	-	(368)
Foreign exchange	30	4	87	(5)	116
<b>At 31 December 2022</b>	<b>2,565</b>	<b>175</b>	<b>3,225</b>	<b>132</b>	<b>6,097</b>
Charge for the period	420	16	521	49	1,006
Disposals	(202)	(2)	-	-	(204)
Foreign exchange	(271)	(4)	(99)	(40)	(414)
<b>At 30 June 2023</b>	<b>2,512</b>	<b>185</b>	<b>3,647</b>	<b>141</b>	<b>6,485</b>
<b>Carrying amount:</b>					
<b>At 31 December 2022</b>	<b>4,074</b>	<b>104</b>	<b>4,614</b>	<b>1,298</b>	<b>10,090</b>
<b>At 30 June 2022</b>	<b>3,775</b>	<b>92</b>	<b>4,492</b>	<b>1,356</b>	<b>9,715</b>
<b>At 30 June 2023</b>	<b>3,684</b>	<b>96</b>	<b>4,019</b>	<b>1,207</b>	<b>9,006</b>

### 13. Share capital, share premium and merger reserve

	<b>Ordinary shares of 0.3p each</b>	<b>Ordinary shares</b>	<b>Share premium</b>	<b>Merger reserve</b>
	<b>No.</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Audited at 31 December 2022	126,498,197	379	65,960	7,656
<b>Unaudited at 30 June 2023</b>	<b>126,498,197</b>	<b>379</b>	<b>65,960</b>	<b>7,656</b>

During the period 31 December 2022 to 30 June 2023 there has not been a change in the shares issued.

### 14. Related party transactions

The following transactions with related parties are considered by the Directors to be significant for the interpretation of the Interim Condensed Financial Statements for the six-month period to 30 June 2023 and the balances with related parties at 30 June 2023 and 31 December 2022:

Key transactions with other related parties:

Braguts' Real Estate Srl (formally known as Biokosmes Immobiliare Srl), a company 100% owned by Gianluca Braguti (a Director and shareholder of the Group) provided property lease services to the Development and Manufacturing business totalling £218,964 in the six months to 30 June 2023 (£195,944 in the six months to 30 June 2022). At 30 June 2023, the Group owed Braguts' Real Estate Srl £43,680 (£32,449 at 30 June 2022). Biokosmes Srl provided technical services to Braguts' Real Estate in the six months to 30 June 2023 in the amount of £243 (£2,136 in the six months to 30 June 2022). At 30 June 2023 Bragut's Real Estate owed to the Group £nil (£nil at 30 June 2022).

### 15. Financial instruments

Set out below is an overview of financial instruments held by the Group as at:

	30-Jun-23		30-Jun-22		31-Dec-22	
	Loans and receivables	Total financial assets	Loans and receivables	Total financial assets	Loans and receivables	Total financial assets
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial assets:</b>						
Trade and other receivables (a)	12,785	<b>12,785</b>	12,173	<b>12,173</b>	16,152	<b>16,152</b>

Cash and cash equivalents	3,658	<b>3,658</b>	5,393	<b>5,393</b>	5,631	<b>5,631</b>
<b>Total</b>	<b>16,443</b>	<b>16,443</b>	<b>17,566</b>	<b>17,566</b>	<b>21,783</b>	<b>21,783</b>

	30-Jun-23		30-Jun-22		31-Dec-22	
	Liabilities (amortised cost) £'000	<b>Total financial liabilities £'000</b>	Liabilities (amortised cost) £'000	<b>Total financial liabilities £'000</b>	Liabilities (amortised cost) £'000	<b>Total financial liabilities £'000</b>
<b>Financial liabilities:</b>						
Trade and other payables (b)	8,912	<b>8,912</b>	11,057	<b>11,057</b>	11,725	<b>11,725</b>
Lease obligations	4,018	<b>4,018</b>	4,470	<b>4,470</b>	4,571	<b>4,571</b>
Interest bearing	19,004	<b>19,004</b>	8,528	<b>8,528</b>	22,275	<b>22,275</b>
<b>Total</b>	<b>31,934</b>	<b>31,934</b>	<b>24,055</b>	<b>24,055</b>	<b>38,571</b>	<b>38,571</b>

(a) Trade and other receivables excludes prepayments.

(b) Trade and other payables excludes deferred revenue.

## 16. Alternative performance measures

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.

Measure	Definition	Reconciliation to GAAP measure
EBITDA and Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) and Adjusted EBITDA which is defined as EBITDA excluding share-based payment charges and exceptional items.	Note a below
Operating profit before amortisation and exceptional items	Operating profit before amortisation and exceptional items.	Note b below
Underlying cash from operations	Cash from operations excluding payment for exceptional costs.	Note c below
Cash conversion	Underlying cash from operations as a percentage of Adjusted EBITDA.	Note d below
Free cash flow	Free cash flow is defined as net cash generated from operations less cash payments made for leases and capital expenditure.	Note e below
Net debt	Net debt is defined as the Group's gross bank debt position net of cash.	Note f below
Net leverage	Net leverage calculated as net debt (excl. finance leases) and using proforma <sup>2</sup> Adjusted EBITDA on a trailing 12-month basis.	Note g below
Proforma	Proforma figures compare financial results in one period with those for the previous period, excluding the impact of acquisitions and disposals made in either period. For 2022, like-for-like revenue includes HL Healthcare Ltd which was acquired in December 2022	Not needed

a) EBITDA and Adjusted EBITDA	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
<b>Operating profit</b>	<b>383</b>	<b>438</b>	<b>2,227</b>
Add back:			
Depreciation	1,006	855	1,821
Amortisation	2,321	1,612	3,564
Impairment charge	389	-	-
<b>EBITDA</b>	<b>4,099</b>	<b>2,905</b>	<b>7,612</b>
Add back:			
Share-based payment charge	120	120	72
Exceptional costs	217	300	1,278
<b>Adjusted EBITDA</b>	<b>4,436</b>	<b>3,325</b>	<b>8,962</b>

b) Operating profit before amortisation and exceptional items	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
<b>Operating profit</b>	<b>383</b>	<b>438</b>	<b>2,227</b>
Add back:			
Amortisation	2,321	1,612	3,564
Impairment charge	389	-	-
Exceptional costs	217	300	1,278
<b>Operating profit before amortisation and exceptional items</b>	<b>3,310</b>	<b>2,350</b>	<b>7,069</b>

c) Underlying cash from operations	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
<b>Cash from operating activities</b>	<b>4,066</b>	<b>1,762</b>	<b>6,187</b>
Exceptional costs paid in period	707	84	488
<b>Underlying cash from operations</b>	<b>4,773</b>	<b>1,846</b>	<b>6,675</b>

d) Cash conversion	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)

	£'000	£'000	£'000
Cash generated by operating activities	4,066	1,762	6,187
Add back:			
Exceptional costs paid	707	84	488
<b>Adjusted cash generated by operating activities</b>	<b>4,773</b>	<b>1,846</b>	<b>6,675</b>
<b>Adjusted EBITDA</b>	<b>4,436</b>	<b>3,325</b>	<b>8,962</b>
Cash conversion	108%	56%	74%

e) Reconciliation of free cash flow	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
<b>Net cash generated by operating activities</b>	<b>3,696</b>	<b>1,443</b>	<b>5,566</b>
Capital expenditure	(656)	(546)	(1,706)
Lease payments	(479)	(433)	(992)
<b>Free cash flow</b>	<b>2,561</b>	<b>464</b>	<b>2,868</b>

f) Net debt / (cash)	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
	£'000	£'000	£'000
Cash and cash equivalents	(3,658)	(5,393)	(5,631)
Interest bearing borrowings - Deferred contingent consideration - current	-	-	2,947
Interest bearing borrowings - Bank Loans - non-current	16,898	8,528	17,314
Interest bearing borrowings - Subordinated Loan (deferred consideration) - non-current	2,106	-	2,014
<b>Net debt (excl finance leases)</b>	<b>15,346</b>	<b>3,135</b>	<b>16,644</b>
Interest bearing borrowings - Leasing obligations - current	761	786	920
Interest bearing borrowings - Leasing obligations - non-current	3,257	3,684	3,651
<b>Net debt (incl finance leases)</b>	<b>19,364</b>	<b>7,605</b>	<b>21,215</b>

g) Net leverage	Six months 30-Jun-23 (Unaudited)	Six months 30-Jun-22 (Unaudited)	Year ended 31-Dec-22 (Audited)
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	£'000	£'000	£'000
<b>Net debt (excl finance leases)</b>	<b>15,346</b>	<b>3,135</b>	<b>16,644</b>
<b>Proforma<sup>2</sup> adjusted EBITDA<sup>3</sup> on a trailing 12-month basis</b>			
<b>Adjusted EBITDA</b>	<b>4,436</b>	<b>3,325</b>	<b>8,962</b>
Adjustment to increase adjusted EBITDA to trailing 12 month basis - as reported	5,637	4,660	-
Adjustment to include mid year acquisition on trailing 12 month basis	1,391	-	2,110
	<hr/>	<hr/>	<hr/>
12 month trailing adjusted EBITDA	11,464	7,985	11,072
deduct:			
Lease payments for 12 month period	(1,041)	(840)	(992)
<b>Adjusted EBITDA for net leverage</b>	<b>10,423</b>	<b>7,145</b>	<b>10,080</b>
	<hr/>	<hr/>	<hr/>
<b>Net leverage</b>	1.47x	0.44x	1.65x

#### 17. Post Balance Sheet Event

There are no post balance sheet events.