ALLIANCE

Alliance Pharma plc
Annual Report and Accounts
2023

An Alliance of people, partners and brands, working together to achieve more

Strategic Report

Read about the development of our ecosystem in China

See **page 08**

Governance

Read about how we have strengthened our Board

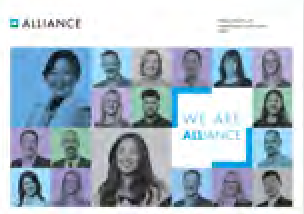
See **page 57**

Financial Statements

Read about the roll out of our ERP system in APAC

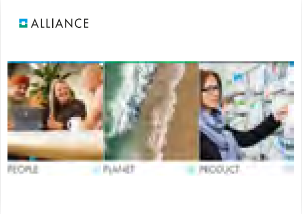
See **page 104**

HOW WE REPORT TO OUR STAKEHOLDERS



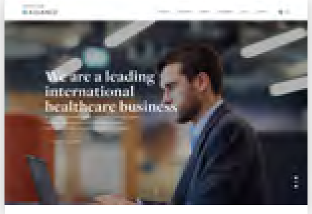
Annual Report

View our report online at alliancepharmaceuticals.com/investors/2023-annual-report



Online Sustainability Report

Sustainability report at osr23.alliancepharmaceuticals.com



Our website

Visit our main site for further information at alliancepharmaceuticals.com

CONTENTS

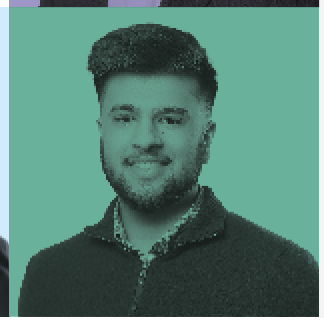
WHO WE ARE

An international Consumer Healthcare Company, empowering people to make a positive difference to their health and wellbeing, through making our trusted and proven brands available around the world.

WE ARE ALLIANCE

BASED IN
9
STRATEGIC LOCATIONS

A TEAM OF
292
TALENTED PEOPLE
AS AT 31 DECEMBER 2023



Working together to deliver value for our stakeholders through maximising the value of our brands.

INVESTING IN OUR PRIORITY BRANDS AND CHANNELS

INNOVATING TO ENSURE OUR BRANDS REMAIN RELEVANT

SELECTIVELY EXTENDING THE GEOGRAPHIC REACH OF OUR BRANDS

Outsourcing capital-intensive activities, such as manufacturing and logistics, to allow us to focus on what we do best.

CHAIR'S INTRODUCTION

Chair's introduction

> "I am delighted to have joined the Board as Chair this February. I'd like to thank everyone at Alliance for delivering the 2023 results and for welcoming me to the Company."

Camillo Pane
Chair

I am delighted to have joined the Board as Chair this February at such an exciting and important time for the Company. Alliance has a strong global footprint in several fast growth Consumer Healthcare categories.

I'd like to start by thanking you for your patience as we endured a number of audit delays. This process has been extremely frustrating for all of us, and whilst it has taken much longer than we anticipated to complete the audit, the delay has allowed us time to implement a thorough review of our processes, and perform more detailed work in respect of impairments. This enhanced impairment review is now more robust, and we are working on a plan to ensure we are in a strong position for future audits.

Over the past few months, I have enjoyed meeting members of the executive team, global senior leaders, and colleagues based in both Chippenham and Paris. I appreciate their knowledge, skills and enthusiasm, and am excited for the opportunities that lie ahead.

I am pleased to have appointed Nick Sedgwick as our new CEO on 13 May 2024, following Peter Butterfield's decision to leave the company. I thank Peter for all that he has done for Alliance over the past 14 years and wish him well in his future endeavours.

In the next few months I will spend time with the management team to deepen my understanding of the business as I look to support the enhancement of the group's strategy, with a strong focus on organic growth through marketing, innovation and geographical diversification, and to ensure we deliver value.

I'd like to thank everyone at Alliance for delivering the 2023 results and for welcoming me to the Company. I look forward to sharing my vision for the long-term future of Alliance later this year.

Finally, I would like to congratulate Alliance for its successful appeal at the Competition Appeal Tribunal, which was announced on 23 May 2024, and unequivocally cleared the company and its former Directors, Peter Butterfield and John Dawson, of any anti-competitive behaviours.

Camillo Pane
Chair
18 June 2024

2023 PERFORMANCE OVERVIEW

SEE-THROUGH REVENUE[1]
£182.7m +6%
(2022: £172.0m)

STATUTORY REVENUE
£180.7m +8%
(2022: £167.4m)

FREE CASH FLOW[1]
£21.3m +35%
(2022: £15.8m)

UNDERLYING PROFIT/(LOSS) BEFORE TAX[1]
£31.5m +4%
(2022: £30.3m)

REPORTED PROFIT/(LOSS) BEFORE TAX
£(48.8)m +111%
(2022: (£23.1)m)[2]

NET DEBT[1,3]
£91.2m -11%
(2022: £102.0m)

UNDERLYING BASIC EPS[1]
4.55p +6%
(2022: 4.28p)

REPORTED BASIC EPS
(6.13)p +56%
(2022: (3.93)p[2]

1 Non-IFRS Alternative Performance Measures ("APMs"), (see note 30). See-through revenue includes all sales from Nizoral™ as if they had been invoiced by Alliance as principal. For statutory accounting purposes the product margin relating to Nizoral sales made on an agency basis is included within Revenue, in line with IFRS 15.

2 Restated. See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

3 Net debt excludes leases.

29%
KELO-COTE™: GROWTH IN KELO-COTE FRANCHISE REVENUES
Read more on **page 21**

20%
SCARAWAY™: INCREASE IN LIKE FOR LIKE SALES
Read more on **page 20**

100%
ON-TIME IN FULL NIZORAL™ DELIVERY, SIGNIFICANT IMPROVEMENT
Read more on **page 22**

2023 A YEAR IN REVIEW

Following a challenging H1, a strong H2 performance drove record sales for 2023, leading to underlying profit expansion. The performance of our Kelo-Cote™ franchise was particularly impressive, growing 29% CER including sales from ScarAway™, whilst Amberen was weaker than expected. We doubled the amount of revenues from products launched from our own innovation and development pipeline. With further investment planned to support new product development and increased marketing, the Group is well-positioned for growth over the medium term.

- Consumer Healthcare See-through revenue[1] up 11% at constant exchange rates ("CER") to £136.4m (2022: £125.2m) and up 9% on a reported basis.
- Continued strong consumer demand driving significant recovery in Kelo-Cote franchise revenues in H2, with FY revenues reaching £63.2m, +29% CER.

- Prescription Medicines performance broadly stable with revenues of £46.3m (2022: £46.8m).
- Strong performance from latest US acquisition, ScarAway, with £9.9m revenue, up 20% CER on like-for-like basis, exceeding original expectations.

- Progress continues to be made on brand innovation, with £3.5m of revenues from internal development (more than double the £1.7m in 2022).
- Non-cash impairments of £79.3m due to lowered future cash flow expectations and higher cost of capital, of which £46.4m relates to Amberen, £10.3m to Nizoral, and £22.6m to twenty smaller assets in aggregate.
- The correction of valuation errors for the prior year has yielded a £28.3m increase to non-cash impairment charges reported in 2022, of which £20.0m relates to Amberen and £8.3m to other intangibles.
- Underlying PBT increased 4% to £31.5m (2022: £30.3m) and reported loss before tax was £48.8m (2022 restated: £23.1m loss).
- Reported PBT loss of £48.8m on higher impairment charges (2022 restated: £23.1m loss).
- Robust free cash flow of £21.3m (2022: £15.8m), up 35%.
- Group leverage reduced to 2.05x at 31 December 2023 (2.69x at June 2023; 2.57x at 31 December 2022).
- Dividend paused while Board considers new policy.
- Leveraged our ecommerce knowledge to broaden the geographic reach of our ecommerce platforms and enter new markets, with further expansion planned in 2024.
- Nizoral™ manufacturing moved from Belgium to Thailand driving cost savings, improving on-time-in-full order delivery and reducing carbon emissions.
- 48% reduction in Scope 1 and 2 emissions (versus 2018 baseline), on track to meet interim 65% reduction target by 2025 and achieve net zero in 2030. Scope 3 emissions target set to achieve net zero by 2044 (versus 2022 baseline), with an interim reduction target of 25% by 2030.

- Re-certified as a Great Place To Work® in UK, US, China and Singapore.
- Strengthened Board of Directors with appointment of Jeyan Heper, Martin Sutherland, Richard McKenzie and Eva-Lotta Sjöstedt. Post year end appointments of new Independent Chair, Camillo Pane and new CEO, Nick Sedgwick.
- Successful appeal of Competition and Markets Authority decision clearing Alliance, Peter Butterfield and John Dawson (former CEOs) of any wrongdoing. £7.9m provision for potential fine now released.

1 See-through revenue includes all sales from Nizoral, as if they had been invoiced by Alliance as principal. For statutory accounting purposes, the product margin relating to Nizoral sales made on an agency basis is included within revenue, in line with IFRS 15.

2 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

A CLEAR PURPOSE

PURPOSE

We empower people to make a positive difference to their health and wellbeing

VISION

To be a high-performing consumer healthcare company, built on a portfolio of leading, trusted and proven brands

WHERE WE WILL FOCUS

Helping Damaged Skin

Supporting Healthy Ageing

Other High-Performing Brands

Core Priority Markets

HOW WE WILL WIN – 4 STRATEGIC PRIORITIES

Read more on page 18

BRAND GROWTH

COMMERCIAL EXECUTION

STRATEGIC SUPPLY PARTNERSHIPS

ORGANISATIONAL AGILITY

UNDERPINNED BY OUR VALUES

Read more on page 06

Performance

Realism

Accountability

Integrity

Skill

Entrepreneurship

SUPPORTED BY OUR SUSTAINABILITY STRATEGY

Read more on page 28

PEOPLE

PLANET

PRODUCT

LIVING OUR VALUES

Our PRAISE values are at the heart of how we work together; they are central to what makes Alliance unique

Performance

"Our UK campaign boosted sales and strengthened the Kelo-Cote™ brand."

With limited consumer awareness of the scar treatment category in the UK, we sought to develop a creative campaign with a key focus on empowering women, to support Kelo-Cote's retail launch in Boots. We used pilot testing to ensure this message resonated with our target market: 18-50 year old women. Featuring real people with real scars, we ran an out-of-home billboard campaign in the UK during 2023, which delivered 60% sales increase at Boots and a 12 point increase in prompted brand awareness. Our campaign has since been recognised by the Pharmaceutical Marketing Society as Best Digital Brand Promotion.

Listen to **Jessica** talk about Living Our Values

Jessica Gray
Marketing Manager

Realism

"Our success is due to great teamwork and outstanding planning and delivery."

Singles' Day takes place in China every November. It is the world's biggest shopping festival and a global ecommerce phenomenon. Following our success at the festival in 2022, our cross-functional team and our partners worked together closely to plan and accomplish an exceptional performance for Alliance products in 2023. We achieved +197% year-on-year growth and sales worth £3.0m during the festival. We sold 144,000 units of our products and close to one million people visited our Tmall store and live-streaming shows.

Listen to **Natalie** talk about Living Our Values

Natalie Bayes
Senior Global Brand Manager, Kelo-Cote

Accountability

"We take responsibility for ethical conduct in all of our business operations."

During 2023, we continued to focus on ethical and legal compliance, which is fundamentally important to our business. We launched our Employee Code of Conduct, continued to embed our Partner Code of Conduct and strengthened our suite of policy documents. Employees and other stakeholders now have access to Safecall, an independent speak up helpline that is available in every country in which we operate. In addition, we introduced a new, more comprehensive programme of online compliance training to upskill our employees and contractors.

Listen to **Gaby** talk about Living Our Values

Gaby Gray
Head of Legal

LIVING OUR VALUES CONTINUED

WE ARE ALLIANCE

Integrity

"We work hard to ensure the integrity of our products and supply chain."

As a business, we value integrity in all of our operations and this extends to our products and supply chain. Counterfeiting and illicit trade put our consumers and patients at risk of serious adverse health effects and deprive them of the benefits that our products bring. We work closely with government agencies, law enforcement and other organisations to prevent, detect and respond to illicit trade. In 2023, we substantially reduced counterfeiting of Kelo-Cote™ in China through security measures, which included monitoring, investigations and raids. Further anti-counterfeiting measures will follow in 2024.

Listen to **Rhodri** talk about Living Our Values

Rhodri Smith
Head of Global Brand Protection

Skill

"Our skilled colleagues step up when faced with a challenge."

The regulatory transition from the European Medical Device Directive ("MDD") to the complex and detailed new Medical Device Regulation ("MDR") has required painstaking and meticulous work from our cross-functional team; necessitating extensive engagement with regulators and notifying bodies to clarify guidance. The new legislation did impact the supply of certain products in 2023, but we worked hard to resolve the situation effectively. We welcome the higher safety standards of the MDR and, thanks to our skilled team, we remain on track in terms of compliance with all affected products now back in stock.

Listen to **Richard** talk about how Keilli Lives Our Values

Keili Lawrence
Regulatory Affairs Specialist

Entrepreneurship

"I have learned more at Alliance than I could have imagined."

The Alliance graduate development programme has given me the opportunity to explore and develop my entrepreneurial skills. I was encouraged to choose my own pathway and to step up to hold leadership responsibilities on major projects. The highlight so far has been my three-month rotation in Singapore - an exciting and dynamic environment where I helped to launch Kelo-Cote on ecommerce sites in Australia, Malaysia and Singapore. Exceptional mentoring and support have allowed me to really contribute to the success of the business, and I am excited about my future at Alliance.

Listen to **Georgia** talk about Living Our Values

Georgia Wood
Commercial Graduate

Strategic Report

Content

WE ARE
ALLIANCE

"Our significant investment in knowledge building is helping to further cement the market leading position of Kelo-Cote™ in China."

Michael Khor
Head of APAC Commercial

Developing our Kelo-Cote™ ecosystem in China

In a rapidly evolving, and sometimes turbulent, market such as China, it is essential that we keep abreast of any developments within the ecosystem. In 2023, following a long period when we were prevented from being physically present in China due to COVID restrictions, we conducted numerous market visits, engaged extensively with our distributor partner and liaised with local consultants to further expand our domain expertise. Consequently, we have invested selectively to extend our market reach in a targeted way, identifying new growth opportunities in both the cross-border and domestic channels.

CHIEF EXECUTIVE'S REVIEW

Chief Executive's Review

"Our strong H2 performance drove record revenues and profit expansion in 2023. With further investment planned to support new product development and increased marketing, the Group is well positioned for mid-term growth."

Peter Butterfield
Chief Executive Officer until 13 May 2024

SEE-THROUGH REVENUE

£182.7m

+6% (2022: £172.0m)

See our **Financial Review** on **page 44**

TRADING PERFORMANCE

Overview

We achieved record revenues in 2023, as we overcame a number of challenges in H1 to deliver a strong recovery in H2. The performance of our Kelo-Cote™ franchise was particularly impressive, with revenues rising 29% CER to £63.2m, including those from our most recent US acquisition (ScarAway™) which exceeded our original expectations. Whilst Amberen revenues were weaker than anticipated, we increased marketing investment to launch award-winning advertising campaigns for Kelo-Cote and MacuShield™, which accelerated organic sales growth, and we brought a number of new products to market.

Alliance's clear focus on the core Consumer Healthcare business, in addition to our well-established scalable platform, is expected to deliver continued growth in the medium term. Our core priority markets remain competitive, but our key brands are well placed within their categories, and we will continue to increase investment in sales, marketing and innovation to maintain their leadership position.

We will continue to focus our resources on those market segments in which we already have a strong presence and expertise, in order to drive solid organic revenue growth above that of the broader Consumer Healthcare market over the longer term.

A challenging H1 but strong recovery in H2

We started 2023 anticipating a greater weighting of revenues in H2 than usual for Alliance due to the planned destocking by our China cross-border partner for Kelo-Cote. Whilst this destocking was completed in line with our forecasts, unexpected regulatory issues caused some manufacturing delays in certain smaller products in H1, and Amberen™ sales were hampered by a number of industry-wide challenges put in place by Amazon.

CHIEF EXECUTIVE'S REVIEW CONTINUED

However, our colleagues worked hard to address the regulatory issues to ensure that all products were back in stock by the year end. Strong consumer demand for Kelo-Cote™ gave our distributor partners the confidence to restock in H2 and our consumer activation campaigns delivered market share gains for Nizoral™. Amberen™ revenues remain below our expectations, resulting in a further impairment, but we are strengthening our internal and external capabilities in ecommerce and digital marketing to help mitigate future problems on Amazon.

Whilst see-through revenues increased 6% in the year, gross profit increased at a slower rate than revenues at 3% to £105.0m (2022: £101.7m) due to a less favourable product mix, and an increase in warehouse and distribution costs. However through robust control of the costs we actively manage, operating costs decreased 5% versus the previous year and underlying EBITDA increased 15% to £45.0m (2022: £39.2m).

During 2023, we continued the global roll out of our ERP system to all ex-China APAC entities so that our regional and central operational and finance teams now operate on the same platform with a single, standardised way of working. This gives us increased and more immediate business visibility which enhances our operational decision-making and agility.

On 23 May 2024 we announced the successful conclusion of our appeal before the Competition Appeal Tribunal ("CAT") of a decision by the UK Competition and Markets Authority ("CMA"). In a unanimous judgment, the CAT upheld Alliance's appeal, finding that there was no agreement to exclude competition from the market and no breach of competition law. The CMA's decision and £7.9m penalty imposed on Alliance have been set aside. In particular, the CAT found that Alliance's two key witnesses were both impressive and compelling, with their evidence singled out by the Tribunal in its concluding remarks.

Director disqualification proceedings brought by the CMA against two former Alliance CEO's, the first limb of which was joined to the appeal, will also now fall away. In 2021 we provided for the potential penalty, but now reverse this provision.

INNOVATION AND DEVELOPMENT ("I&D")

In 2023, £3.5m of Group revenues were generated by products developed and launched by Alliance, representing 2.5% of total consumer sales in the year and more than twice the revenues delivered in 2022 (£1.7m). This is a pleasing performance given that our dedicated innovation and development ("I&D") team was only established in 2021, and validates our decision to invest in it further.

Kelo-Cote Kids (launched in 2022) and Canker-X, part of the Aloclair™ brand franchise (launched in early 2023), were responsible for the majority of these revenues. Amberen™ Advanced Menopause Relief gummy was launched in late 2023.

This year, we will double our investment in I&D as we aim to achieve 10% of Consumer Healthcare sales through products developed on our I&D platform within the next five years. New products already launched in 2024 include ScarAway Kids and ScarAway Acne Scar Gel, both in the US.

In May 2024 we launched a second gummy in the Amberen range, which uses a different active ingredient to the original gummy launched in late 2023. This new gummy aims to promote positive energy, mood and improve sleep, which is particularly relevant to the perimenopause market.

CHIEF EXECUTIVE'S REVIEW CONTINUED

CONTINUING OUR SUSTAINABILITY JOURNEY

We continue to make good progress against our environmental sustainability agenda in 2023, setting a target to reach net zero for all Scope 3 emissions by 2044, with an interim target of 25% reduction by 2030; in addition to our previously published target to reach net zero Scope 1 and 2 emissions by 2030. This year, we conducted a risk assessment and climate change scenario analysis to support the publication of our second voluntary stand-alone Task Force on Climate-Related Disclosures ("TCFD") Report and more extensive voluntary TCFD disclosures on our journey to mandatory TCFD compliance.

During the Year, we have invested to install photovoltaic panels on the roof of our UK Headquarters in Chippenham. This programme of work also includes the installation of a new, more efficient substation and electric vehicle charging points. When this work completes and the panels become operational, we will be able to generate around 25% of our own electricity needs.

Throughout the Year, we developed a number of social and governance workstreams. We appointed a new e-learning provider to deliver 'gamified', engaging compliance training to our colleagues, including data protection, unconscious bias, modern slavery, anti-bribery and corruption and competition awareness training. We also entered a three-year partnership with the social enterprise Slave Free Alliance ("SFA") to safeguard individuals across our business from modern slavery and human trafficking, including those in our supply chain. Working with SFA we carried out a gap analysis, strengthened our Modern Slavery Statement and provided training to our quality, sourcing and supply chain teams to help these teams better identify modern slavery 'red flags' during quality audits and supplier site visits.

We implemented a Partner Code of Conduct in 2022 and, throughout 2023, have worked to ensure that all of our Contract Manufacturing Organisations ("CMOs") and distributors agree to comply with our code.

We have also introduced an Employee Code of Conduct, which includes a section on our Speak Up Policy. To support this, we have engaged Safecall, an independent reporting helpline, to allow colleagues and external partners to raise concerns anonymously from over 100 countries. The service is operational 24 hours a day, seven days a week and available in over 60 languages.

Further detail on the progress we have made with our sustainable business strategy will be provided in our Online Sustainability Report, which will be published shortly on our website.

BUILDING A STRONG ALLIANCE OF COLLEAGUES

Our business, and the delivery of our strategy, is only possible due to our network of talented, dedicated colleagues. We currently employ more than 290 people in nine locations around the world. We created eight new roles in 2023, including Chief Operating Officer, as we looked to meet our evolving business needs. This, in addition to the head count expansion we delivered in 2022, means we now have the right size organisation to support our medium-term strategy.

We have also continued our talent development programmes to ensure we attract and retain an appropriate mix of skilled professionals. In 2023, we welcomed the second cohort of our graduate and year in industry programmes to support those at the early stages of their career development, which also complements our existing apprenticeship programme in the UK.

Our investment in colleague engagement continues to pay dividends as evidenced by our re-certification as a Great Place to Work® in the UK, US China and Singapore. In the 2023 survey, we were pleased to have received an overall Trust Index rating of 74% (2022: 79%) with 73% of participants globally saying that Alliance was a Great Place to Work (2022: 82%).

On behalf of the Board, we would like to thank all those colleagues who helped us to deliver our achievements in 2023.

BOARD AND EXECUTIVE CHANGES

Alliance has successfully continued its journey to becoming a fast growth Consumer Healthcare company, with Consumer Healthcare revenues representing 75% of Group revenues in the Period. The Board and Executive team have evolved accordingly in 2023, to ensure that the Group has the right skills and expertise to align with its longer-term strategy.

In February 2023, we welcomed Jeyan Heper to the Alliance Board as an Executive in the newly-created role of Chief Operating Officer. Jeyan has a strong track record of strategic leadership in the international Consumer Health market, overseeing a number of global programmes and driving growth in flagship brands. In his career spanning more than 25 years, Jeyan has held senior Executive roles at Procter & Gamble, Danone Group and Ansell's sexual wellness global business, before it was spun-out to become Lifestyles Healthcare – a private equity/pharma-owned Company where Jeyan became CEO, helping to bolster the Group's operational capabilities, identify growth opportunities, and support the delivery of the Company's strategy to expand its Consumer Health presence through, leveraging his experience of ecommerce in China and the US, and improve operational effectiveness.

The Board was strengthened further by the appointment of Martin Sutherland as an additional Independent Non-Executive Director in February 2023. Martin is a senior Executive with over 30 years' experience in global businesses and is currently Non-Executive Chair of Logiq Consulting Ltd, and a Non-Executive Director at both Forterra plc and XPS Pensions plc; prior to this, Martin was CEO of De La Rue PLC. Martin has a proven track record of delivering growth through new product innovation, market diversification and international expansion.

In November 2023, we added a further two new Independent Non-Executive Directors, Eva-Lotta Sjöstedt and Richard McKenzie. Eva-Lotta has in-depth knowledge of global consumer retail, supply chain and digital transformation and has held leadership roles in consumer-facing industries across Europe, Japan, China and the US. From 2016 to 2018, Eva-Lotta was CEO of Georg Jensen, the luxury jewellery and Scandinavian design brand.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Prior to this, Eva-Lotta was CEO at Karstadt, a chain of premium department stores in Germany with a strong ecommerce presence. She started her career at IKEA, establishing the business in Japan where she worked for four years before becoming CEO of IKEA Netherlands and then Deputy Global Retail Manager. In this role, she was responsible for IKEA's global multi-channel strategy and the implementation of its on and offline experiences throughout the entire global value chain.

Richard has international ecommerce, distribution, supply chain and logistics experience in the consumer, retail and technology sectors, along with particular expertise in the Asia-Pacific region having lived and worked in mainland China for 10 years. From 2019 to 2023, Richard was Chief Commercial Officer and latterly President (Europe and Asia) for Ocado Solutions, driving the growth of this leading grocery ecommerce platform globally. Prior to this, Richard was a strategy consultant for OC&C in London and China, building the Company's presence in Asia-Pacific, before becoming a Senior Partner for the Consumer Goods and Retail practice of Oliver Wyman in Asia-Pacific. During this time, he built extensive experience of the retail consumer market in China, and Asia-Pacific more broadly.

In February 2024, Jo LeCouilliard stepped down from the Board with the appointment of Camillo Pane as the new Independent Chair of Alliance. Camillo Pane has over thirty years of relevant experience. He has held a number of senior positions at Reckitt Benckiser, including Senior Vice President and Global Category Officer for Consumer Health, before moving to Coty Inc, one of the largest beauty companies in the world, where, as CEO, he led the merger with Procter & Gamble Specialty Beauty. Most recently, he was Group CEO of Health & Happiness Group, a global Health and Nutrition company listed on the Hong Kong Stock Exchange with revenues of around $2.0bn.

On behalf of the entire Group, we would like to thank Jo for her contribution to the business over the last five years.

Peter Butterfield
Director
18 June 2024

More information on our Senior Leadership Team can be found on our website

MARKET OVERVIEW

The macro factors shaping our business

1. Ageing global population

By 2030, c.1.4 billion people globally will be over 60 years old[1] and the global hotspot of ageing is shifting from Europe to East Asia. By 2040, about a third of all Chinese (400 million+) will be over the age of 60 compared to just 18% in 2020[2]. Ageing, as well as education and income advancement in emerging markets, will all increase the global demand for healthcare.

2. Growth in self-care

There is a growing trend towards more proactive management of health and wellbeing, rather than an individual just taking action when they feel unwell. The rising cost of providing public healthcare means governments are becoming more supportive of this, increasing the availability of OTC medicines and supporting pharmacists and nutritionists to provide more first-line care and support.

3. Digital health

The increasing adoption of digital health solutions is providing consumers, health practitioners and manufacturers with greater access to information on medical conditions, treatments and outcomes. Regular feedback from a digital device can lead to a more engaged consumer who is willing to take more actions to manage their health. By aggregating that feedback across many consumers, we can identify emerging needs or gaps in the market and develop new products and services to meet them.

4. Omni-channel retail

Whilst there has been a rise in the purchase of health products and services online, this is not the only way that consumers want to transact. A purchasing journey may include multiple or omni-channels, such as first seeking advice in a pharmacy but ultimately purchasing from a website via a mobile phone. Each channel must be optimised, so that the consumer is able to find what they want and can complete their purchase easily.

5. Environmental sustainability

With greater focus and scrutiny on sustainability, the way a business operates matters more than ever. Many consumers now actively seek companies and brands whose values align with their own. For example, choosing products containing sustainably-sourced ingredients or with environmentally-friendly packaging.

6. Economic uncertainty

Businesses operate in a volatile, uncertain, complex and ambiguous world where being agile, resilient and managing cost is essential to success. Faced with a higher cost of living, consumers tend to look for brands and services that offer the best value to them, and with proven results, rather than risk using something unknown.

1 Source: World Economic Forum.

2 Source: Statista.

MARKET OVERVIEW CONTINUED

Proactive consumers

Where people previously adopted a reactive approach to their health and only took action when they felt unwell, more recent innovations and new technologies now allow a more proactive management of health.

HOW WE TARGETED OUR MESSAGE TO A MORE PROACTIVE CONSUMER IN 2023:

Our Purpose and Vision considers these macro factors in combination with our key areas of expertise, which we believe places us in a stronger position to deliver our strategy and to continue the successful evolution of our business.

AMBEREN SUPPORTING WOMEN THROUGH MENOPAUSE

Our website for Amberen™ in the US contains a wealth of information to support women through menopause and provides the opportunity to subscribe to monthly shipments to improve consistent usage and ultimately product satisfaction. Marketing plans feature the use of both consumer and healthcare professional social media influencers to showcase the experiences of women who have benefitted from taking the supplement.

KELO-COTE SINGLES' DAY SUCCESS

During the Singles' Day festival in China, our global ecommerce team hosted a livestreaming event on Tmall to educate consumers on the benefits of using Kelo-Cote™ to improve the appearance of scars. This helped deliver 20% increase in Kelo-Cote sales on Tmall during the festival, versus the same period the prior year.

OUR STRATEGY

Our vision is to be a high-performing Consumer Healthcare Company, built on a portfolio of leading, trusted and proven brands

As we continue to evolve into a predominantly Consumer Healthcare Company, our strategy focuses on the global priority categories of helping damaged skin and supporting healthy ageing.

See our Purpose, Vision and strategy infographic on page 05.

HELPING DAMAGED SKIN

Within the multi-billion dollar global skincare category there are several skin health sub-categories, such as scar management, medicated anti-dandruff shampoo and dry skin – sub-categories which are both fast-growing at present and have large future growth potential thanks to favourable demographics and high global prevalence of these conditions.

Alliance already has brands, products, technology, and expertise within these high-growth sub-categories – brands that are grounded in science, which we can build and develop further, to make a positive difference to more people's lives globally.

SUPPORTING HEALTHY AGEING

The favourable demographics of the ageing global population are expected to continue, with forecasts predicting that an additional quarter of a billion people (or 40% of the global population) will be over the age of 45 by 2030. The 65+ age group is growing consistently faster than any other age group, as medical advances facilitate longer lifespans.

As people become increasingly proactive in managing their health, we anticipate sustained growth in those healthcare categories that support healthy ageing. This includes managing conditions that arise as a result of the ageing process, such as menopause, or age-related macular degeneration ("AMD"), and also long-term conditions which can occur at any age, where we can support an individual's health and wellbeing over a longer period of time.

Brands falling within the categories of 'Helping damaged skin' and 'Supporting healthy ageing' will be the focus of our innovation and future acquisition activities going forwards.

In addition, we have a number of high-performing local brands and critical medicines, which are central to the delivery of our purpose.

High-performing local brands

We have a number of high-performing local brands which continue to provide a strong contribution to the business and so warrant specific local focus and investment. These brands deliver significant sales in a market or region and have the potential to deliver good regional growth.

Critical medicines

Critical medicines are for conditions that are life-threatening or where patients' physical or mental health would be seriously impacted without the product and there are no viable alternatives.

We see it as part of our social responsibility to ensure that our critical medicines continue to be made available to patients, and it is this, rather than financial returns or growth potential, which underpins our resource allocation decisions for this group of products.

Foundation brands

We continue to review the future of our smaller brands which have lower contribution to our bottom-line performance and which may have higher associated risks and, if appropriate, will look to discontinue or divest these.

OUR STRATEGY CONTINUED

Core Priority markets

Since 2016, and aligned with our period of expansion through acquisition, we have been building the optimal global office base to support our future growth. We remain fully committed to this global footprint.

We will continue to manage and drive growth from our nine offices located in Cary, Dublin, Düsseldorf, Madrid, Milan, Paris, Shanghai, Singapore, and our headquarters in Chippenham.

From this fixed base of offices, we will service and grow our business globally, with particular focus on our identified Core Priority markets:

- The US, China and UK will continue to be our highest priority geographies – these are markets where there remains significant growth potential and where we have existing scale.
- France and Germany offer attractive OTC markets, and whilst our revenue generation in these markets is relatively low at present, our direct presence and high-quality local teams provide the potential to drive both scale and growth.

Collectively, these five markets currently account for around 77% of our annual sales (2022: 75%). Our remaining markets will continue to provide profitable incremental business.

77%
ANNUAL REVENUE FROM US, CHINA, UK, FRANCE AND GERMANY MARKETS

9
STRATEGIC LOCATIONS

Geographic key

- Core Priority markets
- Other markets

International offices

1. Global Head Office: Chippenham, UK
2. Dublin, Republic of Ireland
3. Paris, France
4. Düsseldorf, Germany
5. Madrid, Spain
6. Singapore
7. Shanghai, China
8. Cary, North Carolina, USA
9. Milan, Italy

OUR STRATEGIC PRIORITIES

To enable the successful delivery of our strategy, we have identified four priorities for the business over the next three to five years:

Brand growth

We will build **fast-growing brands** where **consumer choice** is driven by the **positive difference** we make

We will seek to enhance the attractiveness of our high-value brands, through:

- insight-led, data-driven, measurable marketing investment;
- acquisition and in-licensing of products or technologies to support our key brands; and
- innovation and development activity to keep our core brand portfolios ahead of their respective competitive sets.

ScarAway, our most recent acquisition, generated £9.9m revenue in 2023, up 20% CER on a like-for-like basis, as we responded to consumer demand to reintroduce discontinued SKUs.

In 2023, we delivered £3.5m revenues from products developed and launched by Alliance with Kelo-Cote Kids (launched in 2022) and Canker-X (launched in 2023) responsible for the majority of these revenues.

See our **Spotlight on building fast growing brands** on **page 20** and our **performance case study on page 06**

Commercial execution

We will **increase** the **impact** of our **commercial execution**, with a major focus on **ecommerce**

We will continue to look for omni-channel presence in our core markets whilst recognising that ecommerce represents our fastest growth channels in these markets, a trend which we expect to continue for many years to come.

In 2023, 44% our consumer healthcare sales were via ecommerce; up from 34% in 2022 and significantly more than the global average for consumer healthcare of around 15%[1].

We believe that by 2027, this will have increased to around 50%–55% of our total consumer healthcare sales.

Cross-border ecommerce ("CBEC") continues to be an important contributor to Kelo-Cote™ sales in China, both through the B2B and B2C channels, and in 2023 we leveraged our ecommerce knowledge to broaden the geographic reach of our ecommerce platforms and enter new markets.

See our case study on **developing the Kelo-Cote ecosystem in China** on **page 08** and the **Realism case study on the Kelo-Cote Singles' Day success** on **page 06**

1 Source: IQVIA.

OUR STRATEGIC PRIORITIES CONTINUED

Strategic supply partnerships

We will **transform** our **supply chain** by investing in a network of **strategic partnerships**

We remain committed to finding ways to consolidate our supply chain, moving to a smaller, high-performing network of strong partners with whom we can collaborate and invest for the future.

Partners who will support us, not just with the manufacture and supply of current products, but also with innovation and the delivery of our environmental sustainability strategy. A smaller network of partners will also facilitate efficiency gains.

In 2023, we successfully moved the manufacture of Nizoral™ from Belgium to Thailand to be closer to the customer, delivering cost savings and improving on-time-in-full order fulfilment, in addition to environmental benefits through a reduction in carbon emissions.

See our **case study on strategic supply partnerships** on **page 22** and our **Sustainability overview** on **page 29**

Organisational agility

We will **continue to cultivate** an **agile organisation and culture** that delivers our growth

It is the diverse combination of skills, experience and energy of Alliance's people that help to create our strong culture. We are harnessing this culture to enable the successful delivery of our strategy with increased focus and pace.

We recognise that new technologies, approaches, and opportunities enable companies to gain a competitive advantage quickly – innovation and ecommerce require us to excel in these fast-moving, competitive worlds. Change is continual and as the pace of change increases, we need to ensure we maintain sufficient agility to respond appropriately.

Agile businesses are tuned into the dynamic external world and centred on their customers' changing needs. They have a rapid cycle of ideas development – a test, learn and adapt approach, which we believe is well-suited to areas such as innovation and ecommerce.

We remain focused on ensuring we attract and retain the right people to support and maintain an agile culture. Our early careers programme is building momentum, and we were delighted to be re-certified as a Great Place to Work® in the UK, US, China and Singapore.

See our **case studies on the early careers programme** on **page 23** and our **People** section on **page 24**

SPOTLIGHT ON…

Brand growth

In response to consumer requests we worked with our contract manufacturing partner for ScarAway™ to reintroduce tan scar sheets that had been discontinued by the previous brand owner, prior to our acquisition. This decision supported market leading growth in 2023.

Unlike clear scar sheets, tan scar sheets are designed to be washed and reused, offering the consumer greater flexibility and allowing them to observe their scar healing. Prior to Alliance's acquisition of the brand, the previous owner had discontinued all tan sheets in the range. When tan products in the range went out of stock we had numerous requests online and through our customer service helpline to bring them back. Working with our partner we were able to quickly resupply the previous range, in addition to offering a new variety pack containing multiple sizes in one box. Scar sheets are particularly well suited to the ecommerce channel, so the decision to relaunch the range was well aligned with our strategy. The new SKUs and associated marketing activation helped to support 20% like for like revenue growth for ScarAway in 2023 and 30% growth in sheets, above that of the market.

#1

BRAND IN SILICONE SCAR SHEET CATEGORY[1]

+30%

GROWTH IN SCARAWAY SHEETS VERSUS CATEGORY GROWTH OF 22%[2]

1 Neilson data as at 30.12.2023.
2 Source: Nielsen, XAOC, ScarAway Competitive Set, L52 w/e 12/20/2023.

WE ARE **ALL**IANCE

"Consumers wanted the range, and we had a partner with the necessary raw materials already in stock so the whole process was seamless and aligned with our strategy to focus on ecommerce."

Alethea Taylor
US Brand Manager

SPOTLIGHT ON…

Commercial execution

Working with Saatchi & Saatchi Wellness, we developed a creative campaign to build and grow global consumer awareness of the Kelo-Cote™ franchise, following the acquisition of ScarAway™ in the US in 2022.

The campaign was launched first in the UK, building on the success of the out-of-home poster campaign, and providing a useful benchmark for the wider EMEA market. By deliberately incorporating talent and messaging which has global appeal, we have ensured that the campaign assets can be repurposed for our core markets at little additional expense, whilst maintaining global brand consistency. In 2024, we intend to launch the campaign across Europe, the US and the cross-border market in China.

+12pp

INCREASE IN POST CAMPAIGN UK BRAND AWARENESS

4.3

★★★★

STAR RATING ON AMAZON

WE ARE **ALL**IANCE

“By strategically investing in global marketing assets today, we are well positioned to strengthen the leadership of the Kelo-Cote franchise for the future.”

Natalie Bayes
Senior Global Brand Manager – Kelo-Cote

SPOTLIGHT ON…

Strategic supply partnerships

In 2023, we completed the transfer of our Nizoral™ production from the Belgium-based legacy CMO that we inherited at the time of the brand's acquisition to a new CMO based in Thailand.

Our aim was to localise production, which is significantly more cost-effective and efficient for supplying Nizoral to our APAC markets. As well as shortening lead times, localised production also reduces carbon emissions as the product now travels a considerably shorter distance to market and is shipped by land or sea rather than air. Having selected a highly skilled and reliable CMO, we worked closely with them to ensure the seamless transfer of production with no disruption to supply.

c.£0.5m

ANNUALISED COST SAVINGS

100%

ON-TIME-IN-FULL DELIVERY, SIGNIFICANT IMPROVEMENT

WE ARE **ALL**IANCE

"Moving production of Nizoral to Thailand provides significant advantages for our customers and our business, as well as reducing carbon emissions."

Jerry Sun
APAC Operations Director

SPOTLIGHT ON…

Organisational agility

Our graduate development programme provides an exceptional opportunity to develop a career in international healthcare. Two graduates join our commercial and scientific affairs teams each year, along with a Year in Industry placement student in finance.

The programmes allow participants to experience the full breadth of our operations through rotations across different teams, which may include an international placement for the two-year graduate scheme. This helps our recruits to identify and create a career path that best suits their skills and interests. A key component of the programme is mentorship and support from senior leaders.

Our other early careers options include apprenticeships and Year in Industry programmes, and we support our people to obtain professional qualifications.

We have continued our partnering with local schools, supporting their work experience and summer placements programmes.

Top left: **Georgia Wood**, Commercial Graduate

Top right: **Kathryn Brooks**, Scientific Affairs Graduate

Middle: **Lauren Green**, Scientific Affairs Graduate

Bottom left: **Haris Qureshi**, Finance Trainee

Bottom right: **Madeleine Thow**, Commercial Graduate

WE ARE **ALL**IANCE

“We provide extensive support and development to help our graduates build and accelerate their career at Alliance.”

Julie Murday
Head of Human Resources and Facilities

OUR PEOPLE

Our People

Ensuring our people and culture continue to support the business's medium-term growth ambitions.

In 2023, we welcomed 52 new colleagues into the business including our new Chief People Officer, Julie Skinner, and created eight new roles to support our strategy.

292

TOTAL EMPLOYEES[1]

2022: 285

73%

SAY THIS IS A GREAT PLACE TO WORK[2]

2022: 82%

1 As at 31 December.

2 Based on findings from Great Place to Work® survey, October 2023.

WE ARE **ALL**IANCE

"The delivery of our strategy is only possible due to our network of talented, dedicated colleagues."

Julie Skinner
Chief People Officer

OUR PEOPLE CONTINUED

OUR PEOPLE

In 2023 we continued to embed our culture, values and processes following a period of significant recruitment to support our refreshed strategy in 2022. We also continued to support early career development with the second cohort of graduate development programme participants and a new Year in Industry placement student.

In a tough business climate, we are delighted to have been re-certified as a Great Place to Work® in the UK, US, China and Singapore.

STRENGTHENING OUR PROCESSES

One of our key focus areas for 2023 was the implementation of a global Human Resources Information System. With our preferred supplier identified in 2022, we made great progress in launching the system in the UK and US in H2 23, and remain on track to onboard all remaining colleagues in H1 24.

The new information system provides significant efficiency benefits, moving previously manual processes for booking annual leave and appraisals onto a standardised platform. Further opportunities exist to host reward and recognition tools on the platform.

SUPPORTING OUR EMPLOYER BRAND

We continue to have a strong response to our employee engagement survey which generates valuable insight and feedback from which to shape our People plans for the coming years. Whilst recruitment remains challenging in this sector, we continue to provide a compelling career proposition and attract high calibre candidates with our strong positive culture and team ethos.

MOVING FORWARDS

We recognise the need to offer flexibility to our colleagues whilst balancing the need to collaborate across the business, and are continuing to refine our approach to hybrid working in a way that suits the individual, teams and wider business. The arrival of our new Chief People Officer, Julie Skinner, in late 2023 allows fresh perspective and ideas. She will lead the development of a comprehensive People plan, incorporating an Equity, Diversity and Inclusion strategy, throughout 2024, ensuring we remain an employer of choice in the years ahead.

Progress in 2023:

- Implemented our new HR Information System
- Maintained GPTW certification in the UK, US, China and Singapore
- Continued our early careers programmes
- Launched our Employee Code of Conduct
- Implemented a comprehensive programme of Lunch and Learn events for colleagues on a diverse range of topics

Focus for 2024

- Continue to increase and improve communication throughout the business
- Continue to embed a culture of wellbeing
- Further the development and implementation of our reward and recognition proposition
- Develop a comprehensive three year People strategy to support Alliance's growth ambitions and business strategy

EMPLOYEES BY GENDER[1]

BOARD & SENIOR LEADERSHIP TEAM[2]

75% MALE | **25%** FEMALE

(2022: 78% Male, 22% Female)

SENIOR MANAGERS[3]

64% MALE | **36%** FEMALE

(2022: 69% Male, 31% Female)

ALL EMPLOYEES[4]

41% MALE | **59%** FEMALE

(2022: 42% Male, 58% Female)

1 Based on Company data as at 31 December.
2 2023: n=12 (2022: n=9).
3 Defined as those running major divisions of departments, but not part of the Board and Senior Leadership Team; 2023: n=25 (2022: n=29).
4 Includes NEDs and fixed-term contractors.

KEY PERFORMANCE INDICATORS

Financial KPIs

We set out here our key financial performance indicators.

These are the primary measures used by management to monitor business performance against both short-term budgets and forecasts and longer-term plans.

SEE-THROUGH REVENUE[1]

£182.7m +6%

(2022: £172.0m)

2023	**£182.7m**
2022	£172.0m
2021	£169.6m
2020	£137.5m

GROSS MARGIN[1]

57.5% -160bp[3]

(2022: 59.1%)

2023	**57.5%**
2022	59.1%
2021	64.5%
2020	60.2%

UNDERLYING EBITDA[1]

£45.0m +15%

(2022: £39.2m)

2023	**£45.0m**
2022	£39.2m
2021	£48.6m
2020	£38.6m

UNDERLYING PROFIT BEFORE TAX[1]

£31.5m +4%

(2022: £30.3m)

2023	**£31.5m**
2022	£30.3m
2021	£42.2m
2020	£33.5m

UNDERLYING BASIC EPS[1]

4.55p +6%

(2022: 4.28p)

2023	**4.55p**
2022	4.28p
2021	6.39p
2020	5.11p

DIVIDEND PER SHARE

Nil

(2022: 1.776p)

2023	**0p**
2022	1.776p
2021	1.691p
2020	1.610p

FREE CASH FLOW[1]

£21.3m +35%

(2022: £15.8m)

2023	**£21.3m**
2022	£15.8m
2021	£30.2m
2020	£34.1m

LEVERAGE[2]

2.05x

(2022: 2.57x)

2023	**2.05x**
2022	2.57x
2021	1.73x
2020	2.43x

NET DEBT[1]

£91.2m -11%

(2022: £102.0m)

2023	**£91.2m**
2022	£102.0m
2021	£87.0m
2020	£109.4m

1 These measures constitute Alternative Performance Measures ("APMs"), as defined in note 30 to the financial statements.

2 Leverage is defined as: Adjusted net debt/enlarged Group EBITDA, calculated using proforma EBITDA on a trailing 12-month basis for acquired entities, in line with our banking covenants.

3 Basis points.

KEY PERFORMANCE INDICATORS CONTINUED

Additional KPIs

WORKING CAPITAL MANAGEMENT

SUPPLIER PAYMENT DAYS[1]

60 +2 days

(2022: 58)

2023	**60**
2022	58
2021	46
2020	52

DAYS SALES OUTSTANDING[2]

74 +3 days

(2022: 71)

2023	**74**
2022	71
2021	61
2020	55

DAYS INVENTORY ON HAND[3]

152 -2 days

(2022: 154)

2023	**152**
2022	154
2021	169
2020	138

PORTFOLIO EVOLUTION

REVENUE: CONSUMER HEALTHCARE BRANDS[4]

£136.4m +9%

(2022: £125.2m)

2023	**£136.4m**
2022	£125.2m
2021	£121.8m
2020	£93.0m

CONSUMER HEALTHCARE AS A % OF TOTAL REVENUE[4]

75% +2pp[6]

(2022: 73%)

2023	**75%**
2022	73%
2021	72%
2020	68%

RESOURCING

TOTAL HEADCOUNT[5]

292 +2%

(2022: 285)

2023	**292**
2022	285
2021	245
2020	245

EMPLOYEE ENGAGEMENT: (GPTW Trust Index©)

74% -5pp[6]

(2022: 79%)

2023	**74%**
2022	79%
2021	76%
2020	79%

1 Month-end value of trade payables relative to the trailing 12 months' cost of goods expressed as a days' equivalent, averaged over the year.

2 Month-end value of trade receivables relative to the trailing 12 months' sales expressed as days' equivalent, averaged over the year.

3 Month-end value of inventory relative to the trailing 12 months' cost of goods expressed as a days' equivalent, averaged over the year.

4 On a See-through basis.

5 As at 31 December.

6 Percentage Point.

Other indicators

In addition to these indicators, we also employ a broad range of other measures to help us manage business performance, including but not limited to:

- Brand revenues, margins and contribution, by management region and relative to marketing and innovation investment.
- Post-acquisition performance evaluation measures.
- On-time in-full delivery and out-of-stocks (to ensure continuity of product supply).
- Additional detail around inventory levels, provisioning and ageing profile; trade receivables and payables levels and ageing profiles (working capital management).

We do not disclose the related metrics associated with these measures, on the basis that they are commercially sensitive and/or intended for internal use only.

SUSTAINABILITY

Prioritising people, planet and product

OUR APPROACH

We are committed to operating our business in a responsible way, minimising our negative impacts and maximising our positive contribution while promoting the sustainability of our business for the longer term.

OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework identifies the key areas we are focusing on to deliver on our purpose and to assure the future of our business for the longer term.

PURPOSE

We empower people to make a positive difference to their health and wellbeing.

Visit our Sustainability hub

Learn more on our website and
in our Online Sustainability Report at
alliancepharmaceuticals.com/sustainability

PEOPLE

We are working to improve the quality of life for all people we interact with.

PLANET

We seek to minimise our carbon emissions and reduce our environmental impact.

PRODUCT

We deliver products that meet the highest standards of quality, safety and supply chain ethics.

SUSTAINABILITY CONTINUED

Overview

We made good progress against our sustainability agenda in 2023 – below is a summary of our key achievements in the year and our main areas of focus for 2024. Further detail, including relevant metrics for all the areas of focus forming part of our sustainability framework, can be found in our Online Sustainability Report.

PEOPLE

Identified focus areas for 2023

To increase our organisational agility – developing the requisite capabilities through a combination of talent acquisition, training, and cultural change.

To maintain and enhance our high levels of employee engagement.

To launch our Employee Code of Conduct, setting the benchmark for the ethical behaviours we expect from colleagues.

Progress in the year

- Implemented our new global Human Resources Information System.
- Maintained Great Place to Work® certification in the UK, US, China and Singapore (see page 31).
- Introduced new ethical and legal compliance training (see page 06) with new modules on issues such as unconscious bias.
- Launched and rolled out our Employee Code of Conduct (see page 06).
- Continued our early years career programme (see page 23).
- Implemented a comprehensive programme of Lunch and Learn events for colleagues on a diverse range of topic.

Focus for 2024

- Continue to increase and improve communication throughout the business.
- Continue to embed a culture of wellbeing.
- Further the development and implementation of our reward and recognition proposition.
- Develop a comprehensive three-year People strategy to support Alliance's growth ambitions and business strategy.

PLANET

Identified focus areas for 2023

To continue to work towards developing our Scope 3 emissions reduction targets, through:

- embedding ownership of product-related emissions within the appropriate functional areas of the business; and
- continued methodology improvements to increase the accuracy of emissions measurement across all categories.

To continue to develop our packaging strategy, confirming and publishing sustainability improvement targets for both primary and secondary packaging.

Progress in the year

- Scope 1 and 2 (location based) emissions up 13% versus 2022 as more colleagues return to the office, but 76% reduction in market based emissions through use of green energy suppliers. 48% reduction in location based emissions versus 2018 baseline.
- Offset these emissions, and those for 2022, through the purchase of carbon credits.
- Commenced a project to install photovoltaic ("PV") panels onto the roof of our headquarters in Chippenham. (See page 32).
- Set a Scope 3 emissions target to achieve a 25% reduction (versus 2022 baseline) by 2030 and to achieve net zero by 2044.
- Continued to develop our packaging strategy and initiated an agreement with Valpak to create and maintain a database of all our packaging.

Focus for 2024

- Begin to generate our own electricity through the PV panels. Continue to engage with our CMOs and LSPs to improve the calculation of our Scope 3 emissions.
- Develop a sustainable packaging strategy with appropriate KPIs.
- Launch new packaging for Nizoral™ Derma Daily with 35% post recycled plastic and primary carton box removed.
- Publish a Travel policy for employees to encourage more sustainable modes of transport.

PRODUCT

Identified focus areas for 2023

To obtain formal confirmation from our CMOs that they comply with our ethical standards.

To tighten our processes around modern slavery in our supply chain.

Progress in the year

- Moved Nizoral API manufacture from Belgium to India and China.
- Moved Nizoral finished good production from Belgium to Thailand.
- 98% of CMOs managed by our sourcing team have either signed up to our Partner Code of Conduct or provided us with a copy of their equivalent code.
- Carried out a strategic gap analysis and developed a three-year anti-slavery strategy and action plan (see page 33).
- Introduced a modern slavery module into our compliance training.
- Carried out a tender assessment on third-party warehouse and logistics partners.

Focus for 2024

- Continue to provide modern slavery training to relevant colleagues including senior leaders.
- Undertake a supply chain human rights risk assessment and supplier lifecycle due diligence review.
- Develop a comprehensive Human Rights strategy.
- Develop a procurement framework including sustainability criteria.

SPOTLIGHT ON…

Purpose

Alliance's purpose is to empower people to make a positive difference to their health and wellbeing. Kerry's story provides an example of how our products improve lives.

Following an accident, Kerry was left with a life-changing scar under her arm. As a personal trainer and keen swimmer, she was concerned about how the scar might impact her freedom of movement and draw attention. The scar knocked Kerry's confidence and was very red and painful. Kerry reported that Kelo-Cote™ significantly levelled and flattened the scar, which reduced discomfort and gave her enough confidence to take part in a marathon open water swim.

Find out more about the **Kerry's** story

KELO·COTE®
SCAR PREVENTION & TREATMENT

> It's just amazing how a product that's just the size of an eye gel can change your life."

Kerry
Personal Trainer

SPOTLIGHT ON…

People

We are proud to be a certified Great Place to Work ("GPTW") and are always looking for ways to improve by listening and responding to feedback from our colleagues. The changes we made during the year in response to this feedback delivered improved results in the 2023 survey.

Throughout 2023, the HR team worked closely with all country leaders and cross-departmental focus groups to help interpret feedback from the 2022 GPTW survey and create meaningful action plans, with a particular focus on health and wellbeing. The subsequent changes implemented included improvements to the working environment, an increase in social events and greater opportunities to celebrate successes. We were delighted to see improved scores in response to the statements: 'I get empathy and support from my manager/supervisor when needed' and 'I am offered training and development to further myself professionally'.

87%

OF COLLEAGUES AGREED THAT THEY GET SUPPORT FROM THEIR MANAGER/ SUPERVISOR (+7PP)

71%

OF COLLEAGUES AGREED THAT THEY ARE OFFERED TRAINING AND DEVELOPMENT (+7PP)

WE ARE ALLIANCE

"People are our most important asset - by collaborating with colleagues, we have put in place changes to drive meaningful improvement in our work environment."

Julie Skinner
Chief People Officer

SPOTLIGHT ON…

Planet

We are committed to operating our business in a responsible way, which minimises negative impacts on the planet. Our goal is to achieve net zero Scope 1 and 2 emissions by 2030 and Scope 3 by 2044.

In 2023, we commenced a project to install photovoltaic ("PV") panels on the roof of our headquarters in Chippenham. This required planning consent, listed building consent and landlord approval before building work could begin in August 2023. A separate project will follow to install four electric vehicle charging points. Once the PV panels are onstream, we expect to generate around 25% of our own electrical supply, which is a significant step towards our net zero target.

25%

OWN ELECTRICAL SUPPLY GENERATION ONCE PV PANELS ARE ONSTREAM

2030

THE YEAR IN WHICH WE AIM TO REACH NET ZERO SCOPE 1 AND 2 EMISSIONS

WE ARE **ALL**IANCE

"Alliance is leading the field in emissions reductions versus its AIM-listed peers and our PV panels will help us meet our net zero target."

Cora McCallum
Head of Investor Relations and Corporate Communications

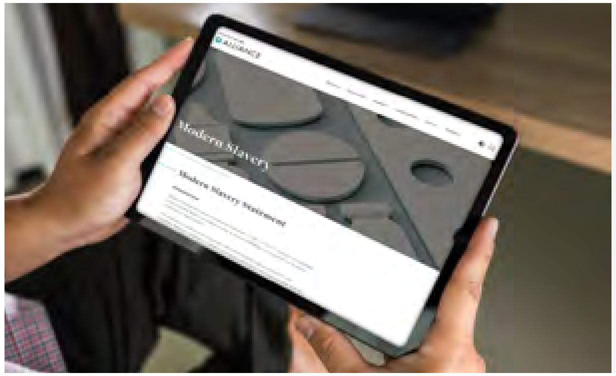
Find out more about the **Online Sustainability Report at alliancepharmaceuticals.com/sustainability**

SPOTLIGHT ON…

Product

During 2023, we entered into a three-year partnership with social enterprise Slave-Free Alliance (“SFA”) to safeguard those across all of our business, including our supply chain, from modern slavery and human trafficking.

Working with SFA, we carried out a strategic gap analysis that included document reviews and multi-stakeholder discussions with employees. We have since strengthened our Modern Slavery Statement and developed a three-year anti-slavery strategy and action plan. As well as providing tailored training to our procurement team, we have carried out a tender assessment on third-party warehouse and logistics candidates. Commitments for 2024 include further training and undertaking a supply chain risk assessment and supplier lifecycle due diligence review.



SLAVE-FREE ALLIANCE

Working Towards a Slave-free Supply Chain

94%

CODE OF CONDUCT TRAINING COMPLETION RATE

93%

QUALITY AND SOURCING AUDITS COMPLETED GLOBALLY IN 2023

WE ARE **ALL**IANCE

“Alliance is committed to ensuring that there is no modern slavery or human trafficking in any part of our business.”

Gaby Gray
Head of Legal

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

At Alliance, we recognise that we have a role to play in reducing our environmental impact and our contribution to climate change

Whilst there is no current requirement for us to report against the mandatory requirements of TCFD, we welcome the recommendations and are pleased to report voluntarily on our progress in 2023; integrating climate-related considerations into our existing business strategy and risk management processes.

OVERVIEW

In 2023, we were delighted to have received the award for best communication of Sustainability in the small cap category, from the IR Society. This demonstrates the Group's commitment to sustainability and to ensuring we effectively communicate our journey with all stakeholders.

In addition to the disclosures that follow, we plan to publish our second voluntary stand-alone TCFD Report on the Sustainability section of our website, to provide supplementary information about the risks and opportunities we face as a business as a result of climate change, and how we plan to address these.

ABOUT THE TCFD

Alliance fully complies with the TCFD framework which follows 11 recommended disclosures, spanning four themes, representing core business elements: **Governance, Strategy, Risk Management and Metrics and Targets**.

This framework supports Alliance to identify and assess the impact of climate-related risks and opportunities on our business and communicate our ability to manage this impact to our stakeholders. Reporting against the TCFD framework ensures that climate change is considered throughout our main business functions, and that we can effectively communicate its impact on our business to our stakeholders.

In 2023, as in previous years, we partnered with an external consultancy to support us with the evaluation of our business from a TCFD perspective and to undertake the scenario analysis and risk assessment required to determine our exposure to climate-related risks, considering both our own operations and the location of our key manufacturing and distribution partners.

This disclosure outlines our approach to mitigating and addressing physical risks (the physical impact of climate change, such as flooding), and transition risks (those associated with the transition to a decarbonised economy). This financial year, we expanded our reporting to include climate scenario analysis of our largest logistics service providers, in addition to the CMO's we assessed last year, to effectively understand the impact of future projections of our changing climate.

Governance – *responsibility for climate-related risks and opportunities*

Climate governance

Climate governance has been integrated into our existing corporate governance structures, with the Board having overall responsibility for Alliance's response to climate change and providing oversight on climate-related risks and opportunities, ensuring suitable management processes are integrated into future financial planning, business strategy and operations.

Whilst climate-related performance metrics are not currently linked to Executive remuneration, this is an area of focus for 2024. More detail is provided in the ESG Committee report on page 83.

Our CEO is responsible for sustainability and for ensuring effective communication between stakeholders, the Board, management, and employees around our climate action plan. The Board has delegated the responsibility of managing and overseeing climate-related risks and opportunities to the ESG Committee.

In 2023, the ESG Committee was restructured and Kristof Neirynck was appointed as the ESG Committee Chair in April 2023. Three Independent Non-Executive Directors, who are members of the Board, served on the ESG Committee. In addition, the CEO, COO and Head of Investor Relations (who is also the Corporate Sustainability Lead) were invited to attend the Committee.

The ESG Committee is responsible for setting the Group's overarching sustainability strategy and identifying relevant ESG priorities that most significantly impact the Group, including those relating to climate change. The Committee is responsible for ensuring that climate change priorities are anchored as an integral part of the Company's business strategy.

The ESG Committee and Board consider climate change when guiding the business strategy and developing risk management procedures. Risk assessments of climate risk impacts, such as flooding, have been taken as part of our ESG reviews. In addition, Alliance now focuses on transporting its products by sea rather than air, to minimise its carbon footprint and climate impact.

The ESG Committee has delegated management responsibility for climate-related risks and opportunities to three members of the Senior Leadership Team ("SLT") the COO, Chief People Officer and Group General Council & Company Secretary, supported by the Corporate Sustainability Lead. Collectively, they ensure the development and implementation of the Company's sustainability strategy, including climate action and TCFD reporting.

During the financial year, the ESG Committee held four scheduled meetings and provided quarterly updates to the Board regarding its activities and progress against goals and targets. Progress has been made in several areas during the financial year, with key activities focused on the scoping and resourcing of sustainable packaging, net zero strategy and roadmap, climate risks, TCFD, carbon action planning, employee engagement, supply chain oversight and responsible partnering. Climate change is a standing agenda at all ESG Committee meetings.

The Committee's key climate-related ESG priorities in 2023 have been:

- Developing a net zero strategy and roadmap that includes a Scope 3 emissions target.
- Presenting mitigation steps to climate risks.
- Promoting a sustainable packaging plan.

Throughout the financial year, members of the ESG Committee, SLT and wider management team worked with our third-party ESG consultancy to identify and assess the impact of climate change on our operations. Two Climate Risk Management Workshops were held for members of our facilities team, supply chain leads and SLT, which included climate change training. Following the workshops, we held follow-up calls with members of the team, to collect additional information from across the departments, mainly relating to supplier sites. Subsequently, this was presented to the Board in December 2023.

The session with the Board covered climate change, the climate-related risks identified in the workshops, and key next steps in climate reporting and climate mitigation initiatives. Through this presentation, the Board was able to review and approve climate-related risks for 2023.

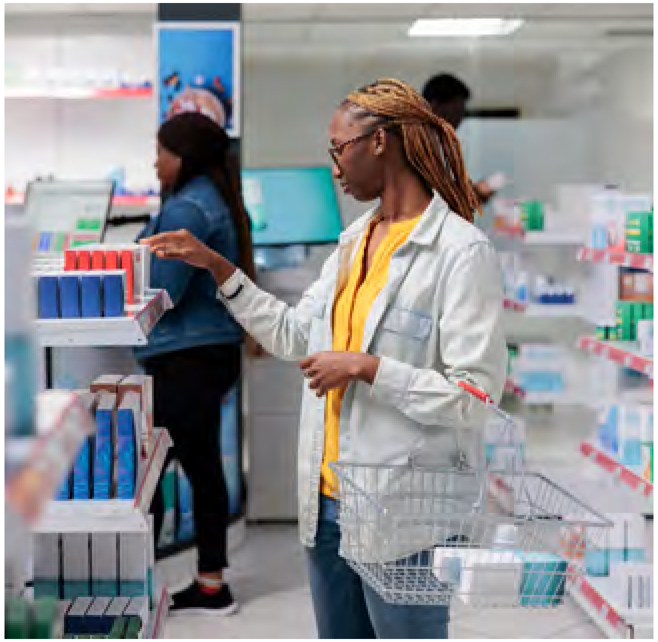
We have a Climate Risk Register, which is maintained annually, and overseen by SLT to ensure climate risks and opportunities are accurately updated, monitored, and reported, with key information being provided to the Board when necessary.

Strategy – *Developing a resilient business strategy*

Alliance has a clear strategy to deliver sustainable business growth, whilst maximising the value of our core Consumer Healthcare business. With the increased risk of our operations potentially being impacted by climate change, we welcomed the recommendations of the TCFD and analysed the impact that global warming may have on our operations and growth. In 2023, for the third year, we continued to embed the recommendations of the TCFD, identifying climate-related risks that may impact the business and the climate-related opportunities on which we aim to capitalise. Although this is not a mandatory disclosure for Alliance, this forward-looking analysis has helped us consider sustainability in our long-term planning to ensure that our business strategy remains resilient to the impacts of climate change.

We used our established risk management framework to assess and rate climate change risks. Climate-related risks were scored using Alliance's business risk rating system for likelihood (likelihood of the risk occurring) and impact (the potential or actual impact that the risk may have on the business). The impact of climate-related risks on the revenue of the business will be fully considered in 2024, where possible.

Our climate risk management framework identified the climate-related risks and opportunities, that could potentially impact our business. To strengthen this process, we utilised climate scenario analysis, investigating the resilience of our business strategy across differing future projections of climate events. Climate scenario analysis was conducted for all seven of our operational sites, allowing Alliance to assess the impact on our future operations.



As a Consumer Healthcare Company, we rely heavily on third-party partners, such as our distributors, contract manufacturers ("CMOs") and logistic service providers ("LSPs"). Any climate-related impacts on their operations could potentially present a significant risk to our business. Therefore, we widened our assessment of physical risks by conducting climate scenario analysis on 25 of our largest supplier sites representing 83% of total supplier spend, and our 10 key distributor sites, as determined by financial spend, to further our understanding how climate change may impact our value chain.

OUR CLIMATE SCENARIOS

To analyse the impact of climate risks in accordance with the TCFD guidance, we employed three climate change scenarios, each depending on the action that countries, businesses and the public will take to respond to global warming. The three scenarios are described in Table 1.

Several established international frameworks were used to develop these scenarios. These included the International Energy Agency's World Energy Models ("WEM"), the Shared Socioeconomic Pathways ("SSPs"), Climate Natural Catastrophe Damage Model, the Co-ordinated Regional Climate Downscaling Experiment ("CORDEX") forecasts, Central Banks, Supervisors Network for Greening the Financial System ("NGFS") and Integrated Assessment Models ("IAM").

While climate models offer detailed insights into potential futures based on different emission pathways, their accuracy is not guaranteed. Notably, certain climate models may either exaggerate or underestimate the significance of climate variables in the climate system, such as downwelling pressure, wind, clouds, temperature, precipitation, ocean currents, sea ice, permafrost, and others. Furthermore, disparities between model predictions and actual observations are common when assessing these elements or features.

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

Table 1: The three warming pathways used in the climate scenario analysis

Below 2°C (proactive scenario)	Between 2–3°C (reactive scenario)	Above 3°C (inactive scenario)
In this scenario, global efforts to mitigate climate change are substantial. Governments, businesses, and the public unite their efforts, to limit global warming to below 2°C, compared to pre-industrial levels. Many organisations start to follow the Science-Based Target initiative and the Paris Agreement, to achieve net zero emissions by 2050. Governments work together to put strict laws and regulations into effect that will lower carbon emissions. Every Company aspires to set the bar high for climate action to cut emissions. This planned strategy for addressing climate change produces a structured process, at an additional cost to businesses. Although there are significant transition risks in this case, the physical hazards of climate change will be less severe.	This scenario is the result of the COP26 policies and accords. It foresees a postponed response to climate change, resulting in the introduction of measures, in an unplanned manner to cut global emissions. In the near term, business as usual continues, but due to the delayed response, there are higher levels of transitional risks and some physical risks in the medium term. Governments will heavily rely on technology, to mitigate the effects of climate change. Only the most dedicated enterprises will take real action.	In this scenario, business as usual is maintained, where limited climate action is taken. Global emissions will increase until 2040, causing a rise in global temperature of more than 3°C. The IPCC ("Intergovernmental Panel on Climate Change") predicts that multiple climate tipping points will be met. This will lead to the highest levels of physical risk because of these tipping points. Governments and organisations will eventually feel pressure to act, due to the physical risks brought on by the inevitable rise in temperatures. As a result, rushed and disorganised policies will be implemented in the long term.

The following list outlines the time horizons Alliance used to identify when a risk or opportunity will have the most significant impact on the business. These timeframes were chosen to align with the UK's target to be net zero by 2050.

- Short (2023–2027): Greatest changes would be in the proactive scenario over this period.
- Medium (2028–2037): Physical impacts would start to be experienced, and policies will tighten in the proactive/reactive scenarios.
- Long (2038–2052): Greatest physical impacts would be experienced in this period in the inactive scenario.

The results from the climate scenario analysis were presented to our facilities team, supply chain leads team, Corporate Sustainability Lead, and SLT in our Climate Risk Management Workshops in November 2023, to determine the likelihood and impact of each potential climate-related risk. Through this process, we identified nineteen climate-related risks and three climate-related opportunities. The risks that were deemed to have a high impact and are material to the business are those which have an impact score of 4, and a potential associated cost of £2.5m or more. The impact of this risk on business strategy and financial planning will be fully considered in 2024. Of the nineteen risks, one was deemed material to the business (increased frequency and severity of flooding). This material risk is outlined in Table 2, with the climate opportunities provided in Table 3. The climate-related metrics that are used to measure and manage our climate-related risks can be found in the carbon emissions on page 40 and additional environmental metrics on page 41 sections of this report. Information on all our climate-related risks can be found in our 2023 TCFD Report which will be made available on our website shortly.

Risk Management – *Embedding climate into our risk management framework*

At Alliance, we have an established and comprehensive risk management framework, which informs how business risks are identified, rated, and monitored. Through our TCFD programme and with the support of our third-party ESG consultancy, we have created a stand-alone climate risk management framework, to identify and assess our climate-related risks and opportunities. Subsequently, we have integrated this as part of our wider business risk management processes.

The creation of our climate risk management framework consists of four key steps:

1. Identify

- In 2023, we conducted a climate scenario analysis to identify climate-related risks and opportunities for the business and our key suppliers and distributors. New risks were considered and in total, we identified nineteen climate-related risks, one material to the business, and three climate-related opportunities.

2. Assess

- The impact of each risk and opportunity was assessed across three scenarios (<2°C, 2-3°C and >3°C) and three time horizons: Short Term (2023–2027), Medium Term (2028–2037) and Long Term (2038–2052). This enabled us to understand where the impact for Alliance would be highest. In 2023, a total of two Climate Risk Management Workshops (November 2023) were held for our facilities team, supply chain leads and SLT, to understand the impact of current climate-related risks across the business, which was used to support our analysis. This was followed by a presentation to the ESG Board Committee in December 2023.

3. Appraise

- After assessing the impact of each risk, we appraised a range of risk management options. During the Climate Risk Management Workshops, we evaluated the effectiveness of the current risk mitigation actions for each climate-related risk and opportunity. For example, a key supplier site had been flooded before, however, flood defences have been implemented, reducing the risk at this site. We developed a climate risk management framework, to ensure our business operations remain resilient to climate change.

4. Address

- Our main aim is to ensure that we effectively manage and minimise the impact of climate risk on our operations. In the 2022 annual report, the impact of tacking climate change was determined as a principal risk to the business, after being reviewed by the Audit and Risk Committee.
- In 2023, we engaged with our key suppliers and distributors to understand how they are mitigating the potential impacts of climate change. Key distributors, such as one located in Florida, US, have implemented flood defences around the building. We plan to review our climate-related risks and opportunities annually, to monitor the performance of our mitigation plans and reassess the impact accordingly.
- The SLT, who are responsible for climate risks in Alliance, will review and update our Climate Risk Register to ensure that any risks, opportunities, or mitigation steps taken are reported with accuracy and transparency.

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

Table 2: Physical risks identified in 2023 that may impact the business under the most severe scenario analysis and in the longer term

Area	Climate-related Risk	Time Horizon	Scenario	Exposure	Climate-related Target
Acute	Increased frequency and severity of flooding.	Medium–Long Term (2028–2052)	> 3°C	A total of seven Alliance offices, twenty CMO and nine Distributor sites are in potential high flood risk zones.	Continue to conduct climate scenario analysis annually to understand the sites that are at high risk of flooding and will consider relocation of vulnerable sites.

Table 3: The Group's climate-related opportunities

Opportunity Area	Opportunity	Time Horizon	Scenario	Potential Impact
Energy resources	Use of lower-emission sources of energy.	Short–Medium Term (2023–2037)	< 2°C 2-3°C	Reduction in operating expenses as a result of increased efficiency (energy costs).
Technology and changing customer behaviour	Consumer shift towards sustainable designs and solutions presents a significant market opportunity.	Short–Medium Term (2023–2037)	> 2°C	Increased revenue generation from an increase in demand for sustainable products and services.
Reputation	Champion Alliance as a market-leader in the Consumer Healthcare industry.	Short–Medium Term (2023–2037)	< 2°C 2-3°C	Increased revenue generation as a result of (stakeholders) customers being attracted to the business' proactive agency regarding climate change.

Metrics & Targets – *Measuring and managing our climate impact*

During 2023, we remained committed to reducing our environmental impact while delivering sustainable business growth. Alliance's ESG consultancy have supported us in 2023 for the third year, to improve our environmental performance and data collection processes. We continued to work towards our target of achieving net zero absolute Scope 1 and 2 emissions by 2030 and have now set an absolute Scope 3 emissions target of net zero by 2044, versus the 2022 baseline. We are on track to meet our interim target of a 65% reduction in absolute Scope 1 and 2 emissions by 2025 (versus 2018 baseline). The 2030 targets for Scope 1 and 2 differ from the 2044 objectives for Scope 3, due to the complexities associated with mitigating emissions beyond direct operational control.

We have analysed all of Alliance's operations, entities and geographies to assess our sustainability performance and resilience against climate-related risks through various metrics including greenhouse gas emissions as outlined below.

Carbon emissions

As part of our wider sustainability programme, we are committed to reducing the greenhouse emissions associated with our business operations. We appreciate that understanding our carbon footprint is the first step in achieving this goal.

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

We have calculated our UK Scope 1 and 2 carbon emissions since 2018, as part of our Streamlined Energy and Carbon Reporting ("SECR") and in Table 4 we show the last three years' calculations. Further information can also be found on page 41. In 2021, we began developing our carbon action plan which included widening our data collection process to include the quantification of our Scope 3 carbon emissions, and in subsequent years we have refined the data quality through close collaboration with our partners. Further detail on the data sources and methodologies used for each category of emissions, including the areas of data collection that would benefit from improvement in the future, are provided in the Carbon Balance Sheet Report on our website **https://www.alliancepharmaceuticals.com/media/yycdxc02/inspired-carbon-balance-sheet-alliance-pharmaceuticals-limited-2023.pdf**.

Table 4: Group carbon balance sheet

	2023 Calculated Emissions (tonnes of CO_2e)		2022 Calculated Emissions (tonnes of CO_2e)		2021 Calculated Emissions (tonnes of CO_2e)		2018 Baseline Calculated Emissions (tonnes of CO_2e)	
Emission type	**Location-based**	**Market-based**	**Location-based**	**Market-based**	**Location-based**	**Market-based**	**Location-based**	**Market-based**
Scope 1 (direct)	**0**	**0**	2	2	2	2	7	–
Scope 2 (indirect)	**59**	**13**	50	52	68	16	107	–
Scope 3 (indirect)	**50,125**	**50,125**	47,973	47,973	37,648	37,648	–	–
1. Purchased Goods and Services	**43,034**	**43,034**	34,345	34,345				
2. Capital Goods	**121**	**121**	124	124				
3. Fuel-related Emissions	**17**	**17**	17	17				
4. Upstream Transportation and Distribution	**2,894**	**2,894**	6,962	6,962				
5. Waste Generated in Operations	**1**	**1**	1	1				
6. Business Travel	**1,014**	**1,014**	825	825				
7. Employee Commuting	**376**	**376**	499	499				
8. Upstream Leased Assets	**35**	**35**	42	42				
9. Downstream Transportation and Distribution	**2,433**	**2,433**	4,972	4,972				
10. Processing of Sold Products	**N/A**	**N/A**	N/A	N/A				
11. Use of Sold Products	**N/A**	**N/A**	N/A	N/A				
12. End-of-life Treatment of Sold Products	**199**	**199**	187	187				
13. Downstream Leased Assets	**N/A**	**N/A**	N/A	N/A				
14. Franchises	**N/A**	**N/A**	N/A	N/A				
15. Investments	**N/A**	**N/A**	N/A	N/A				
Total	**50,184**	**50,138**	48,025	48,026	37,627	37,575		
Emissions intensity*	**275**	**275**	279	279	128	128		

* Defined as tCO_2e per £m of revenue.

Scope 1 & 2 – Decarbonising our operations

Whilst the environmental impact of our own operations (Scope 1 and 2) is low (0.1% of total emissions for 2023) and considered not material to our longer-term sustainability performance - reducing them is important to us from a broader societal perspective. To decarbonise our own operations, we have taken two main steps in 2023. First, we are installing solar panels on the roof of our head office in Chippenham to be completed in mid 2024. Second, our office uses 100% renewable energy through green tariffs and energy attribute certificates ("EACs").

Most of our global office real estate is leased. Therefore, whenever possible, we work with property owners to optimise sustainability. Outside the UK, our office premises tend to be held on all-inclusive operating leases, which provides limited opportunities to control environmental footprint. However, we will seek to increase our understanding on an office-by-office basis, to determine potential measures.

We continue to identify opportunities to reduce Scope 1 and 2 emissions, which amounted to 59tCO_2e in 2023, and continue to offset these emissions, through regulated carbon market solutions that also deliver positive impact for local communities, to achieve carbon neutrality as an interim measure. In September 2022, we set our Scope 1 and 2 emissions targets to achieve net zero in 2030, with an interim target of 65% reduction by 2025, using 2018 as our baseline. For more detail on our Scope 1 and 2 emission calculation methodology, targets, and the progress we have made in delivering these, see our stand-alone 2023 TCFD Report.

Scope 3 – Decarbonising our value chain

Calculating our Scope 3 emissions enables us to understand and evaluate the full impact of our operations on the environment and develop our roadmap to net zero emissions by 2044 at the latest for Scope 3. Given the nature of our business and because we use of third-party distributors, CMOs and LSPs, most of our carbon emissions are classified as Scope 3 (99.9% of total emissions for 2023). The environmental impacts of these activities constitute one of the material focus areas within our sustainability framework.

Of the fifteen Scope 3 Categories, ten were applicable to the business. We do not have any Investments, Franchises, Downstream Leased Assets, nor do we process the End-of-life Treatment of Sold Products.

In 2023, we worked to improve our Scope 3 data collection processes, following the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards. We worked with our largest suppliers, CMOs and LSPs, to understand their emission sources (scopes 1 and 2) and reduction plans, to help improve the methodology used in our Scope 3 calculations. This helped us to identify hot spots and seek opportunities to reduce the Scope 3 emissions in our supply chain, as part of our overall carbon reduction plan. Also, we are seeking ways to reduce emissions attributable to the other categories under Scope 3. For example, non-stock purchases, business travel and employee commuting. Further details can be found on pages 28 and 29 and in our Online Sustainability Report.

Additional environmental metrics

Waste management

Reducing our product packaging is a priority for the Group. We continue to better understand our primary packaging (directly in contact with a product) and secondary packaging (which holds all individual units of a batch of products) across our estate.

We are excited by the potential to bring about positive change, through working in partnership with our suppliers to source new and better alternatives to some of our current packaging, in furtherance of our ambition to reduce our reliance on single-use plastics. In 2024, we will assess the feasibility of setting waste targets.

Water

Alliance water consumption is low, with most usage being domestic. However, we still aim to minimise water use. In 2023, we engaged with our key suppliers to understand how they are minimising their water consumption, and discussed their water-related targets. In 2024, we will assess the feasibility of setting water targets.

STAKEHOLDER ENGAGEMENT

ENGAGING WITH OUR STAKEHOLDERS

Overview

The Board recognises the importance of maintaining an engaged and motivated workforce, dependable supply chains, customer confidence in our products, close relationships with healthcare professionals, good returns for our shareholders and a positive contribution to both our local and wider communities. The Board works closely with the Senior Leadership Team to ensure we continue to understand and meet the evolving needs of all our stakeholders, whilst maintaining our relevance and ability to create long-term sustainable value.

On the following pages, we have identified our principal stakeholders, their primary requirements and how we've delivered against these in 2023.

Examples of how stakeholder interests have been considered by the Board in their decision-making are provided in the Governance section on pages 67 and 68.

Additional content regarding our stakeholder relationships and how we manage these can also be found on our website.

SHAREHOLDERS

Our shareholders are interested in:

- Strong financial performance.
- Share price appreciation.
- Dividend income.
- ESG and long-term business sustainability.

How we delivered for our shareholders in 2023:

- Delivered record revenues.
- Grew EBITDA.
- Strengthened the skills, experience and expertise on the Board to align with the long term strategy.
- Sought feedback from shareholders representing 60% of total holdings through a governance roadshow.
- Strengthened infrastructure with new people and skills brought into the business.
- Good progress made with developing and executing our sustainability strategy.

EMPLOYEES

Our employees are interested in:

- Competitive reward structures.
- Opportunity to share in the success of the business.
- Flexible working.
- Meaningful work and connection.
- Learning and development opportunities.

How we delivered for our employees in 2023:

- Annual pay review in line with industry benchmarks.
- Share options granted to all eligible employees, with a new scheme for senior leaders in 2023.
- Flexible working arrangements maintained.
- Monthly business briefings.
- Lunch and learn sessions arranged to educate colleagues on topics such as financial planning and mental health.
- Participation in GPTW survey.

CUSTOMERS

Our customers are looking for:

- Safe and effective healthcare products, which are widely available, at a reasonable cost.
- Reliable sources of information and practical help to manage their and their family's health and wellbeing.
- Products and services that have as low as possible an impact on the planet.

How we delivered for our customers in 2023:

- Safety and efficacy standards maintained.
- 44m units of product supplied.
- Innovation launches in both of our global priority categories.
- Market and channel expansion for our consumer products, particularly in ecommerce.
- Consumer Healthcare product pricing aligned with competitive positioning.

STAKEHOLDER ENGAGEMENT CONTINUED

SUPPLY AND DISTRIBUTION PARTNERS

Our supply & distribution partners are looking for:

- Continued business growth opportunities.
- Reliable counterparties who share similar values and who act both responsibly and with integrity.
- Strong brands with growth potential and appropriate investment in marketing and innovation.
- Proactive partnering and regular engagement.

How we delivered for our supply and distribution partners in 2023:

- Global brand protection strategies.
- Regular quality and sourcing audits.
- Partnership with Slave Free Alliance.
- Published our Supplier Code of Conduct.

HEALTHCARE PROFESSIONALS

Healthcare professionals are looking for:

- Safe and efficacious products.
- Engagement, education, information, and resources.
- Therapy area expertise.

How we delivered for healthcare professionals in 2023:

- Zero safety actions needed in-market due to defective product.
- New Social Media use and control policies published, to help ensure only factual and compliance information is provided on Alliance controlled Social Media platforms.
- Responses provided to more than 900 enquiries from HCPs.
- Over 3,300 responses provided directly to customers and patients.
- HCP meetings policy updated to ensure we more flexibly meet the needs of HCPs.

LENDERS

Our lenders are interested in:

- Strong financial performance.
- Ability to service and repay borrowings.

How we delivered for our lenders in 2023:

- Regular communication and reporting of business performance.
- £21.3m of free cash flow generated.
- Compliance with borrowing covenants maintained.
- Timely refinancing of the business, introducing a new facility running to June 2026 with two one-year options to extend.
- Leverage down significantly in the period.

WIDER COMMUNITIES

The wider community is interested in:

- Social impact strategy.
- Local engagement.
- Charitable and product donations.

How we delivered for the wider community in 2023:

- Promoted the Alliance Volunteering Day, which is one day of paid leave that can be utilised to support a nominated charity or local community.
- Supported our colleagues to fund raise through initiatives such as bake sales, raffles and quizzes, then matched the funds raised.
- Encouraged colleagues to donate clothes and toiletries to the local homeless shelter in the UK.
- Helped to pack meals for the Rise Against Hunger food bank in the US.
- Monthly PRAISE Award allows the winner to donate £100 prize money to the charity of their choice.

FINANCIAL REVIEW

Financial Review

"Robust control of the costs we can actively manage drove 5% reduction in operating costs[1] leading to underlying EBITDA up 15% on revenue growth of 6%."

Andrew Franklin
Chief Financial Officer

UNDERLYING EBITDA

£45.0m

+15% (2022: £39.2m)

See our **Financial Statements** on **page 104**

SUMMARY INCOME STATEMENT

Year ended 31 December

	2023 £m	2022[2] £m	Growth
See-through revenue[3]	**182.7**	172.0	6%
Statutory revenue	**180.7**	167.4	8%
Gross profit	**105.0**	101.7	3%
Operating costs (including share-based employee remuneration)	**60.0**	62.5	-4%
Underlying EBITDA[3]	**45.0**	39.2	15%
Depreciation and underlying amortisation	**3.1**	3.5	-11%
Underlying operating profit ("EBIT")[3]	**41.9**	35.7	17%
Finance costs	**10.4**	5.4	93%
Underlying profit before taxation[3]	**31.5**	30.3	4%
Reported profit/(loss) before taxation	**(48.8)**	(23.1)	111%
Underlying basic earnings per share[3]	**4.55p**	4.28p	6%
Reported basic earnings per share	**(6.13)p**	(3.93)p	56%
Proposed total dividend per share	**nil**	1.776p	–

1 Excluding share-based employee remuneration.

2 Restated, see note 2.20 for further detail on prior year adjustment.

3 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 30.

Specifically, See-through revenue includes all sales from Nizoral™ as if they had been invoiced by Alliance as principal. For statutory accounting purposes, the product margin on Nizoral™ sales made on an agency basis is included within revenue, in line with IFRS 15.

Underlying profitability metrics are presented, as we believe this provides investors with useful information about the performance of the business. In 2023 and 2022, underlying results exclude the amortisation and impairment of acquired intangible assets. Further detail can be found in note 5.

REVENUE SUMMARY

Year ended 31 December

	2023 £m	2022 £m	Growth	CER growth
Kelo-Cote™ franchise	**63.2**	50.0	26%	29%
Amberen™	**11.2**	14.9	-25%	-25%
Nizoral™*	**21.7**	21.8	-0.5%	3%
Other Consumer brands	**40.3**	38.4	5%	5%
Total Consumer Healthcare	**136.4**	125.2	9%	11%
Prescription Medicines	**46.3**	46.8	-1%	-1%
See-through revenue*	**182.7**	172.0	6%	7%
*LFL Consumer Healthcare See-through revenue, excl. US Acquisition**	**133.8**	125.2	7%	9%
*LFL See-through revenue, excluding US Acquisition**	**180.1**	172.0	5%	6%
Statutory revenue – Consumer Healthcare	**134.3**	120.6	11%	13%
Statutory revenue – Group	**180.7**	167.4	8%	9%
*LFL Consumer Healthcare statutory revenue, excluding US Acquisition**	**131.7**	120.6	9%	11%
*LFL Group statutory revenue, excluding US Acquisition**	**178.1**	167.4	6%	8%

REVENUES

The Group delivered record see-through revenues in the period of £182.7m (FY22: £172.0m), up 6% versus the prior period and up 7% at constant exchange rates ("CER"). Excluding sales from ScarAway™ and the US rights to Kelo-Cote in Q1 23, both acquired in March 2022 (the "US Acquisition") – like-for-like see-through revenues increased 6% CER.

Group revenue was adversely affected by exchange rate movements throughout 2023, principally the strengthening of Sterling against the Hong Kong Dollar and the Chinese Yuan, which decreased see-through revenue by approximately £2.1m. Statutory revenue increased 8% to £180.7m (2022: £167.4m) and up 9% CER.

Consumer Healthcare

Total see-through Consumer Healthcare revenues for the year were £136.4m (2022: £125.2m), up 9% on the prior year (+11% CER) benefitting from an additional quarter of sales from the US Acquisition. Statutory Consumer Healthcare revenues were £134.3m, up 11% from the previous year (2022: £120.6m) and up 13% CER.

Excluding the impact of the US Acquisition, like-for-like see-through Consumer Healthcare revenue increased 7% (+9% CER) to £133.8m, whilst on a statutory basis, like-for-like Consumer Healthcare revenues increased 9% to £131.7m (+11% CER).

Kelo-Cote franchise – scar prevention and treatment

Continued strong consumer demand, particularly in China, drove significant recovery in Kelo-Cote franchise revenues in H2, following the previously communicated 4% decline in H1 due to lower order volumes from our China cross-border partner during a period of destocking. Consequently, FY23 revenues increased 29% CER to £63.2m (2022: £50.0m).

Whilst revenues in China make up over 66% of the total Kelo-Cote franchise, we saw strong growth in smaller markets where we are beginning to leverage our global presence to drive targeted consumer activation campaigns. Our first UK outdoor campaign was particularly successful, increasing sales in the UK by 36% for the year versus 2022, and was followed by a multimedia digital marketing campaign. The assets for this campaign were designed to have global appeal and will be used in other geographies this year.

Our most recent acquisition of the US rights to ScarAway and Kelo-Cote (which completed in March 2022), has created the Group's first fully global brand. The integration of both assets has gone very smoothly with full transition completed in just four months. ScarAway sales reached £9.9m in 2023, exceeding our expectations to rise 20% CER on a like-for-like basis as we increased marketing investment behind the brand and worked with our CMO partner to bring key SKUs to market that had been discontinued by the previous owner. We continue to see opportunities for further growth and range extensions.

Recent new product introductions across the Kelo-Cote™ franchise are performing well with a second year of strong revenues for Kelo-Cote Kids in APAC. In Q1 24, we launched ScarAway™ Kids and ScarAway Acne Scar Gel in the US on Amazon, whilst further activation campaigns are planned for recently launched Kelo-Cote Sheets.

Starting this year, our ambition is to move towards smaller, more regular order fulfilment, to create a more consistent revenue stream, reducing the stocking and destocking cycles we've experienced over the last two years. This is expected to yield mid-single digit revenue growth for the Kelo-Cote franchise in 2024, before returning to double-digit growth from 2025.

Nizoral™ – medicated anti-dandruff shampoo

Nizoral revenues increased 3% CER to £21.7m (2022: £21.8m) reflecting both market share and distribution gains. Performance in 2023 showed marked volatility in growth in H1 versus H2 due to the timing of distributor orders received in 2022. H1 revenues grew 40% CER versus H1 22, benefitting from the aforementioned timing and some inventory build ahead of a move in manufacturer, whereas H2 revenues declined 18% CER, limiting overall growth in the year.

Having completed the transfer of all the marketing authorisations from Johnson & Johnson ("J&J") to Alliance in 2022 we were able to bring in a new distributor and begin the process to consolidate manufacturing in Asia in 2023. Our new Chinese distributor has identified strong growth opportunities through expanding the brand's reach, supported by our marketing initiatives. A new out-of-home campaign was launched in the top nine cities in China in August focused on new user recruitment, which was supported by our distributor partner's in-store promotional activity.

The roll out of our strategic brand plan for Nizoral is now well underway, with consumer activation campaigns ongoing across a number of other territories where Nizoral commands a market leading position, including Australia, South Korea, Thailand and the Philippines. These campaigns are run in partnership with our local distributors, as part of a growth strategy centred around Consumer Healthcare professional activation, ecommerce, and I&D. We launched new, modernised packaging in Thailand, designed to appeal to a younger audience, with marketing focused on social media platforms popular with this demographic. This new packaging will be launched in other markets in 2024.

During the year, we also selected a new manufacturer in Thailand and have now completed the transfer of manufacturing from J&J's site in Belgium. We anticipate that this will deliver advantages through COGS reductions, improvements in on-time-in-full, order fulfilment and reduced carbon emissions. We expect further reductions in carbon emissions through changes to product packaging.

The inventory build in H1 23 to secure supply during the move to the new manufacturer began to unwind in H2 23, and continued to do so through H1 24. Whilst we anticipate a strong H2 24 as we launch new products, sales for FY 2024 are expected to be broadly in line with FY 2023.

As part of our annual impairment review, we have adopted a more conservative approach and lowered future growth expectations for Nizoral until we have greater certainty on consumer response to our marketing campaigns and new product launches. We have therefore impaired the carrying value of Nizoral by £10.3m.

Amberen™ – US vitamin mineral supplement ("VMS") for the relief of menopause symptoms

Amberen revenues declined 25% CER to £11.2m (2022: £14.9m) and fell 6% CER on an underlying basis (excluding the leading discount store account that was lost in 2022). Whilst this performance was below our expectations at the beginning of the Year, it reflects challenging conditions in both the wider US consumer market and specific issues with Amazon. These included a change to the billing for Amazon's warehouse space and its' price comparison approach, in addition to the delisting of the perimenopause product, albeit for a few months, due to the incorrect application of an algorithm that screens advertising claims.

Despite these challenges, Amberen revenues on Amazon still grew strongly in the period, but lagged total category growth which was driven primarily by new entrants. The bricks and mortar market for VMS menopause relief continues to decline, falling 7% in value terms in 2023 as consumers pivot to ecommerce platforms.

As a consequence of 2023 performance, and as part of the annual impairment review, we have assessed the expected future cash flows generated by Amberen, taking into account future planned innovation launches, marketing investment, increased competition and a higher cost of capital due to the overall increase in borrowing rates. Whilst Amberen continues to remain a profitable and cash generative brand, we have further impaired the carrying value of Amberen by £46.4m.

We remain focussed on addressing these brand and marketplace issues through strengthening both our internal and external capabilities in ecommerce and digital marketing. We have also increased the level of marketing support to revert the brand to growth. Amberen for menopause remains the largest SKU in value terms across the category in the US and we are focused on developing an innovation pipeline, to underpin the growth of the brand in the longer term and widen the product range to cover a multiple set of benefits in line with consumer's needs.

Other Consumer Healthcare brands

Our underlying business remains strong, with Other Consumer Healthcare revenues increasing 5% CER to £40.3m (2022: £38.4m), despite regulatory delays in some products impacting stock availability in H1 23.

These issues have now been resolved. We saw particularly strong full year growth from Oxyplastine (skin care) and Ashton & Parsons (teething powder). This robust performance in our Other Consumer Healthcare brands clearly illustrates the benefits of a diversified portfolio, and we anticipate mid single-digit growth in this portfolio of products in 2024.

Prescription Medicines

The Prescription Medicines business continues to deliver stable revenues with £46.3m (2022: £46.8m), in the year, down 1% on the prior year; reflecting a strong recovery in H2 as expected, as previously out of stock products became available. Our two largest prescription brands Hydromol™ (emollient for the treatment of eczema) and Forceval™ (nutritional supplement), both performed well in the year delivering record sales of £9.0m and £6.6m respectively.

Operating performance

Whilst see-through revenues increased 6% in the year, gross profit increased at a rate slower than revenues at 3% to £105.0m (2022: £101.7m) due to a less favourable product mix (comprising fewer high margin Amberen sales, and the impact of regulatory delays in some products restricting stock availability in H1 2023), and an increase in warehouse and distribution costs primarily related to Amazon in the US. Gross margin reduced by 160 basis points to 57.5% of see-through revenue (2022: 59.1%) and gross margin relative to statutory revenue was 58.1% (2022: 60.8%).

However, through robust control of the costs we actively manage, operating costs (defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges) decreased 5% versus the prior year to £59.1m (2022: £62.3m).

With a £0.8m increase in share option charges versus prior year (2023: £0.9m, 2022: £0.1m), underlying earnings before interest, taxes, depreciation, and underlying amortisation ("EBITDA") increased 15% to £45.0m (2022: £39.2m), whilst underlying operating profit ("EBIT") increased by 17% to £41.9m (2022: £35.7m). Reported operating loss increased by £20.8m resulting in a £38.4m loss (2022 restated: £17.7m loss), after non-underlying items of £80.3m (2022 restated: £53.4m).

Net finance costs of £10.4m include a £4.6m increase in interest payable to £10.0m (2022: £5.4m), due to an increase in borrowing costs, reflecting the rise in interest rates, together with net exchange losses of £0.5m (negligible gain in 2022).

As a result of higher finance costs, underlying profit before tax increased by only 4% to £31.5m (2022: £30.3m), resulting in a 40 basis point margin reduction to 17.2% of see-through revenues. Reported profit before tax decreased to a £48.8m loss (2022 restated: £23.1m loss), primarily due to higher non-underlying impairment charges in 2023.

Depreciation and underlying amortisation

Depreciation and underlying amortisation charges for the year were £3.1m (2022: £3.5m), a reduction of £0.4m due to lower depreciation charges.

Non-underlying items

Non-underlying items in the year principally comprised amortisation charges for Prescription Medicines and certain other brand assets, together with impairment charges identified as a result of the annual impairment review (see note 5).

For 2023, impairment charges of £79.3m include a charge of £46.4m in relation to Amberen™, together with £32.9m relating to a number of other products (including £10.3m for Nizoral) driven by out of stock and regulatory issues, and the increased cost of capital for the business as a whole.

As noted on page 04, an impairment charge of £46.4m relating to Amberen was included as a non-underlying item for the year ended 31 December 2023. We have also undertaken a review of the valuation of Amberen in the 2022 accounts to correct for errors noted in the valuation model. Adjusting for these corrections in the prior year, the impairment charge for Amberen would have totalled £32.0m for the year ended 31 December 2022, compared to the £12.0m actually reported. Further information on this prior year adjustment is set out on page 78 of the Audit and Risk Committee report and in note 2.20 on page 128 for further details.

Post year end and as previously mentioned, we were successful in our appeal of the CMA decision. As this is an adjusting post balance sheet event we have removed the provision relating to the potential fine of £7.9m, accordingly. This has been recorded as a non-underlying event, consistent with the treatment when the original accrual was made in 2021.

Further detail on non-underlying items is provided in note 5.

RECONCILIATION OF UNDERLYING TO REPORTED PROFIT BEFORE TAX

	2023 £m	2022[1] £m
Underlying profit before taxation	31.5	30.3
Non-underlying items:		
Amortisation of acquired intangibles	(7.2)	(7.2)
Impairment of intangible assets and goodwill	(79.3)	(46.5)
Other	6.1	0.4
Total	(80.3)	(53.4)
Reported profit before taxation	(48.8)	(23.1)

1 Restated.

Taxation

The underlying tax charge for the year was £6.9m (2022: £7.2m), equating to an underlying effective tax rate of 22.0% (2022: 23.9%). The reported total tax for the year was a credit of £15.7m (2022 restated: £1.8m credit) which included a deferred tax credit of £22.6m mainly due to the impairment of Amberen and Nizoral.

Earnings per share

Underlying basic earnings per share, the measure used by the Board to assess earnings performance, increased 6% to 4.55p (2022: 4.28p). Reported basic earnings per share was a loss of 6.13p (2022 restated: 3.93p loss) due to the impact from non-underlying items on reported earnings in 2023 versus 2022.

Dividend

As detailed in the interim statement on 26 September 2023, the dividend was paused to allow the Board to develop a new dividend policy with greater emphasis on reinvestment in the business to drive growth. Taking account of shareholder feedback, the Board has decided that no dividend will be declared for 2023 with cash prioritised for investment in innovation, development, brand marketing and reducing debt. The Board expects to provide an update on dividend policy when appropriate.

Balance sheet

Intangible assets decreased by £93.4m in the year to £300.0m (31 December 2022 restated: £393.4m) reflecting non-underlying amortisation and impairment charges of £86.5m, underlying amortisation of £1.9m and exchange rate-related revaluation adjustments of £5.0m.

Working capital

Net working capital at 31 December 2023 was £43.4m, an increase of £5.4m on that at the start of the year (31 December 2022: £38.0m), primarily reflecting movements in accounts receivable balances.

Inventories, net of provisions, increased £1.4m to £25.7m at 31 December 2023 (31 December 2022: £24.3m).

Accounts receivable increased by £5.4m to £54.7m, reflecting the timing of sales and cash receipts in the second half of the year, versus the equivalent period in 2022.

Accounts payable was broadly in line with the prior year, up £1.5m to £37.1m.

Cash flow and net debt

Free cash flow (see note 30 for definition) for the year rose 35% to £21.3m (2022: £15.8m), due to the strong trading performance in H2. Cash generated from operations increased by 48% to £36.9m (2022: £24.9m).

This solid cash generation supported a reduction in net debt of £10.8m to £91.2m at 31 December 2023 (31 December 2022: £102.0m), with Group leverage (the ratio of net bank debt to EBITDA) decreasing to 2.05 times (31 December 2021: 2.57 times). Interest rate cover (the ratio of EBITDA to finance charges) decreased to 4.82 times (31 December 2022: 7.39 times), reflecting the increase in net interest cost on rising interest rates.

Net debt and Group leverage are both expected to fall further during 2024, particularly in the second half, with Group leverage expected to be below 2.0 times by the end of 2024.

Prior year adjustments

Following a comprehensive review of our brand and intangible assets we have reassessed the carrying value and identified errors in the impairment review performed in 2022. As a consequence, we increased the 2022 impairment of intangibles assets by £28.3m. As discussed previously, £20.0m of this relates to Amberen, whilst £8.3m comprises other assets, including £3.4m relating to the Flamma franchise.

Treasury management

In August, we successfully completed the refinancing of our Revolving Credit Facility, which was scheduled to mature in July 2024. The facility was agreed with the Group's existing syndicate of supportive relationship banks. Through the refinancing, we took the opportunity to resize and reduce the total committed facility by £15.0m to £150.0m, whilst increasing the Accordion by £15.0m to £65.0m.

The covenants include a net leverage and interest cover test. The facility is available until August 2026, with two further one-year extension options. Of this RCF, £35.2m, together with the whole of the Accordion Facility, remained unutilised as at 31 December 2023. Borrowings are denominated in Sterling, Euro and US Dollars.

In 2023, the Group also entered into interest rate swaps totalling £90.0m with staged maturities over three years to hedge the interest rate exposure on the RCF.

Looking forward to 2024

Alliance's clear focus on the core Consumer Healthcare business, in addition to our well-established, scalable platform across EMEA, APAC and the US, is expected to deliver continued modest revenue growth.

As we continue to refine our strategy we intend to move towards smaller, more regular order fulfilment, to create a more consistent revenue stream, reducing the stocking and destocking cycles we've experience over the last two years as we've changed distributors, moved manufacturing and managed through the COVID environment.

In 2024 we will continue to increase investment in sales, marketing, insights and innovation to maintain our leadership position in key categories.

The Board continues to anticipate that profits in FY 2024 will be in-line with FY 2023. As in previous years, performance is expected to be H2 weighted, particularly in Nizoral.

We remain confident in our ability to further capitalise on identified organic growth opportunities within the business, and to deliver financial performance which will help drive the de-levering of our balance sheet.

Andrew Franklin
Chief Financial Officer
18 June 2024

PRINCIPAL RISKS AND UNCERTAINTIES

Protecting our business

During the year, the Board, with the support of the Audit and Risk Committee, reviewed the principal risks and uncertainties facing the Group and has continued to focus on those which could threaten the sustainability of our business model, our reputation, future performance expectations, or, in extreme cases, the solvency or liquidity of our business. The consideration of risks is inherent within decision-making, and throughout the year, Board members have challenged management on key issues faced by the business.

The identified risks are not intended to be an exhaustive list of all the risks the Group faces but are the principal risks and uncertainties which the Directors believe include all known material risks in relation to the Group and the markets and industry within which we operate. The environment in which we operate is constantly evolving and can be affected by events that are outside of our control, and which may impact on us both operationally and financially. New risks may emerge, the potential impact of known risks, including how quickly they escalate, and/or our assessment of these risks may need to change.

During the review process, risks are identified and categorised into 14 principal areas of risks. Risks will come in and out of focus depending on prevailing circumstances. Some risks are pervasive, and others are active and current. SLT, together with their management teams, maintain a careful watch on all risks identified, and review these at least three times a year to ensure that they have been accurately assessed. How we identify, monitor, and review our risks is explained in greater detail on the Company's website.

Analysing our identified risks

STRATEGIC RISKS

1 Organic growth: innovation and competition
2 Inorganic growth – acquisitions

OPERATIONAL RISKS

3 Product safety
4 Supply disruption
5 Impact of tackling climate change
6 Business systems
7 Cyber-security
8 People
9 Supply chain management

COMPLIANCE RISKS

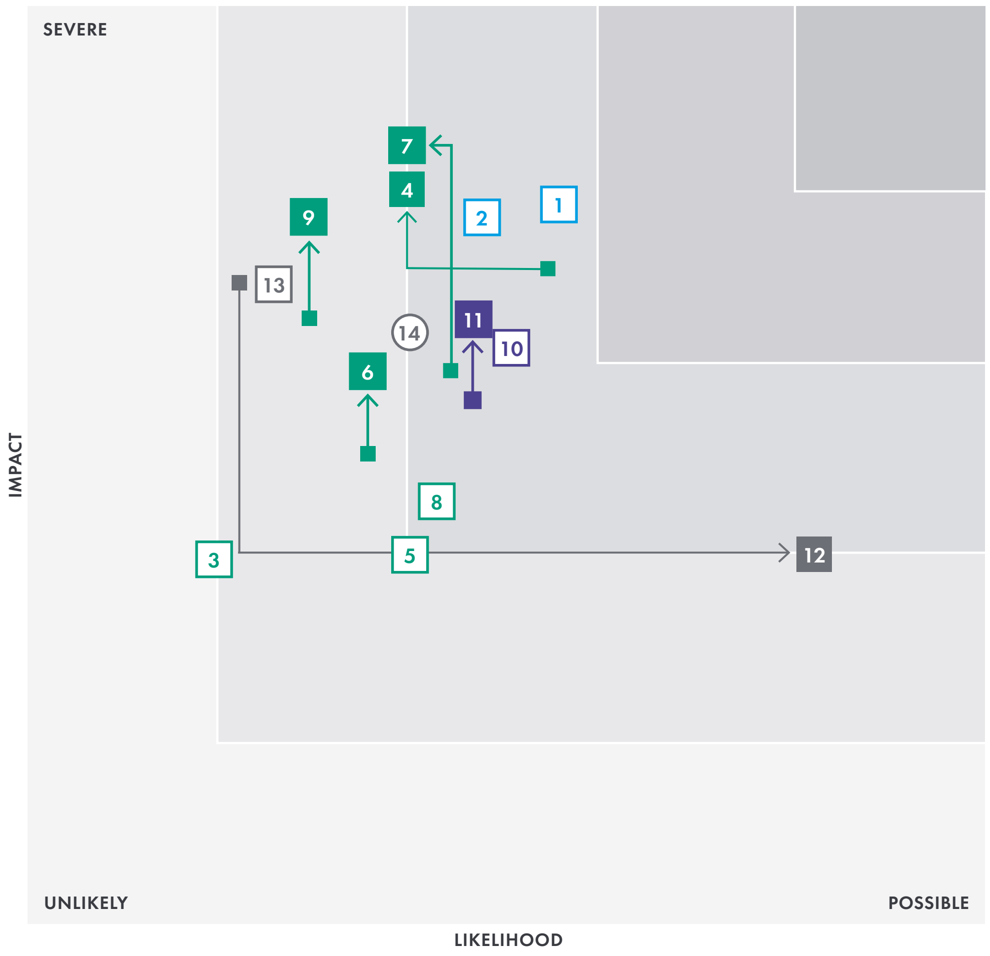
10 Product regulations
11 Legal and compliance

OTHER RISKS

12 Macro-economic
13 Geopolitical and other worldwide events

RISK MOVEMENT

No Change
Movement
New



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risks are assessed and scored on a residual basis according to our current view of their potential severity (being the combination of impact and likelihood), and assuming that existing plans for mitigation are, and remain, effective. In addition, the Board considers the links between our principal risks and uncertainties and our current strategy which focuses on brand growth, commercial execution, our strategic supply partnerships and ensuring we build a strong and agile organisation.

When assessing the risks to our business, we do so in the context of their relevance to our strategic priorities: how they affect our ability to grow our brands, our relationships with strategic suppliers, our commercial execution and organisational agility. Within this context, the assessment by the business includes consideration of those risks that are emerging and by their nature may be more uncertain due to a lack of information and are not yet fully known or quantifiable. The Board discusses such risks to not only raise awareness but also make sure that business builds greater resilience to anticipate possible events occurring and can prepare an appropriate and measured response.

The current positioning of our principal risks, based on our assessment of their residual impact and likelihood, is shown in the graph on page 49.

Strategic Risk

1. ORGANIC GROWTH – INNOVATION AND COMPETITION

We are unable to achieve strategic growth because:

The risks

- We fail to track changing consumer preferences, or fail to identify and exploit new or existing geographic markets for our products. External market forces mean demand for our products may fall, consumers may switch to competing products and the prices we can achieve are reduced.
- Our consumer products are subject to counterfeiting in key markets, where others seek to take advantage of the reputation built up in our brands for their own commercial exploitation.
- We fail to adequately manage or mitigate the inherent operational and financial risks involved with any change in relationship or trading model for our key brands in our key markets.
- We fail to maintain our competitive positioning, or to increase or maintain market share, specifically the risk to Kelo-Cote™ forecast sales (principally in China).
- We fail to secure or maintain suitable partnerships with our international distributors in existing or new markets.
- Sales are affected by over reliance on third party systems in our sales distribution channels.

The impact

- We lose our ability to grow revenues leading to reduced profitability, reduced growth and increased inventory risk.
- We lose high margin sales from our leading brands either permanently or as part of any operational transitional period.
- We are unable to continue to increase our market share and suffer damage to reputation from counterfeit products reaching strategic markets, which may not have been subject to the same rigorous quality and safety testing as genuine products.
- Depending on the severity, the risks may impact our share price, cash flow and our ability to comply with banking covenants.
- A significant or continued loss of sales could affect the carrying value of a brand, or portfolio of brands, and lead to an impairment charge.

Our mitigations

- We continue to invest in and focus on 'marketing excellence', to ensure we stay attuned to changing consumer preferences, promote our brands and maximise the value of our marketing campaigns.
- We invest in product innovation and development activities.
- We maintain close working relationships with our distributors.
- We continue to assess the positive/negative impacts of any change in operational structures for our business with a full assessment of the adverse impacts in making long term beneficial changes.
- We forecast and monitor sales, costs, profits, and cash flows.
- We have a Head of Brand Protection, brand protection strategies, support from external experts.
- We undertake product or claims innovation strategies, to pre-empt patent expiration.

Links to strategy: Brand Growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Strategic Risk

2. INORGANIC GROWTH RISKS – ACQUISITIONS

We are unable to deliver additional growth because:

The risks

- We are unable to identify suitable targets to continue to boost the Group's growth through acquisitions. The market for high-quality assets – whether brands or corporates – is highly competitive and the Group may find itself unable to compete if the pricing of targets proves prohibitive.
- We are unable to source affordable debt (or any debt depending on the Group's then prevailing leverage). A lack of sensible debt option would lead the Group to look to raise equity, which itself may prove difficult or too expensive depending on the prevailing market sentiment and the impact this has on the prevailing share price.
- We fail to effectively integrate assets and maximise their potential once acquired.

The impact

- We are unable to grow inorganically leading to an over-reliance on organic growth and its associated risks.
- Acquisitions fail to deliver expected benefits – due to overly optimistic forecasts, unidentified risks/poor evaluation of identified risks during due diligence, or because of failings in the integration process, resulting in integration taking longer/costing more than was originally anticipated.
- The business suffers distraction costs resulting from acquisition evaluation activities.

Our mitigations

- We continue to refine our acquisition evaluation process.
- We nurture and record the experience gained from having completed multiple deals.
- We ensure that we engage experienced legal, regulatory and financial experts to assist with the due diligence process.
- We have put in place a debt facility through to 2026.

Operational Risk

3. PRODUCT SAFETY

Our products harm consumers because:

The risks

- Products are poorly manufactured or are damaged and contaminated during transit.
- We fail to carry out quality checks and audits on our CMOs and fail to detect manufacturing issues.
- A consumer/patient could misuse a product or suffer an adverse reaction to one of our products constituting a safety risk.

The impact

- We need to withdraw products from sale causing a direct impact on revenues.
- We may have legal liability to those injured by the product.
- We potentially damage the reputation of the business, compromising our future performance and, in an extreme scenario, this could impact our liquidity position or even solvency.
- A poor claims history, or the use of certain ingredients in our products could mean our insurance premiums increase, become too expensive or that we are unable to procure applicable cover.

Our mitigations

- Our Quality team carry out regular audits of our manufacturers on a risk-based frequency which is in line with all laws and regulations. Our manufacturers for medicines have a QP (designated regulated quality person) who is responsible for signing-off all batches before they are released to market. For all other products, our manufacturers are contractually required to certify every batch is fit for release.
- We have quality technical agreements in place with manufacturers which outline the responsibilities for compliance.
- With our distributors we have a safety data exchange agreement that requires them to report information on safety events from the market in a timely manner.
- We operate a process for adverse event reporting and signal management for all medicine products.
- We maintain the necessary regulatory approvals for all products in the markets in which we operate and sell products.
- We maintain public and products liability insurance to provide an appropriate level of protection for the Company.
- We provide product vigilance training for all new employees, directors and contractors and annual compulsory refresher training.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Operational Risk

4. SUPPLY DISRUPTION RISKS

We are unable to supply our market leading products because:

The risks

- We cannot procure critical ingredients or components, or continue with the uninterrupted manufacture or sourcing of our finished goods, due to geopolitical events, including pandemics, logistical failures, or reliance on a single site of manufacture.
- There is a scarcity of natural ingredients due to climate or other factors.

The impact

- We suffer manufacturing, sourcing, or distribution issues leading to an inability to supply our products to our customers.
- We are unable to increase production volumes to meet consumer demand, impinging on potential sales, compromising our future performance and, in extreme cases, our ability to generate cash.
- We fail to achieve the expected growth due to reductions in demand or potential supply issues.
- Any significant impact on the Group's revenues and profitability could potentially affect the Group's ability to comply with its borrowing covenants.

Our mitigations

- We continue to maintain close working relationships with our key suppliers, to ensure we have early visibility of any potential issues.
- We ensure adequate stocks of critical ingredients and of finished goods, to enable us to cushion the impacts of any disruption in the supply chain.
- We forward book transportation to minimise the impacts of any disruption to logistics provision – for example, due to geopolitical or economic events.
- We set up dual sourcing arrangements for our key products to mitigate against manufacturing failures or their inability to supply products to meet sales demand.
- Where possible and cost-effective, the potential financial impact of supply chain disruption is mitigated by insurance.
- We work towards less value concentration of our business in any one jurisdiction or market to try and mitigate inability to make sales in affected areas.
- We move towards more online sales for those of our products which are permitted to be sold online, with a drive to increase share on online channels, to help mitigate any loss of sales for physical markets that may be shut down.

Operational Risk

5. IMPACT OF TACKLING CLIMATE CHANGE

We fail to respond to the needs of tackling climate change risks:

The risks

- Risk to the longer-term viability of the business due to the impacts of all the changes to be made by the business to its operations to tackle the effects of climate change.
- We fail to monitor and meet changing consumer preferences and increased sensitivity to ESG with consumers who are potentially substituting existing products with more environmentally friendly competing products.

The impact

- We incur increased indirect costs as a result of the challenges associated with direct physical impacts of climate change (adverse weather events and rising sea levels).
- Our cost of energy and materials increase as we introduce initiatives such as moving towards more sustainable packaging for our products as we seek to transition away from plastics where possible.
- We incur increased costs of production and transportation associated with a more environmentally friendly supply chain, including the possible need to engage a more expensive group of selective manufacturers who meet the needs of our own ESG demands.
- The identified physical risks (see page 39 of the Annual Report) all have the potential to cause disruption to our business activities and supply chains in the longer term, depending on the warming pathway we find ourselves on.
- Our reputation is damaged due to a failure to respond to increased stakeholder concerns.

Our mitigations

- We have increased the business' focus on our sustainability strategy and associated risks.
- We continue to work with third-party experts to support our sustainability strategy.
- We ensure there is wide engagement with our competitors/peers to ensure we can utilise any industry-wide improvements (i.e. packaging).
- We have created a TCFD roadmap and set emissions reduction targets that are realistic and balance resources.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Operational Risk

6. BUSINESS SYSTEMS RISKS

Our business can no longer operate because:

The risks

- We fail to maintain and develop business systems and technology which adequately supports business processes, organisational infrastructure, and strategic growth ambitions.
- We have poor or no business continuity plans that are initiated when there are unforeseen events that affect our operations.

The impact

- We lose operational efficiency.
- We lose access to key resources, systems and/or data.
- We cannot report on the status of our operations whether internally or externally, which could also potentially lead to a compliance failure, loss of control or an inability to trade.
- The quality of our data degrades across multiple systems, leading to poor decision-making and increased transactional errors.

Our mitigations

- We continue to improve change control/change management processes to better protect the integrity of our master data.
- Our IT Steering Group maintains oversight of core systems, leading on systems projects driven by systems development or regulatory changes.
- Develop and keep under review our business continuity plans.

Operational Risk

7. CYBER SECURITY

We cannot operate due to a security breach because:

The risks

- The business or part of the business suffers a cyber-attack.
- We also hold confidential data on our customers and employees, some of which is collected via our transaction processes, and so includes their financial information in addition to other personal data, which is similarly at risk of loss, corruption, or unauthorised dissemination as a result of a successful cyber-attack.

The impact

- We breach the integrity, confidentiality and availability of our data and third-party information which we hold is compromised.
- We lose or compromise significant amounts of confidential data relating to our products, our commercial activities, our financial transactions, and all other aspects of our business operations in electronic format.
- The reputation of the business is impacted if we suffer a major loss of personal data.
- Financial transactions are being rerouted fraudulently because sensitive transactional data obtained.
- Data is deliberately destroyed.
- The business is held to ransom because of a malicious link being clicked.

Our mitigations

- We use of anti-virus software, firewalls, and network segmentation.
- We ensure that all business software is up to date, to provide additional in-built security.
- We implement and review our incident management, business continuity and IT disaster recovery plans.
- We maintain appropriate physical and cyber-security measures to prevent unauthorised access to information.
- We train and alert staff to ensure that they are aware of known risks.
- We engage with third parties to review and recommend ongoing improvements to enhance IT security and resilience.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Operational Risk

8. PEOPLE RISKS

We are unable to attract or retain the right people because:

The risks

- We fail to attract and retain sufficient high-quality people to deliver the business's strategic growth ambitions.
- We lose good employees who have considerable sector and other specialist expertise making them attractive to competitors.
- As the business continues to scale and to expand its geographic presence, our requirements for high-calibre people continues to increase.

The impact

- We weaken the Group's operational/management capabilities, potentially impeding its ability to grow.
- We lose strategic and operational expertise and knowledge as a result of employee replacement, leading to operational inefficiencies.
- We do not have the required skills and expertise to support the continued growth of the business, its systems, procedures, and processes.

Our mitigations

- Maintaining competitive incentive and reward structures, which remain attractive to existing employees and enable us to continue to attract high-quality applicants for new roles.
- Clearly defining roles and responsibilities supported by documented systems and procedures to provide a level of continuity in the event an employee leaves the Group.
- Maintaining relationships with several international and local recruitment agencies to ensure we can find and recruit good quality employees.
- Maintaining a balance between permanent and contract heads to increase flexibility, particularly for project-based work.

Operational Risk

9. SUPPLY CHAIN MANAGEMENT

We fail to manage our supply chain because:

The risks

- Our outsourced supply model affords only limited visibility of our end-to-end supply chain.
- We fail to maintain sufficient oversight of our end-to-end supply operations.
- We are exposed to risks around Environmental, H&S, Business Ethics, Supply Chain Security and Climate.

The impact

- The reputation of the business suffers.
- We fail to maintain continuity of product supply.
- We fail to meet revenue targets.

Our mitigations

- Our Know Your Supplier ("KYS") programme provides us with visibility of potential 'red flags' in our supply chain, enabling us to align compliance and escalation processes to facilitate timely remediation of issues.
- Project to review contract manufacturers is underway.
- We have published and maintain a Partner Code of Conduct, setting out our expectations of our partners from a business ethics' perspective.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Compliance Risks

10. PRODUCT REGULATIONS

We are unable to comply with product regulations because:

The risks

- We fail to keep up with changing product regulations.
- New requirements are introduced (e.g. Medical Device Regulations), or product classifications are changed.

The impact

- Some of our products may not gain regulatory approval or could face the risk of having their regulatory status challenged or adversely altered. This could affect the Group's ability to launch new products or maintain sales of its current products in current jurisdictions or pursue further geographic expansion.
- Non-compliance with product classification regulations may mean that our products need to be withdrawn from the market leading to limitation of market opportunities and loss of sales.

Our mitigations

- We allocate sufficiently experienced internal resource to support the regulatory approval of products, including any extensions to other markets.
- In several territories, our product registrations are maintained by local distributors in order to comply with local regulatory requirements.
- We ensure there is a regular dialogue with local regulatory advisers to monitor any products that may be subject to challenge.

Compliance Risks

11. LEGAL & COMPLIANCE RISKS

We are unable to comply with rules and regulations because:

The risks

- Across the Group, we fail to comply with relevant laws and regulations including anti-corruption laws, data privacy laws, competition laws, accounting, taxation, and listing regulations.
- As we enter new territories and overseas markets, we become exposed to increased bribery, anti-slavery, and corruption risks which require monitoring and resource to ensure compliance.
- As the Group expands its operations, the VAT and general tax environments in which we operate become more complex and there is a risk of incorrectly reporting and paying relevant taxes increases.
- We fail to comply with ongoing industry-specific UK and overseas regulatory requirements (i.e. pharmacovigilance).

The impact

- We may incur substantial fines, penalties, and interest on those payments, as a result of adverse findings from regulatory inspections and non-compliance.
- Adverse findings could also potentially impact our ability to sell certain products, damage our brands, and harm our reputation.
- A failure to abide by data protection rules or incur a breach of data security could also pose a financial and reputation risk to the Group.

Our mitigations

- We ensure all employees receive training on anti-bribery, anti-money laundering, competition law, market abuse, modern slavery, sanctions, tax evasion and GDPR. This includes the creation of in-house SharePoint sites providing helpful information and easy access for employees.
- We build strong relationships with third-party experts in the UK and in our overseas territories to help us ensure compliance with local rules and regulations.
- We catch things early by raising awareness as part of a wide-ranging induction process for all new starters to ensure they understand their individual, and the Group's obligations in relation to matters such as adverse event reporting.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

Financial Risks

12. MACRO-ECONOMIC RISKS

The financial performance of the business suffers because:

The risks

- We fail to hedge the risk of movements in FX rates because the Group earns a proportion of its revenues and profits in currencies other than Sterling (principally Euros, US Dollars and Hong Kong Dollars), but accounts for the business in Sterling. The reporting of revenues and profits is therefore subject to volatility due to changes in exchange rates.
- The business fails to adjust its financial and commercial strategies to deal with the risk of global inflationary increases.
- We fail to hedge the risk of adverse movements in interest rates linked to our borrowing facilities.

The impact

- Swings in the macro-economic environment could affect income generation, increasing the Group's leverage.
- Adverse movements in Sterling exchange rates vs Euro, US Dollar, Hong Kong Dollar and other currencies could increase the cost of raw material and other overheads including wages and is often linked to supply chain disruption as markets adapt.
- Higher prices for goods will decrease consumer purchasing of non-essential products.
- Increased leverage would impact the Group's ability to implement its desired capital allocation strategy, which could in turn stifle growth potential and affect the ability to remain within banking covenants.
- Adverse movements in interest rates increase interest costs, reducing PBT and shareholder returns.

Our mitigations

- We ensure flexible funding structures, with borrowings denominated in Sterling, Euros and US Dollars providing a natural hedge to exposures.
- The Group has a risk management policy, to hedge up to 75% of its estimated future foreign currency EBITDA exposure for up to 18 months at any given point in time. The Group uses forward foreign exchange contracts to implement this policy, which are generally designated as cash flow hedges.
- The Group has an interest rate hedging policy and uses interest rate swaps to fix the rates paid on a portion of the Group's debt.
- We regularly review pricing strategies across the portfolio and look to increase flexibility with supply chain.

Other risks

13. GEOPOLITICAL AND WORLDWIDE EVENTS

The business suffers as a result of geopolitical and other worldwide events because:

The risks

- We fail to minimise disruption to our supply chain because of geopolitical events occurring in our key markets, such as APAC and Europe.
- We risk being subjected to changing policies, laws and regulations making it more difficult to operate.
- The business is at risk of further macro-economic changes.

The impact

- The escalation of conflicts, or any new conflicts in or connected to our major markets, could have a significant impact on our ability to manufacture and/or sell products in certain markets causing increased economic uncertainty and ultimately impact growth.
- Disruption caused by military or political conflict/tensions could cause our markets to be restricted or even close. This could lead to loss of sales and a potential inability to recover market share if/when those issues are resolved.
- Increased costs/reduced demand for goods due to weaker economic growth and higher inflation.
- General inflationary pressures being experienced by the wider business community will lead to increased pressure on workforce costs and rewards, which in turn could impact profitability.
- Increasing costs impact our profits and ability to remain competitive; this could also impact market share.

Our mitigations

- Regular review and updating of demand forecasts to understand and mitigate any potential adverse effects on revenues, supported by our recently improved S&OP processes.
- Maintenance of close working relationships with suppliers and distributors; ongoing monitoring for any signs of distress.
- Keeping abreast of global events and economic conditions in the territories in which we operate to ensure risks are monitored accordingly.
- Monitoring and reviewing our supply chain to ensure we dual source or look for alternative suppliers to diversify the supply chain.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Risk trends: Risk has increased versus last year | Risk has not changed materially since last year | Risk has reduced versus last year

Governance

Content

WE ARE **ALL**IANCE

"The onboarding process was very personable."

Eva-Lotta Sjöstedt
Non-Executive Director

Strengthening our Board

Alliance has successfully transitioned to a fast growth Consumer Healthcare Company. The Board and Executive team has evolved accordingly to ensure that the Group has the right skills and expertise to align with its long-term strategy.

To ensure we maximise the effectiveness of new Board members as quickly as possible, Alliance has developed a comprehensive onboarding process. Each new Board member spends time with the key executives and senior managers of each function within the business to understand key decisions that have been made in recent history and the future strategic drivers.

See our **Spotlight Q&A with new Board members** on **pages 75 and 76**

CHAIR'S INTRODUCTION

WE ARE **ALL**IANCE

> "Board discussions centre on driving value for our investors as we focus on developing our Consumer Healthcare business within skincare and healthy ageing."

Camillo Pane
Chair

DEAR SHAREHOLDERS AND COLLEAGUES,

On behalf of the Board, I am pleased to introduce the Governance Report for the year ended 31 December 2023; my first since becoming Chair of the Board in February 2024.

As a Company admitted to AIM, our governance is underpinned by the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018 ("the QCA Code"). During the year, the Company has complied with the principles of the QCA Code and details of how we have done so can be found in the Governance section of the Company's website. The business is currently reviewing its obligations under the new 2023 QCA Code, which will be reported against next year.

The Board's agreed strategy can be found on pages 16 to 19 and we continue to ensure that our corporate governance processes remain robust, challenging and appropriate, providing strong foundations to underpin our assessment of risks to our strategy and the delivery of that strategy for the long-term sustainability of the business. Our governance framework is designed to support the decisions we as a Board and as Directors must make.

In today's business environment, the challenges to our strategy never seem to be very far away and like many other Companies we continue to work hard to limit the impact of changes in the macro-economic environment, economic fluctuations, geo-political tensions, and supply chain disruptions. Board discussions centre on driving value for our investors as we focus on developing our Consumer Healthcare business within skincare and healthy ageing. This includes reviewing the risks to our business as explained in the 'Protecting our Business' section on page 49.

The Board is supported by its Committees. Their work in the areas of financial assurance, ESG, remuneration and leadership ensures a governance framework that pieces together the complexities that need to be balanced to ensure we deliver on our promise to all stakeholders. You can read more about their work in the reports that follow.

Engagement with our shareholders

Board representatives undertook a comprehensive governance roadshow during the summer months of 2023 to understand investors' views on several topics including the Company's dividend policy, particularly given the proportion of votes against the final dividend at the AGM in May. A wide range of investors were included in the roadshow across Private Client Fund Managers, our largest institutional investors and smaller investors.

Board changes during 2023

With the support of the Nomination Committee, during 2023 we were pleased to introduce new and diverse skills and experience onto the Board to support our strategy as we grow our Consumer Healthcare business.

At the start of 2023, we saw Andrew Franklin ("CFO") take on the role of acting CEO, whilst Peter Butterfield took a leave of absence until his return to work in March 2023. On 1 February 2023, we welcomed the appointments of both Martin Sutherland as a Non-Executive Director and Jeyan Heper as Chief Operating Officer; and on 6 November 2023, a further two Non-Executive Directors, Eva-Lotta Sjöstedt and Richard McKenzie, were appointed to the Board. You can read more about these appointments and their skills and experience in the Nomination Committee Report on page 70 and in the biographies on pages 60 to 62. I was delighted to join the Board as Chair on 19 February 2024.

On the 8 May 2024, we announced that Peter Butterfield would be stepping down as CEO on 13 May and would leave the business at the end of June 2024. On behalf of the Board, I would like to thank Peter for everything that he has done for Alliance and we wish him well in his future endeavours. Following a comprehensive search process, Nick Sedgwick was appointed CEO on 13 May 2024 and we look forward to working with him as he leads the Company through the next phase of its growth and development.

2024 Annual General Meeting

This year's AGM will be held at 10.00am on 29 July 2024. Further details can be found in the Notice of AGM accompanying this Annual Report. The Board would like to thank all shareholders and colleagues for their continued support, and we look forward to continuing working with them during 2024.

Camillo Pane
Chair
18 June 2024

OUR GOVERNANCE STRUCTURE

THE BOARD

Responsible for the Group's vision, business model, risk and strategy. Together, the Directors are responsible for providing effective leadership to promote the long-term success of the Company.

See our **Board of Directors** on **pages 60 to 62**

CHIEF EXECUTIVE OFFICER

Responsible for the day-to-day running of the business and the implementation of the Group's strategy.

BOARD CHAIR

Leadership of the Board and facilitating the effective contribution of all members to meetings.

BOARD COMMITTEES

Four Committees operate under delegated powers and with clear Terms of Reference.

SENIOR LEADERSHIP TEAM

Support CEO and have management responsibility for the business operations and its support functions.

NOMINATION COMMITTEE

Reviews the leadership needs of the organisation and monitors succession planning for both Board and senior Executive roles. Responsible for the selection process and nomination of all Directors to the Board, and reviews the structure, size, and composition of the Board.

Read more on **pages 70 to 74**

AUDIT AND RISK COMMITTEE

Monitors and reviews the financial results and other reporting, and oversees the effectiveness of risk management and systems of internal control. Provides confidence to shareholders on the integrity of reported financial results and challenges to the external auditors and senior management.

Read more on **pages 77 to 82**

ESG COMMITTEE

Reviews the overarching ESG vision for the Company and ensures that the priorities are anchored to become an integral part of the overall strategy.

Read more on **pages 83 to 85**

REMUNERATION COMMITTEE

Ensures there is a formal process for reviewing salaries, benefits, and other terms of service to determine appropriate levels of remuneration for the Executive Directors and other senior Executives.

Read more on **pages 86 to 97**

BOARD OF DIRECTORS

Camillo Pane
Independent Non-Executive Chair

COMMITTEE MEMBERSHIP

C

DATE JOINED

Camillo joined the Board of Alliance as Chair on 19 February 2024.

QUALIFICATIONS

Camillo graduated in Business Administration specialising in marketing, from Bocconi University, Milan.

EXPERIENCE

Camillo is a senior Executive with over 30 years of UK and international experience in US, European and Asian public multinational consumer companies. He has a strong track record for delivering value and growth in multi-channel, multi-cultural and multi-category consumer businesses through the use of consumer centric strategies, developing high performance teams with strong execution and innovation and operational optimisation.

During his career, Camillo has held a number of senior positions at Reckitt Benckiser where he spent almost 20 years across both Global and Regional roles, including Senior Vice President and Global Category Officer for Consumer Health, before moving to Coty Inc, one of the largest beauty companies in the world, where, as CEO, he led the merger with Procter & Gamble Specialty Beauty. Most recently, he was Group CEO of Health & Happiness Group, a global Health and Nutrition Company listed on the Hong Kong Stock Exchange with revenues of around $2.0bn.

Nick Sedgwick
Chief Executive Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Nick joined the Board as Chief Executive Officer on 13 May 2024.

QUALIFICATIONS

Nick has an honours degree in Maths from Loughborough University.

EXPERIENCE

He brings 30 years of consumer goods experience across European, US and global roles at major multinational companies such as Reckitt, Coty, and Nestlé. Most recently, Nick was Regional Director for UK and Ireland Consumer Health at Reckitt during which time he increased revenue and improved profitability in the second largest market for the company.

Prior to this, Nick worked at Coty holding several senior roles including Senior Vice President for Global Sales and Commercial Capabilities, Senior Vice President Sales for the US business and General Manager Consumer Beauty for UK and Ireland.

Throughout his career, Nick has worked in multiple countries, always delivering high revenue growth through consumer-centric strategies, high performance teams and excellence in execution.

Peter Butterfield
Former Chief Executive Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Peter stepped down as CEO on the 13 May 2024 and continues to support the Board until he leaves at the end of June. Peter was previously the Company's Deputy Chief Executive Officer and was appointed to his office as Chief Executive Officer on 1 May 2018, having joined Alliance in 2010 as an Executive Director.

QUALIFICATIONS

Peter holds an honours degree in Pharmacology from the University of Edinburgh.

EXPERIENCE

Peter has 25 years' experience in the life sciences sector and strong leadership experience gained in a variety of contexts. He joined the Board of Alliance in 2010 and has been CEO at Alliance since 2018. In this time, he has driven the continued and international growth of the business. Prior to 2010, Peter spent five years at Cambridge Laboratories. Peter started his career at GlaxoSmithKline, where he spent six years in a variety of marketing and sales roles.

COMMITTEE MEMBERSHIP KEY

Nomination Committee View report on **page** 70

Audit and Risk Committee View report on **page** 77

ESG Committee View report on **page** 83

Remuneration Committee View report on **page** 86

C Committee Chair

BOARD OF DIRECTORS CONTINUED

Andrew Franklin
Chief Financial Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Andrew joined Alliance in September 2015 from Panasonic Europe Ltd, where he was General Manager, European Tax and Accounting.

QUALIFICATIONS

Andrew holds an honours degree in Civil Engineering from the University of Wales, Cardiff.

EXPERIENCE

From 2010 to 2012, Andrew was Finance Director and Company Secretary of Genzyme Therapeutics Ltd, the UK and Ireland subsidiary of Genzyme Corporation. Prior to that, he gained 12 years' pharmaceutical experience with Wyeth in a variety of senior financial positions.

Andrew is a Fellow of the Institute of Chartered Accountants in England and Wales with extensive experience in financial management of international businesses, including significant experience in life sciences companies.

Jeyan Heper
Chief Operating Officer

COMMITTEE MEMBERSHIP

DATE JOINED

Jeyan joined Alliance as Chief Operating Officer and Board member on 1 February 2023. He has more than 25 years of diverse experience with a strong track record of strategic leadership in the international Consumer Health market, overseeing a number of global programmes and driving growth in flagship brands.

QUALIFICATIONS

Jeyan graduated from the Bosphorus University in Istanbul with a Bachelor of Arts degree in Political Science and International Relations.

EXPERIENCE

Jeyan has held senior Executive roles at Proctor & Gamble and Danone Group. In addition, Jeyan was President and General Manager of Ansell's sexual wellness global business before it was spun-out to become Lifestyles Healthcare, a private equity/pharma-owned Company where Jeyan became CEO. During his tenure as CEO at Lifestyles Healthcare, Jeyan delivered significant growth through market and category expansion, building a strong ecommerce platform in China and the US, and improving operational effectiveness. Most recently, Jeyan worked as Head of Global Transformation at British American Tobacco plc and held a Non-Executive Director seat on the Board of NASDAQ-listed Organigram Inc.

Richard Jones
Senior Independent Non-Executive Director

COMMITTEE MEMBERSHIP

C

DATE JOINED

Richard joined Alliance as a Non-Executive Director on 1 January 2019.

QUALIFICATIONS

Richard has a degree in Engineering from Newcastle University and is a Chartered Accountant.

EXPERIENCE

Richard was appointed as Chief Financial Officer at UK main market listed Medica Group PLC, an international provider of high-quality telemedicine services. Prior to this, Richard gained extensive experience in the healthcare sector in his roles at UK AIM listed Companies Mereo BioPharma Group PLC and Shield Therapeutics PLC. At Mereo, he had a leading role in the merger with US listed OncoMed Pharmaceuticals, Inc and Mereo's dual listing on Nasdaq in 2019.

At Shield, he had a leading role establishing the finance operations and guiding Shield through its 2016 IPO.

His prior career in investment banking included senior positions at Investec and Brewin Dolphin Securities, where he advised healthcare clients on a wide range of transactions including IPOs, M&A and fund raisings.

Richard McKenzie
Independent Non-Executive Director

COMMITTEE MEMBERSHIP

DATE JOINED

Richard joined Alliance as an Independent Non-Executive Director on 6 November 2023.

QUALIFICATIONS

Richard graduated from Oxford University in Philosophy, Politics, Economics and holds an M.Phil in Latin American Studies.

EXPERIENCE

From 2019 to 2023, Richard was Chief Commercial Officer and latterly President (Europe and Asia) for Ocado Solutions, driving the growth of this leading grocery ecommerce platform globally. During his tenure at Ocado Solutions, Richard led major new deals with partners in Korea, Japan, Spain and Poland, and redesigned the B2B organisation of the business.

Prior to this, Richard was a strategy consultant for OC&C in London and China, building the Company's presence in Asia-Pacific, before becoming a Senior Partner for the Consumer Goods and Retail practice of Oliver Wyman in Asia-Pacific. During this time, he built extensive experience of the retail consumer market in China, and Asia-Pacific more broadly. He is currently a Senior Advisor at McKinsey and Company.

COMMITTEE MEMBERSHIP KEY

Nomination Committee View report on page 70

Audit and Risk Committee View report on page 77

ESG Committee View report on page 83

Remuneration Committee View report on page 86

C Committee Chair

BOARD OF DIRECTORS CONTINUED

Kristof Neirynck
Independent Non-Executive Director

COMMITTEE MEMBERSHIP

DATE JOINED

Kristof joined Alliance as an Independent Non-executive Director on 1 December 2021.

QUALIFICATIONS

Kristof holds a Master of Science degree in Electronic Engineering from the University of Ghent, Belgium.

EXPERIENCE

Kristof is CEO at Avon Cosmetics where up until recently he was their Global Chief Marketing Officer and Managing Director Western Europe. He brings more than 20 years of experience in General Management, Marketing, Digital Transformation and Innovation, having carried out roles in Fast Moving Consumer Goods/Consumer Packaged Goods, Luxury and Retail sectors across multiple geographies. He is well versed in operating across an omnichannel model, combining bricks and mortar retail, ecommerce and direct-to-consumer experience.

Kristof joined Walgreens Boots Alliance in 2015 and in 2017 became their Chief Marketing Officer for their Global Brands division where he had responsibility for a $4.0bn sales portfolio of more than 20 of their owned brands in Beauty and Consumer Healthcare. Prior to this, Kristof held leadership roles at P&G's Prestige, Laundry and Feminine Care global divisions; having started his career in 2002 at Procter & Gamble in Belgium before moving to Procter & Gamble International in Switzerland in 2004.

Eva-Lotta Sjöstedt
Independent Non-Executive Director

COMMITTEE MEMBERSHIP

DATE JOINED

Eva-Lotta joined Alliance as an Independent Non-Executive Director on 6 November 2023.

QUALIFICATIONS

Eva-Lotta graduated from IHM Business School in Marketing and Economics.

EXPERIENCE

From 2016 to 2018, Eva-Lotta was CEO of Georg Jensen, the luxury jewellery and Scandinavian design brand. Prior to this, Eva-Lotta was CEO at Karstadt, a chain of premium department stores in Germany with a strong ecommerce presence. She started her career at IKEA, establishing the business in Japan where she worked for four years before becoming CEO of IKEA Netherlands and then Deputy Global Retail Manager. She has in-depth knowledge of global consumer retail, supply chain and digital transformation and has held leadership roles in consumer-facing industries across Europe, Japan, China and the US.

Eva-Lotta is currently a Non-Executive Director at FTSE250 listed Tritax Eurobox, which operates, manages and invests in real estate assets across Continental Europe where she chairs the ESG Committee and sits on the Nomination and Management Engagement Committees. She is a member of the Board of ELISA Oyi, a digital services and telecommunications Company listed on Nasdaq Helsinki, and sits on their People and Nomination Committee. She is also a member of the Supervisory Board of Metro AG, a German wholesale food specialist operating in 35 countries.

Martin Sutherland
Independent Non-Executive Director

COMMITTEE MEMBERSHIP

DATE JOINED

Martin joined Alliance as an Independent Non-Executive Director on 1 February 2023.

QUALIFICATIONS

Martin graduated from Oxford University with a Master of Arts degree in Physics and University College London with a Master of Science degree in Remote Sensing.

EXPERIENCE

Martin is a senior Executive with more than 30 years of global business experience. He is currently a Non-Executive Director at FTSE listed Forterra plc, a leading UK manufacturer of essential clay and concrete building products, sitting on their Nomination, Remuneration, Audit and Risk and Sustainability Committees. Martin is also a NED on the Board of XPS Pensions plc, where he sits on the Remuneration and Audit Committees, and is the Chair of Logiq Consulting Limited, a privately held cyber-security business.

Previously, Martin was CEO of Reliance Cyber Limited from 2019 to 2022, De La Rue plc from 2014 to 2019 and held a variety of roles at Detica plc, becoming Managing Director in 2008 on its acquisition by BAE Systems plc. He brings experience in delivering growth through new product innovation, market diversification and international expansion.

COMMITTEE MEMBERSHIP KEY

Nomination Committee View report on **page** 70

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Remuneration Committee View report on **page** 86

C Committee Chair

THE ROLE OF THE BOARD

The Board is responsible for the Group's vision, business model and strategy. Together, the Directors are responsible for providing effective leadership to promote the long-term success of the Company.

Each year, the Board holds a two-day strategy planning meeting at which the Senior Leadership Team ("SLT") and other senior employees present their proposals. From this session, the Group's strategic plan and business model is agreed. The CEO is responsible for the implementation of the strategy which is communicated to all employees by the management team through breakfast briefings and online presentations.

There is a formal list of matters reserved for the Board, which may only be amended by the Board and is available on our website.

LEADERSHIP, ROLES, AND RESPONSIBILITIES

The Chair

Camillo Pane was appointed to the Board as Chair on 19 February 2024. With primary responsibility for leading the Board and facilitating the effective contribution of all members to meetings, he maintains a strong focus on governance to ensure good practice is embedded in the business with good flows in communication and reporting. He has regular dialogue with the CEO to ensure the business and the management team receive the support from the Board necessary to progress the strategy.

The Chair also meets with the Non-Executive Directors on their own at least once a year and leads the Board evaluation process. Shareholders have an opportunity to engage with the Chair and the Board at the Company's AGM.

The Chief Executive Officer ("CEO")

The responsibility for the day-to-day running of the business and the implementation of the Group's strategy rests with the CEO, Nick Sedgwick, supported by the SLT which has management responsibility for the business operations and its support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the CFO and other members of the SLT.

Nick was appointed to the Board as CEO of the Company on 13 May 2024 following the announcement on 8 May that Peter Butterfield was stepping down and would be leaving the business at the end of June 2024.

The Senior Independent Director ("SID")

Richard Jones was appointed SID on 1 February 2023. His role is to act as a sounding board and intermediary for the Chair and other Board members. His responsibilities include leading the performance evaluation of the Chair and attending meetings with shareholders and analysts to obtain a balanced understanding of any issues or concerns.

The Non-Executive Directors

Non-Executive Directors are required to commit the time necessary to fulfil their role to:

- provide oversight and scrutiny of the performance of the Executive Directors;
- constructively challenge to help develop and execute on the agreed strategy;
- satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- satisfy themselves as to the robustness of the internal controls;
- ensure that the systems of risk management are robust and defensible; and
- review corporate performance and the reporting of such performance to shareholders.

Independence on the Board is reviewed and confirmed annually by the Nomination Committee. Each of the Non-Executive Directors sits on at least two of the Committees ensuring that between them they have a role in oversight of the audit and financial processes, determining the pay and benefits of the Executive Directors and in the planning of Board succession, including the appointment and, if necessary, removal of Executive Directors. They are appointed for an initial term of five years, subject to annual re-election by shareholders at the AGM. Their appointment term may be renewed by mutual agreement.

BOARD AND COMMITTEE MEMBERSHIP

The Board currently comprises ten Directors: the Chair, five further Independent Non-Executive Directors and four Executive Directors (although Peter Butterfield will cease to be a Director at the end of June 2024). Supporting the Board are four Committees operating under delegated powers and with clear Terms of Reference.

Nomination Committee

The Nomination Committee reviews the leadership needs of the organisation and monitors succession planning for both Board and senior Executive roles. It is responsible for the selection process and nomination of all Directors to the Board, and reviews the structure, size, and composition of the Board.

Audit and Risk Committee

The Audit and Risk Committee monitors and reviews the financial results and other reporting and oversees the effectiveness of risk management and systems of internal control. The Committee provides confidence to shareholders in the integrity of reported financial results and challenges the external auditors and senior management.

Remuneration Committee

The Remuneration Committee ensures there is a formal process for reviewing salaries, benefits, and other terms of service to determine appropriate levels of remuneration for the Executive Directors and other senior Executives.

ESG Committee

The ESG Committee reviews the overarching ESG vision for the Company and ensures that the priorities become an integral part of the overall strategy.

GOVERNANCE CONTINUED

KEY ACTIVITIES OF THE BOARD AND ITS COMMITTEES

Throughout the year, the Board received regular updates and considered strategy, the commercial and financial performance of the business, operational performance, and legal and governance matters. In addition to these standing items, other business considered by the Board and its Committees is set out below.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug*	Sep	Oct	Nov	Dec
Business strategy Strategy planning, review of Group strategy, presentations from business and functions	■					■	■					
Director changes The role of the CEO, the appointment of COO and Non-Executive Directors, review of onboarding and Director induction	■	■					■		■	■		
2023 and 2024 budget Presentations and budget approval	■										■	■
Operational performance Mainland Europe, Asia-Pacific specifically, CBEC and performance in China, US, various product and brand reviews, brand protection, Great Place to Work®, Innovation and Development, cyber risk and security	■	■	■	■	■	■	■	■	■	■	■	■
Strategic finance Banking refinance, interest rate hedging, Group Treasury Policy					■	■	■	■				
Investor engagement and broker presentations Full and half-year results, webcast presentations, analyst calls and investor and governance roadshows, Private Client Fund Manager meetings, one-to-one calls and AGM, and presentations from brokers	■			■			■		■	■		
Financial reporting and market Company results, trading statements and dividends, Annual Report and Accounts, dividend policy and declarations	■	■	■	■	■	■	■	■	■	■	■	■
Nomination Committee Board composition and Committee membership, Board and senior management succession planning, NED recruitment, Terms of Reference	■	■								■	■	
Remuneration Committee Review of salary proposals 2023, Executive remuneration, 2023 corporate bonus awards, review of incentive plans, 2023 Company share option awards, 2024 corporate bonus scheme, objectives and targets, Terms of Reference	■		■		■				■	■		
Audit and Risk Committee Key accounting estimates and judgements, significant accounting policies, annual audit process and fees, external auditor, internal audit function, foreign currency and hedging, risk management, Terms of Reference		■	■						■	■		■
ESG Committee Committee structure, sustainability framework and initiative, investor engagement, disclosure and accounting metrics, carbon action plan and environmental strategy, TCFD reporting and corporate website disclosures	■				■		■		■			
Governance and Legal Matters Includes the review of risk management framework, Board Effectiveness review, Governance reporting, AGM notice, litigation, Slave Free Alliance and Modern Slavery Statement, review of gender pay, Group compliance and policies	■	■	■						■			■

* Although there is no scheduled meeting in August, a management pack is circulated.

BOARD ATTENDANCE, SUPPORT, AND MEETING MANAGEMENT

Meeting attendance in 2023

Directors are expected to attend all scheduled Board meetings. This includes a two-day strategy meeting in each year which is also attended by all senior Executives of the Group to review progress in delivering the Group's long-term strategic objectives.

Member	Role	Status	Attendance
Camillo Pane[1]	Chair	Independent	–
Jo LeCouilliard[2]	NED	Independent	10/11
David Cook[3]	NED	Independent	4/4
Peter Butterfield[4]	CEO	–	9/11
Nick Sedgwick[4]	CEO	–	–
Andrew Franklin	CFO	–	11/11
Jeyan Heper[5]	COO	–	10/10
Kristof Neirynck	NED	Independent	11/11
Richard Jones	NED	Independent	11/11
Martin Sutherland[5]	NED	Independent	10/10
Eva-Lotta Sjöstedt[6]	NED	Independent	1/2
Richard McKenzie[6]	NED	Independent	2/2

1 Camillo Pane was appointed to the Board on 19 February 2024.

2 Jo LeCouilliard resigned from the Board on 19 February 2024.

3 David Cook resigned from the Board on 25 May 2023.

4 Peter Butterfield took leave from the business with effect from 23 November 2022 returning in February 2023. Nick Sedgwick was appointed CEO of the Company on 13 May 2024. Peter stepped down as CEO on 13 May 2024 and will leave Alliance on 30 June 2024.

5 Jeyan Heper and Martin Sutherland were appointed to the Board on 1 February 2023.

6 Eva-Lotta Sjöstedt and Richard McKenzie were appointed to the Board on 6 November 2023.

The Board held 11 scheduled meetings, and ten unscheduled meetings during the year. Unscheduled meetings were called to discuss matters such as Director changes, budget, and refinancing arrangements for the Group. In addition, and where appropriate, sub-committee meetings were convened to assist with formal decision-making. Meetings follow a clear agenda, supported by written reports and presentations from both internal members of staff, as well as external advisers and consultants.

Meeting management

The Company Secretary is secretary to the Board and the Board's Committees. On behalf of the Chair, the Company Secretary is responsible for ensuring that all Board and Committee meetings are conducted properly and that the Directors are properly briefed on any item of business to be discussed. He has a direct line into the Chair on all matters relating to governance and is responsible for ensuring governance, legal and regulatory compliance is considered, recorded, and implemented.

Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors receive written reports updating on strategy, finance (including monthly management accounts), operations, commercial activities, business development, risk management, legal and regulatory matters, people and infrastructure and investor relations. Meeting papers are distributed via an electronic Board portal.

The Directors may have access to independent professional advice, where needed, at the Company's expense.

Directors' conflicts of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. Directors are required to notify the Company of any situation that could give rise to a conflict or potential conflict thereby compromising their independence and objectivity. Each member is required to disclose any such potential conflicts at the start of every meeting. The Board is fully aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. Where any such conflict arises, the Board determines whether or not a Director can vote or be a party of the item under consideration in accordance with the Company's Articles of Association. The Board is satisfied that potential conflicts have been effectively managed throughout the year.

Director induction, training, and development

The Company Secretary is responsible for ensuring that all newly-appointed Directors receive a thorough formal tailored briefing and induction on joining the Board, aimed at providing Directors with the information to become effective as soon as possible in their role. The induction has the aim of:

- building an understanding of the Company's business and markets;
- building a link with the Company's people and an understanding of the Company's main relationships; and
- ensuring an understanding of the Board's governance framework and Board processes.

Each Director receives one-to-one inductions with Board and SLT members and is provided with access to the Directors' handbook. All four newly appointed Directors received tailored inductions which included but wasn't limited to:

- meetings with each Board member to discuss their roles and responsibilities on the Board and the Committees;
- meetings with each SLT member to explain their areas of responsibility within the business;
- an explanation of the Company's governance and compliance framework, including Board procedures;
- an explanation of Directors' responsibilities under the AIM Rules and other statutory and regulatory rules; and
- pharmacovigilance and Good Distribution Practice inductions.

All the Directors are responsible for ensuring their skills and knowledge are kept up to date. This is done in varying ways but includes professional training, online training or attending seminars and webinars offered by advisers and consultancies. In addition, regular updates on corporate governance, legal or regulatory changes are also provided via reporting or through presentations to the Board.

BOARD RESPONSIBILITY FOR SUSTAINABILITY

The Board has overall responsibility for the Group's sustainability strategy and programme which includes climate policy and action and TCFD voluntary reporting. In 2023, we continued to refine our approach to our sustainability framework. The ESG Committee is responsible for setting the Group's overarching sustainability strategy, including climate change, and you can read more about the Committee's work on pages 83 to 85.

CORPORATE CULTURE AND BUSINESS CONDUCT

Our culture is underpinned by a clear set of values, which help guide decision-making at all levels in the business. You can read about our values on page 06 and 07.

The Board expects the business to foster relationships and operate high standards of business conduct. We recognise that investors are increasingly looking for socially responsible Companies to invest in; employees are seeking employers with a strong ethics culture that aligns with their own moral code; and customers are conducting enhanced due diligence on their suppliers' ethical and legal compliance controls. With regular briefings to employees across the Group, training and investment in our people and systems, we ensure that everyone understands the Company's strategy, goals and objectives. We empower employees to take ownership of the work that they do and encourage a culture of inclusion to manage risks, deliver results and drive the business forward.

The Board reviews and approves the Group's policies that have been implemented and communicated internally and externally in the Company's core languages to those who are expected to adhere to them. For example, in addition to the codes of conduct, this includes policies on diversity and inclusion, the prevention of bribery and corruption, fair competition, conflicts of interest and anti-slavery. Further information about our policies can be found in Sustainability – Policies and Documents on our website at www.alliancepharmaceuticals.com/sustainability/policies-and-documents.

STAKEHOLDER ENGAGEMENT

Engaging with the Company's stakeholders is well embedded in the business as we continue to look after our relationships with shareholders, employees, lenders, customers, suppliers and consumers and the wider communities. The Board and management seek to understand views from stakeholders and is made aware of and considers their needs and interests and any impact of the decisions it makes.

Visibility and awareness are further increased through senior management who have collective responsibility for communicating and engaging with specific stakeholder groups. This includes making sure that the business upholds its values and monitors behaviour for acceptability.

The Board and its Committees recognise that to meet their responsibilities to shareholders and other stakeholders, it is important to ensure effective engagement with, and encourage participation from, these parties. When engaging with shareholders, the Directors are supported by the Head of Investor Relations and Corporate Communications.

You can read more about our stakeholder engagement on pages 42 and 43.

PROMOTING THE SUCCESS OF THE COMPANY – S.172

The powers and duties of the Directors are determined by legislation and the Company's Articles of Association. Collectively, they have a duty to promote the success of Alliance for the benefit of its members over the long term.

The Directors are aware and mindful of their duties and obligations under s.172 of the Companies Act 2006. They are required to act in good faith and their discussions give due consideration to the impact of those decisions on the Group's strategy, values, and the interests of the Company's various stakeholders. Each Director is responsible for weighing up all the relevant factors and how these ultimately promote the long-term success of the Company for the benefit of its shareholders as a whole. To help them reach well-informed decisions they are provided written reports, market reviews, guidance, and presentations and briefings from both internal members of staff and external advisers which assists them when assessing any risks.

GOVERNANCE CONTINUED

PROMOTING THE SUCCESS OF THE COMPANY – S.172 CONTINUED

The likely consequences of any decision in the long term

The Board considers the long-term consequences on the business and its stakeholder Group when setting and approving the strategy and the annual budget. For this purpose, the Directors consider the assessment of risks and opportunities and how these might benefit shareholders, and impact, for example, consumers, suppliers and employees.
A long-term approach ensures the Directors take decisions that mean a more sustainable business. The strategy is explained on pages 16 to 19.

The interests of the Company's employees

The Board considers the activities and welfare of the Company's employees at its meetings and from time to time, employees are invited to attend Board and Committee meetings to present on key operational, financial, and strategic matters. There is regular dialogue between the SLT and all employees through Breakfast Briefings at which employees are briefed on matters such as the outcome of surveys, organisational changes, and other positive initiatives to support their health and wellbeing. This helps to ensure our employees remain engaged. They are also able to participate in the Company's employee share option schemes to ensure they feel aligned with the Company's plans for growth over the longer term. You can read more about our employee engagement on pages 24 and 25, and on pages 31, 42, and 68.

The need to foster the Company's business relationships with suppliers, customers, and others

When the Board reviews the Company's strategy, the annual budget and risks - due consideration is given to business relationships to ensure that they support the long-term objectives. In addition, the Board reviews policies and codes of conduct that govern these relationships and takes into consideration some elements of the Strategic Report and Sustainability sections i.e., on anti-bribery and corruption, human rights, as well as supply chain resilience. More on the Company's engagement with its stakeholders can be found on pages 42 and 43.

The impact of the Company's operations on the community and the environment

The work of the ESG Committee helps the Directors consider their responsibilities in relation to the environment and wider communities.

They receive updates on climate risk and the impact of the business on the environment. All employees are also encouraged to participate in the process to drive positive change. When the Board is discussing consumer products, it discusses the benefits and timings of transitioning towards sustainable packaging and considers solutions that help drive the sustainability agenda. The Board's commitment in this area is demonstrated by approval of the Alliance environment strategy and carbon action plan. You can read more on the Company's sustainability objectives on pages 28 and 29.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board ensures that the right culture is embedded throughout the business and is in part attributable to the Company's values, attitudes and behaviours when conducting its business and engaging with stakeholders. Maintaining high standards promotes the reputation of the Company, which is clearly communicated via the Partner Code of Conduct – available on the Company's website.

The need to act fairly as between members of the Company

Shareholders are kept informed of Company news via stock exchange announcements, website and hard copy communications. With the support of Investor Relations, all shareholders receive information by their chosen method. In addition, the Company sets up investor roadshows to meet with shareholders and discuss any concerns they have. More recently, the Board took the decision to appoint a Senior Independent Director to assist the Chair with shareholder engagement. All shareholders are also encouraged to attend the Company's AGM each year, where they can ask questions freely.

GOVERNANCE CONTINUED

KEY DECISIONS BY THE BOARD AND MANAGEMENT INCLUDING S.172 CONSIDERATIONS

Strategy & business plan

Decisions relating to the Group's strategy and business plans

The Board continues to focus on brand growth in its strategic locations.

When reviewing and approving the strategy and business plans for the long-term growth of the business, the Board considers the interests of its shareholders and the need to create value.

The Board receives and considers the current and medium- to long-term economic landscape in its key markets as well, and product specific trends and analysis to frame the Group's strategy and ensure it is focused on the right categories and markets.

The Board also considers the risks and opportunities and does so in the context of how the strategy would also impact on patients, consumers, employees, on its relationships with suppliers and distributors, on healthcare professionals and arrangements in place with lenders.

To support the strategy, building relationships is important to the Board. Members of the Board and/or members of the Senior Leadership Team meet with key suppliers and distributors. This helps to strengthen partnerships and align opportunities for growth.

Reward and recognition

Decisions relating to reward and recognition

The Great Place to Work® survey and groupwide monthly Breakfast Briefings, help us to gather feedback from all employees. As a result, this year, in addition to other company benefits, the business launched a new reward and recognition scheme, brought forward pay increases and gave three days leave over Christmas in addition to the usual annual holiday entitlement.

On 4 October 2023, the Board also approved the grant of share options under the Company's Long-Term Incentive Plan ("LTIP").

During the year, the Board took a decision to move towards an LTIP for all its employees. This decision considered the need to continue to motivate and retain current employees as well as continue to attract high calibre talent to help drive strategic growth.

Prior to making any decisions, the Chair, SID and Chair of the Remuneration Committee met and discussed proposals with its institutional investors in order to take into account their views. Value to shareholders was also considered in the context of future dilution and the accounting treatment associated with granting share option awards under the new LTIP.

Director changes

Decisions relating to the appointment of Directors

We remain in close communication with our shareholders and following feedback relating to the skills and expertise required to support the company's long term strategy the Board decided to expand the management team, increase the number of NEDs and appoint a new Chair.

In particular it was felt that the Board would benefit from more experience in managing operations within a consumer environment, particularly in Alliance's core international growth markets. It was felt that expanding the Board in this way would improve the company's ability to drive the Group strategy and generate value for stakeholders.

In February 2023, the Board was expanded to include Jeyan Heper as COO and Martin Sutherland. Later that year, in November, Eva-Lotta Sjöstedt and Richard McKenzie joined the Board. The process was led by the Nomination Committee who recommended potential candidates to the Board. With input from advisers, this eventually led to appointments that were felt would be in the best interest of the Company and stakeholders as a whole.

More detail relating to the Board's skills and experience can be found in the matrix on **page 71**

Supply chain governance

Decisions relating to the development of our Human Rights strategy

Alliance strives to be at the forefront of ESG best practice as consumers, colleague and investors increasingly look for companies' whose values align with their own. Following a recommendation from our legal team, in addition to advice from our ESG consultants, the Board decided to work towards the formulation and approval of a comprehensive global Human Rights strategy for the business through to 2026. The Board has delegated authority to the ESG Committee to oversee this project.

In the short term, the Group is focussing on strengthening its visibility throughout its supply chain. With the assistance of the Slave Free Alliance we will embark on increasing targeted external audits within our suppliers which will strengthen our reputation and the relationships with our supply chain and consumers.

The Board seeks reassurance from the ESG Committee and the Executive that the Company is engaging with the supply chain and distributors to help ensure we meet the high standards of conduct expected whilst ensuring appropriate balance between our sustainability framework and delivering our growth strategy with the resources currently available.

Links to strategy: Brand growth | Commercial execution | Strategic supply partnerships | Organisational agility

Engagement with shareholders

Throughout the year, the CEO (or Andrew Franklin acting CEO), CFO, COO, Chair, SID and Head of IR met with potential and existing investors, and they fed back to the Board the key summary points from their meetings. In addition to these meetings, there were 83 scheduled meetings held as part of the Company's investor roadshows for the annual 2022 and half-year 2023 results.

Mid-year, the Chair, SID, and Head of IR met with 15 institutions over four days, covering 60% of the share register. These meetings discussed Board composition, a change in remuneration policy in relation to incentive awards and performance conditions, communications, capital structure allocation, and dividends. Overall, shareholders were positive and found the meetings helpful.

Feedback following an analysis of the Company's investor base and research notes by sell-side analysts is reported by the CEO at each Board meeting. The Board also received analysts' notes, and brokers' briefings to ensure, as far as possible, a clear and up-to-date understanding of investors' views. Information on investor sentiment is also provided to the Board by the Company's brokers and financial PR advisers.

A list of the Company's major shareholders can be found in the Investor section of our website, and a list of notifiable holdings can be found on page 98 of the Directors' Report.

These are regularly updated following the formal notification of movements to the Company.

The Company further communicates with shareholders through its Annual Report and Accounts, half-year announcements, trading updates and at the Company's AGM. Such reports, as well as other relevant announcements and related information, are all available on the Group's website, www.alliancepharmaceuticals.com.

The website also offers a facility to sign up for email alert notifications of Company news and regulatory announcements.

BOARD EFFECTIVENESS REVIEW

As required under the QCA Code, the Board continually monitors and improves its performance based on clear and relevant objectives. The Chair leads the evaluation of the performance of the Board annually. This process offers Directors an opportunity to discuss their contribution in terms of their skills and experience, as well as identifying areas for improvement or development to enhance the capabilities of the Board as a whole.

In last year's Annual Report, we set out the feedback received following the 2023 review, which focused on four key areas including Board planning and dynamics, focus on strategic performance, Committee remit and Board engagement. During the year, the following progress was made:

› Improvements to ensure alignment of reporting with more focus on key strategic initiatives and key risks with more concise operational updates.
› The skills and experience represented on the Board expanded with the addition of four new Directors during the year, increasing its size to nine members, which further promotes healthy discussion and challenge.
› The Nomination Committee prioritised its focus on succession plans, dealing with both long- and short-term needs as required.
› The Board was more proactive when engaging with shareholders, working with the Head of IR and advisers to create shareholder communication and an IR plan. The SID also took a leading role in promoting good relations with the Company's shareholders.

Due to the recent changes in membership on the Board, it was felt that the 2024 evaluation should be delayed until 2025 in order to ensure that the newly constituted Board has a full 12 months working together. This ensures that there is a meaningful evaluation of the new working environment, abilities on the Board and general performance in an informed manner.

Nomination Committee

"Our succession plans remain focused on both Executives and Non-Executives, ensuring we retain a diverse leadership with the right skills, capabilities and experience to support our strategy and the future development of the Company."

Camillo Pane
Nomination Committee Chair

COMMITTEE MEETINGS
4

COMMITTEE MEMBERS
6

Camillo Pane (Chair)
Eva-Lotta Sjöstedt
Kristof Neirynck
Martin Sutherland
Richard Jones
Richard McKenzie

CHAIR'S STATEMENT

As newly appointed Chair, I am pleased to introduce the report of the Nomination Committee ("the Committee") which sets out the Committee's responsibilities and its activities during the last year.

The Committee continues to focus on success planning, reviewing skills, capabilities and experience needed to support the strategy and future direction of Alliance as a leading Consumer Healthcare business. This process included reviewing Board balance and Committee composition, diversity of skills and experience, terms of existing appointments and independence, as well as a review of Directors' time commitments.

To further strengthen the existing skills and experience on the Board, we were pleased to announce the appointments of Martin Sutherland, Jeyan Heper, Eva-Lotta Sjöstedt and Richard McKenzie during the year. I was delighted to be welcomed to the Board of Alliance on 19 February 2024 and in May was pleased to welcome Nick Sedgwick as CEO on the Board. You can read about our collective experience in our biographies on pages 60 to 62 and skills matrix on page 71.

Should investors wish to discuss any aspects of the work of the Committee, I will be available to answer questions at this year's AGM.

Camillo Pane
Nomination Committee Chair
18 June 2024

SKILLS AND EXPERIENCE MATRIX

DIRECTOR	ROLE	GENDER	FINANCE	CONSUMER HEALTHCARE	PHARMA	INTERNATIONAL GROWTH	ECOMMERCE	FINANCIAL MARKETS*
Camillo Pane	Chair	M		■		■	■	
Peter Butterfield[1]	CEO	M		■	■	■	■	■
Nick Sedgwick[1]	CEO	M		■		■	■	
Andrew Franklin	CFO	M	■	■	■	■		■
Kristof Neirynck	INED	M		■		■	■	
Richard Jones	INED	M	■		■	■		■
Jeyan Heper	COO	M		■		■	■	
Martin Sutherland	INED	M				■	■	■
Richard McKenzie	INED	M				■	■	
Eva-Lotta Sjöstedt	INED	F				■	■	

* UK and overseas financial markets experience.

1 Peter Butterfield stepped down as CEO of the Company on 13 May 2024 and will resign from the Board on the 30 June 20024. Nick Sedgwick was appointed a Director and CEO of the Company on 13 May 2024.

The role of the Committee

The Committee's primary roles are to carry out a selection process for the appointment and reappointment of all Directors to the Board, and to review the structure, size, and composition of the Board (including in terms of skills, knowledge, experience, and diversity). The Committee also reviews the leadership needs of the organisation and monitors succession planning for both Board and senior Executive roles.

The framework of duties is set out in its Terms of Reference, which are available on the Company's website. Each year, the Committee reviews its own performance and compliance with its Terms of Reference and, having done so for 2023, the Committee is happy that the Terms of Reference remain appropriate.

Membership and meeting attendance

Appointments to the Committee are made by the Board. During the year, the Committee comprised six Independent Non-Executive Directors who have the right to attend meetings. Martin Sutherland joined the Committee in February 2023. Richard McKenzie and Eva-Lotta Sjöstedt joined the Committee in November 2023. On 22 March 2024, I was appointed as a member and Chair of the Nomination Committee. Where appropriate, the Chief People Officer and the CEO are invited to attend certain meetings of the Committee to support with discussions around succession planning and recruitment processes. Members of the Committee have access to the Company Secretary, who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information.

The Chair of the Committee reports to the Board on its proceedings after each meeting, on all matters within its duties and responsibilities, and will make any recommendations to the Board it deems appropriate.

During the year, the Committee held a total of four meetings: two scheduled and two unscheduled. Members who are not able to attend unscheduled meetings offer their apologies and provide feedback to the Chair of the Committee in advance of meetings. The two unscheduled meetings were held to deal with the appointment of two new Non-Executive Directors to the Board.

Member	Status	Attendance
Camillo Pane[1]	Independent	–
Jo LeCouilliard[2]	Independent	4/4
David Cook[3]	Independent	2/2
Richard Jones	Independent	4/4
Richard McKenzie[4]	Independent	–
Kristof Neirynck	Independent	4/4
Eva-Lotta Sjöstedt[4]	Independent	–
Martin Sutherland[5]	Independent	3/3

1 Camillo Pane was appointed Chair of the Committee on 22 March 2024.
2 Jo LeCouilliard resigned from the Board on 19 February 2024.
3 David Cook stepped down from the Board on 25 May 2023.
4 Richard McKenzie and Eva-Lotta Sjöstedt were appointed to the Committee on 21 November 2023.
5 Martin Sutherland was appointed to the Committee on 10 February 2023.

Board gender diversity

Whilst certain diversity targets are not directly imposed on AIM companies, the Committee continues to monitor guidance and best practice in the market around the areas of gender and ethnicity, in particular the percentage targets set for FTSE main market listed companies. The Company's Diversity, Equality and Inclusion Policy can be found on the Company's website.

The Committee is aware of, and has discussed the benefits of diversity on the Board and at senior management level as part of the review of succession planning and any Director appointment process. It remains committed to considering diversity when discussing appointments and succession plans. The Company and the Board always seek to search for, recruit and appoint the best available person based on aptitude and ability, regardless of gender, marital or civil partnership status, race, colour, nationality, ethnic or national origins, pregnancy, disability, age, sexual orientation, religion, or belief. The Committee discussed a range of areas such as diversity of thought, experience, gender, ethnicity, skills, nationality, and specific skills identified to strengthen and develop the knowledge base on the Board.

The Board keeps female representation on the Board under review and ensures that focus is maintained at all stages of the Board recruitment process. The Company engages and works with specialist recruitment consultants to help identify talent and search for potential candidates that meet our objective criteria.

Board appointments and succession planning

The Committee works closely with the Board and, with the support of the Chief People Officer, develops strategies in support of progressive and orderly succession planning for Board and senior management. Planning includes consideration of the challenges and opportunities facing the Company and careful evaluation of the skills and experience needed on the Board in the future. When developing these plans, the Directors are mindful of the need for a more diverse Executive pipeline to help increase diversity levels in senior positions.

Page 97 in the Remuneration Committee Report sets out the term of appointment for each Director.

Board appointments and induction

Whether as part of formal succession planning or to fill any Board vacancy that should arise, the Committee leads the process for the appointment of Directors. The Chair of the Board does not chair the Committee when it is dealing with the appointment of their successor. Any appointment process follows a careful assessment of skills, knowledge, experience and diversity on the Board to identify capabilities that would enhance the Board and support the long-term strategy of the Group. The Chief People Officer prepares a role description and outlines the capabilities required for the appointment. The services of an external recruitment agency are engaged to facilitate the search with instructions to consider candidates from a wide range of backgrounds. Potential candidates are also considered on merit and against objective criteria with due regard to the benefits of diversity, including gender, and time available to devote to the position. Potential candidates are required to disclose business interests that may result in a conflict of interest.

From a shortlist of suitable candidates, interviews are held with the Chair of the Board, CEO and Chief People Officer at the first stage, with interviews with other Board members at the next stage. The Committee then recommends appointments to the full Board for their formal approval. New appointments are proposed to shareholders for approval at the next AGM following the first date of appointment. On appointment, all Directors receive a personally-tailored induction. This includes meetings with members of the Board, members of the SLT, the Group General Counsel and Company Secretary, and presentations from key functions in the business. They are provided with an overview of the Group's structure, operations and governance policies and receive copies of past Board minutes and reports via the electronic Board portal. In addition, the portal holds other key corporate documents and information, for example, Matters Reserved for the Board, Committee Terms of Reference, the Company's Articles of Association and the Directors' and Officers' liability insurance arrangements.

Annual re-election of Directors at AGM

In accordance with the Company's Articles of Association, all Directors are subject to election or re-election by shareholders at the AGM. In line with good practice, the Committee recommended to the Board that all Directors eligible for re-election put themselves forward for re-election on an annual basis at the Company's AGM.

ACTIVITIES OF THE COMMITTEE

The duties and activities of the Committee included:

Duties	Activities of the Committee
Review the structure, size, membership, and composition of the Board, including the independence of Directors, diversity, skills, knowledge, experience, and time commitments at least annually and prior to commencing any appointment process	› The Committee considers there to be an appropriate balance between Executive and Non-Executive Directors on the Board. › Having considered the guidelines on independence, Camillo Pane was appointed Chair of the Board with effect from the 19 February 2024 and continues to be regarded by the Board as independent, alongside Richard Jones, Richard McKenzie, Kristof Neirynck, Eva-Lotta Sjöstedt and Martin Sutherland. › The Chair and Non-Executive Directors hold appointments as Directors and/or senior management on a small number of other Companies, as detailed in their biographies on pages 60 to 62. The Committee, having reviewed the position as part of its annual processes, considers that the Chair and Non-Executive Directors are not over-boarded and can allocate sufficient time and commitment to fulfil their duties to the Company. › Prior to the search and recruitment process for new Directors, the Committee reviewed the skills, capabilities, diversity, and experience on the Board and concluded to specifically seek out skills and experience in overseas territories and a listed environment. › During 2024, the Committee worked to support the orderly succession for the role of CEO and was pleased to recommend that Nick Sedgwick be appointed to the Board as CEO with effect from 13 May 2024.
Consider succession plans for Directors and other senior Executives	› Succession plans in relation to the Chief Executive Officer and other members of the Senior Leadership Team were reviewed.
Nominate and recommend candidates to fill Board vacancies and make recommendations to the Board on matters such as Committee membership, reappointment, and re-election of Directors	› Following a thorough review of the performance and contributions of certain individuals within our organisation, the Nomination Committee recommended the extension of the term of appointments for Richard Jones. The Committee believes that the extension of his term aligns with the long-term goals and strategic objectives of the Company. In accordance with our organisation's commitment to transparency and ethical governance, Richard Jones voluntarily recused himself from the Nomination Committee's discussions and decision-making process when his appointment was under consideration. This recusal was a proactive measure to ensure the utmost integrity and impartiality in the process. › Recommended the appointments of new Independent Non-Executive Directors, Martin Sutherland, Richard McKenzie, Eva-Lotta Sjöstedt and Camillo Pane to the Board.
Review the need for a Senior Independent Director ("SID")	› Each year, the Nomination Committee considers whether it is appropriate to have a SID to act as a sounding board and intermediary for the Chair or other Board members. › The key responsibilities of the SID also include leading the performance evaluation of the Chair or the search for a new Chair. › The Committee considered it appropriate to appoint a SID. The Committee reviewed and considered the Director's skills and experience matrix and the balance of independence. › Richard Jones was appointed SID with effect from 1 February 2023.

ACTIVITIES OF THE COMMITTEE CONTINUED

Duties	Activities of the Committee
Review the outcomes of the Board evaluation insofar as these relate to composition and time commitment of Directors	› The Committee reviewed the outcomes from the annual evaluation of the Board insofar as these relate both to composition and time commitment from Non-Executive Directors. The Committee keeps under review the Board's composition to ensure it provides a sufficiently wide range of skills and experience to enable it to pursue its strategic goals and to address anticipated issues in the foreseeable future. This process includes reviewing the mix of skills, sector experience and financial, public markets and international experience. › The Committee also reviewed the merits of conducting an external Board Effectiveness review.
Recommend annual re-election of Directors at AGM	› The Committee reviewed and recommended to the Board that six Directors, being eligible, put themselves forward for re-election at the 2024 AGM and that Richard McKenzie, Eva-Lotta Sjöstedt and Camillo Pane be proposed for election following their first appointment to the Board.

SPOTLIGHT FEATURE...

WE ARE ALLIANCE

Q&A with...

Richard McKenzie
Independent
Non-Executive Director

Martin Sutherland
Independent
Non-Executive Director

Eva-Lotta Sjöstedt
Independent
Non-Executive Director

Q: What first attracted you to the Board of Alliance?

Richard McKenzie: I was hugely attracted to the highly international nature of Alliance's business, and the potential to further grow the great portfolio of products that it has built.

Martin Sutherland: As I transitioned from Executive to Non-Executive roles, I was keen to do two things: 1) work with businesses in situations where there is clearly scope for growth, diversification and ultimately value creation but also, 2) work with interesting people. Alliance ticks both these boxes. The business has a strong track record of growth over many years but finds itself at an interesting point in its evolution. Our product portfolio, market position and geographic focus all give us opportunities to significantly grow the business in the coming years. And the people, the Executive team and the Board are clearly focused on doing just that.

Eva-Lotta Sjöstedt: The purpose statement of the Company, its international reach and outlook, as well as its desire to continue to grow in the Consumer Health and wellbeing markets.

Q: Given your background and experience, where do you think you will add most value to the Company?

Richard McKenzie: Having lived and worked in China and Asia for 10 years, I have seen both the huge opportunity that China (and Asia, more broadly) can offer to consumer goods companies, as well as some of the pitfalls that they face. I hope that I can work with Alliance's talented teams that look after Asia to help create even more success for the Asian business in the future.

Martin Sutherland: In my Executive career, I helped shape and then implement strategies to grow and diversify businesses through market diversification, product innovation and geographic expansion. All these elements form part of the Alliance strategy moving forward. The Companies I have led have grown organically, but also used M&A to accelerate strategic objectives. Finally, I have extensive international experience, doing business in the Americas, Europe, Middle East, Southeast Asia and China - all territories relevant to Alliance Pharma's ambitions.

Eva-Lotta Sjöstedt: Being a CEO and having worked internationally, I am able to provide a rounded perspective to support building and achieving the strategy. I am passionate about the environment, social impact, and good governance. I am looking forward to bringing my ESG experience to the ESG Committee of Alliance.

Q: What are your first impressions of Alliance thus far?

Richard McKenzie: The first thing that struck me is the real quality of the products that Alliance produces, and how they offer real benefits to the end consumer. It feels good to be involved with a Company that is making a positive difference.

SPOTLIGHT FEATURE CONTINUED

Martin Sutherland: The most striking impression is from the people and the culture they create. Alliance has a strong culture. Everyone you meet is clearly passionate about the business, proud of its heritage and historical achievements and ambitious for the future.

Eva-Lotta Sjöstedt: I am impressed with Alliance's strong legacy of growth and international outlook. This is crucial at a time where health and wellbeing is becoming increasingly important for many people. This all adds to Alliance's strong sense of purpose.

Q: What was your experience of the onboarding process?

Richard McKenzie: The Alliance team has been very welcoming and generous with its time in helping me get up to speed and understand the business. I have enjoyed spending time with all the team and seeing what makes the business tick.

Martin Sutherland: The onboarding process was very thorough. When you join a new Board, especially in a new sector, there is a lot to learn and a lot of information to assimilate. I wanted to be able to contribute as quickly as possible, so it was excellent being introduced to all the key Executives and other Board members in short order and being given access to historical documents and talked through key decisions that the Company had made in recent history.

Eva-Lotta Sjöstedt: The onboarding process was very personable followed by an induction to the business that demonstrated professionalism, and an in-depth knowledge of the business, its people and culture. This all helped equip me for my role as an NED on the Alliance Board.

Q: What excites you about the year ahead?

Richard McKenzie: There is a lot to be excited by at Alliance and I hope 2024 will bring more growth in the star brands. I am particularly excited to see the new innovative products in these brands come to market this year.

Martin Sutherland: We are at an interesting point in our evolution as a business. We have a clear strategy for growth and can see how this will create shareholder value. In the next year, we need to focus on execution of the first steps of that strategy. It is a year of consolidating our position in key markets for our key brands, Kelo-Cote™, Nizoral™ and Amberen™ to name just three. We need to focus on aligning resources behind these key Consumer Healthcare brands, getting our go-to-market approach and distribution channels working effectively, whilst also making sure that our Prescription Medicines business maintains its strong market position.

Eva-Lotta Sjöstedt: Being a positive person, I hope that the world economy has a slightly better outlook than in recent years and that this helps propel plans to grow our products in relevant markets and segments promoting our strong value proposition.

Q: Where do you see Alliance in 5 years' time?

Richard McKenzie: I see Alliance as a leading, innovative, and global Consumer Healthcare business, which has fully taken advantage of the digital channel shift we are in the middle of now.

Martin Sutherland: The business will be substantially bigger than it is today, through strong organic growth and discerning acquisitions. We will have a greater focus on Consumer Healthcare, our products will have become household names in our chosen geographies and we will have a stronger presence in North America and China.

Eva-Lotta Sjöstedt: There is no crystal ball, but I would like to see an Alliance that has grown strong brands in our target market segments demonstrating our ability to focus on our objectives in health and wellbeing.

Audit and Risk Committee

"The Committee is focused on improving the quality and effectiveness of internal controls building on the work already undertaken during the extended recent audit process."

Richard Jones
Audit and Risk Committee Chair

COMMITTEE MEETINGS	COMMITTEE MEMBERS
6*	2

Richard Jones (Chair)
Martin Sutherland

* held in calendar 2023.

CHAIR'S STATEMENT

On behalf of the Audit and Risk Committee ("the Committee"), I am pleased to introduce this year's Audit and Risk Committee Report. As a Company admitted to trading on AIM, we are guided by the QCA's Audit Committee Guide and, when appropriate to do so, look to investor guidelines for best practice.

This report is intended to provide shareholders with information about the Committee's responsibilities and report on the activities of the Committee during the year and our approach to overseeing further improvements to our internal controls.

As you will have seen from recent announcements to the market, this year's audit process has not been without its challenges from which we have learned valuable lessons. We provide a full explanation below but I, on behalf of the Committee and the wider Board, want to assure shareholders that we have engaged actively, and collaboratively, with management and our auditors throughout the audit process to ensure a successful conclusion to the audit and the accurate reporting of the 2023 results in as timely a manner as possible in the circumstances. I want to reassure shareholders that the delay in the audit, whilst unsatisfactory, has allowed time for a thorough review of our processes and more detailed work, specifically in respect of impairments and this additional work, which the Committee has had regular and detailed oversight of, has enabled the Committee to conclude that the FY2023 financial statements are not materially misstated. Regular meetings were held by the Committee in the first half of 2024 to discuss the audit process and the technical accounting matters that have arisen, particularly in respect of impairments. The Committee would like to thank Deloitte for their diligent and positive approach to the audit.

As noted in Deloitte's audit report, there is much still to do, and the Committee is now conducting a comprehensive review, particularly in respect of the weaknesses identified in our internal control environment regarding in particular impairment reviews, balance sheet reconciliations and IT environment. Management, assisted by external advisors, will create a detailed action plan to address any issues, and to ensure sufficient controls are in place to conclude that the 2024 financial statements contain no material errors. The Committee has also initiated the creation of an internal audit function, which will report to the Audit Chair and to be in place by the end of 2024 in order to support management in the delivery of this plan.

CHAIR'S STATEMENT CONTINUED

In terms of the composition of the Committee, Martin Sutherland was welcomed to the Committee on 10 February 2023 and David Cook stepped down following his resignation from the Board in May 2023. Following the appointment of Camillo Pane as Chair of the Board in February 2024, the Board are discussing further changes to the Committee which are intended to be completed during 2024.

FY2023 audit and impairment.

As noted above, during the early stages of the audit process, following challenges from our auditors, it became clear that our processes and controls, including balance sheet reconciliations, the IT environment and, in particular our processes for reviewing impairments, were not effective. This resulted in a number of misstatements some of which required correction. The Committee therefore asked management, assisted by external advisors, to undertake a thorough review of the testing for impairments of its intangible assets which led to a consequential delay in the reporting of the Company's 2023 financial results, a material impairment in FY2023 and also a prior year adjustment in respect of impairments, as follows:

- Total restatements in respect of FY2022 of £28.3m of which £20.0m related to a restatement of the impairment reported for Amberen™ for which further explanation is included in note 2.20 to the financial statements on page 128.
- Total impairment charges for FY2023 of £79.3m including a further impairment to Amberen of £46.4m, Nizoral £10.3m and to a number of our other pharma and consumer brands. Further explanation is provided in note 11 on page 138.

Whilst the Committee is focussing on improving processes and controls for FY2024, management engaged external expertise to support and challenge the financial team and their work, testing the impairment modelling in respect of FY2022 and FY2023. The Committee met regularly to review the outcome of not only this work but also wider financial reporting, has enabled the Committee to conclude that the FY2023 financial statements are not materially misstated.

Richard Jones
Audit and Risk Committee Chair
18 June 2024

AUDIT AND RISK COMMITTEE REPORT CONTINUED

The role of the Committee

The Committee assists the Board with monitoring and reviewing the Company's financial results and other reporting and has oversight of the effectiveness of risk management and systems of internal control. Its role is to provide confidence to shareholders on the integrity of our reported financial results and provide challenge to the external auditors and senior management.

The framework of duties is set out in its Terms of Reference, which are available on the Company's website. Each year, the Committee reviews its own performance and its Terms of Reference.

Duties of the Committee

The duties of the Committee include:

- reviewing the management and reporting of financial matters, including key accounting policies;
- reviewing the Annual Report and Accounts and advising the Board on whether, when taken as a whole, it is fair, balanced, and understandable and provides shareholders with the information necessary to assess the Company's performance, business model and strategy;
- considering the appointment of external auditors and the frequency of re-tendering and rotation of the audit;
- overseeing the relationship with, and the independence and objectivity of, the external auditors; setting policy in relation to the use of the external auditors for non-audit services;
- advising the Board on the Company's appetite for, and tolerance of, risk and the strategy in relation to risk management and reviewing any non-conformances with these;
- reviewing the Company's risk management and internal control systems and their effectiveness; and
- reviewing the Company's procedures for detecting fraud, bribery and corruption and ensuring arrangements are adequate for employees to raise concerns.

Members of the Committee have access to the Company Secretary, who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chair of the Committee works closely with the CFO and the Finance department to ensure papers for meetings are comprehensive and comprehensible. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

The Committee reports to the Board which includes reporting on any matters where it considers action or improvement is needed, including recommendation of remedial actions. The Chair of the Committee reports to the Board on its proceedings after each meeting on all matters, including any reporting issues and on estimates and judgements made in the preparation of financial statements.

MEMBERSHIP AND MEETING

Attendance

During the year, the Committee held a total of six meetings: four scheduled and two unscheduled meetings, reporting on its activities to the Board. Members who are not able to attend unscheduled meetings offer their apologies and provide feedback to the Chair of the Committee in advance of meetings. Directors who, during the year, were unable to attend meetings, provided comments and feedback on business to the Chair of the Committee.

The Committee comprised a maximum of four Independent Non-Executive Directors during 2023, and have the right to attend meetings.

Member	Status	Attendance
Richard Jones	Independent	6/6
Martin Sutherland[1]	Independent	6/6
David Cook[2]	Independent	3/3
Jo LeCouilliard[3]	Independent	4/6

1 Martin Sutherland was appointed to the Committee on 10 February 2023.
2 David Cook stepped down from the Board on 25 May 2023.
3 Jo LeCouilliard resigned from the Board on 19 February 2024.

Committee membership and attendance

Appointments to the Committee are made by the Board following any recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. During 2023, with two Non-Executive Directors having an accountancy qualification, the Committee has a mix of knowledge and skills gained through their experience of business, management practices including risk, industry and sector, and their recent and relevant financial experience. They have a direct relationship with the external auditor and review internal controls and financial reporting matters.

The CEO, CFO, Group Head of Finance and Group Financial Controller are invited to attend all meetings, while other senior financial managers attend as appropriate.

The external auditor also attends the meetings to discuss the planning and conclusions of their work and meets with the members of the Audit and Risk Committee without any members of the Executive team present after each meeting. The Audit and Risk Committee can call for information from management and consults with the external auditor directly if required.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

ACTIVITIES OF THE COMMITTEE

Areas of focus	Key duties and responsibilities	Activities of the Committee
Financial statements and narrative reporting	The content and integrity of financial statements and any formal announcements relating to financial performance, including review of the significant financial reporting judgements contained therein	› Review of the financial statements and narrative reporting in the Annual Report and Accounts for 2022 and 2023 with reference to the reports being fair, balanced and understandable. This included a review of the appropriateness of the disclosures considering requirements and guidance under IFRS, the AIM Rules for Companies, requirements under the Companies Act 2006, FRC guidance and the QCA Corporate Governance Code 2018. › Review of the preliminary results for the financial year ended 31 December 2022 and 2023. › Review of the unaudited half-year results to 30 June 2023. › Consideration of reports from the external auditor in respect of the Annual Report and Accounts from 1 January 2023 to the date of this report.
Going concern	Matters that have informed the Board's assessment of whether the Company is a going concern	› Review of the going concern including methodology, assessment in support of the going concern assumption which included consideration of downside scenarios, concluding the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.
Accounting policies and standards	Key accounting estimates and judgements	› In respect of the preparation of the financial statements for the year ended 31 December 2022 and 2023, the Committee reviewed key accounting judgements and estimates including a review of the Group's weighted average cost of capital ("WACC"). › Review of the outcome of an Audit Quality inspection on Deloitte. › Review of intangible assets, including consideration of impairment of assets under IAS 36. This included the oversight of the adoption of a new intangible asset impairment process for the review of all of the company intangible assets and included a review of the prior year. › Specific review of the impairment of Amberen, with regard to the findings of the Audit Quality inspection. This included challenges to management on the key assumptions used in the valuation model, including marketing reinvestment rate, discount rate and revenue growth rates, and the prior year restatement. › Review of Alternative Performance Measures. › Continued review and assessment under IFRS 15 and the revenue recognition in relation to a major cross-border ecommerce distribution agreement.
Risk management and internal controls	Financial and other internal controls and risk management systems, including the Group's Principal Risks and Uncertainties	› Response to challenges raised during the 2023 audit process relating to the effectiveness of the internal control environment and control weaknesses in impairment reviews, balance sheet reconciliation and IT environment. › Review of the Group's risk management and Group risk register. › Review of the Principal Risks and Uncertainties reported in the Annual Report and Accounts 2022 and 2023.
	Regulatory and compliance risk	› Review of the Company's Speak Up Policy setting out the Company's whistleblowing arrangements and procedures. › Review of the non-audit fee policy.

ACTIVITIES OF THE COMMITTEE CONTINUED

Areas of focus	Key duties and responsibilities	Activities of the Committee
Review of external auditor	The policy to control engagement of the external auditor to supply non-audit services	› Review of the scope and strategy for the 2023 external audit. › Review of the external auditor's performance, independence, and objectivity; meetings with the external auditor without management to consider any potential areas of concern. › Review and consideration of the external auditor's findings and recommendations and management's response from the audit of the years ended 31 December 2022 and 2023.
	External auditor's independence and objectivity and the effectiveness of the audit process	› Meetings with the external auditor without management to consider any potential areas of concern. › Review and consideration of the external auditor's findings; and recommendations and response from the audit for the years ended 31 December 2022 and 2023.
Terms of Reference	Reporting to the Board on how the Committee has discharged its responsibilities	› The Committee reviewed its own Terms of Reference, which are satisfactory. The Committee and Board were satisfied that the Committee and its members continue to operate effectively individually and collectively and had discharged all the duties within its remit.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has primary responsibility for the Group's overall approach to risk management and systems of internal control and has delegated its oversight to the Committee. At least once a year, the Board also reviews risk management. Those risks the Board is not prepared to take are either avoided or, as far as possible, mitigated and/or transferred to insurers.

The responsibilities surrounding risk management and internal control systems are designed to meet the needs of the size and complexity of the business. It considers the applicable requirements of pharmaceutical regulators in the various markets in which the business operates, as well as the legal requirements of being a UK Company admitted to AIM. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material loss or misstatement.

The key components of the current systems of internal controls are:

- Clearly communicating Alliance's values and strategy to ensure these are understood and people know what is expected.
- Developing business and financial plans that support the strategy.
- Reviewing policies and procedures to ensure these remain fit for purpose.
- Strengthening controls through enterprise resource planning.
- Regular reporting of actual performance relative to goals, budgets and forecasts.
- Ensuring there is a structure of accountability.
- Training and monitoring.

The identification of a prior year asset impairment adjustment in December 2022 (described in note 2.20), and significant control weaknesses in impairment reviews, balance sheet reconciliations and the IT environment identified during the audit which resulted in a number of misstatements identified and addressed but raised a challenge as to the effectiveness of the internal control environment throughout the period under review.

The Committee have therefore instigated a comprehensive review led by the CFO and overseen by the Committee of people, processes and controls with improvements due to be implemented during 2024 assisted by the newly established internal audit function and where required assisted by external accounting and technical advisors.

For each key financial and non-financial control area, workshops will be held with the process owners to: develop a framework of expected controls to address risks to the business; assess the current operating effectiveness of controls; agree and manage and action plan of remediating control failures and implement further controls identified as part of the framework and to embed a new framework into the business with a system of monitoring progress established.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

The actions will be scheduled for completion by the end of December 2024. Where there are potential gaps in the effectiveness of the controls during the year, a review of the potential impact on the financial statements will be undertaken and other compensatory controls identified to provide confidence that there is no material risk of error.

Speak Up Policy

The Company has a Speak Up Policy and procedures to help with the detection and prevention of fraud. Reviewed annually, the Policy was updated during the year and published internally and on the Company's website. It provides all employees with access to a confidential helpline where they can raise concerns about potential and perceived improprieties. Provided it is appropriate to do so, the process is managed by the Company Secretary in conjunction with Human Resources. The outcomes of any investigations carried out in accordance with the policy are reported to the Committee.

INTERNAL AUDIT FUNCTION

The Committee has accelerated plans for the establishment of an internal audit function to strengthen our internal audit capabilities following feedback from our auditors during the FY 2023 audit and taking into account the size and scale of the business as well as the future strategic plans. Reporting directly to the Chair of the Committee, the role will ensure that the risk management and controls are tested with outcomes, findings and recommendations reported to the Committee and is expected to be established later in 2024.

EXTERNAL AUDITOR

Audit process

Each year, the Committee assesses the proposed audit plan for the external auditor's review of the Company's full-year financial statements. This plan sets out the scope of the audit, areas of significant risk of material misstatement, timetable, and fees. Deloitte formally presented their findings to the Committee but throughout the auditing process there is regular dialogue and engagement with management with any significant matters or risks being communicated.

Prior to the Board's approval of the Annual Report and Accounts, the Committee reviews with the auditor the representations set out in the management representation letter and reports to the Board. The auditor presents the Board with a management representation letter which the Committee will have reviewed and discussed with the auditor as part of its year-end meetings.

Audit Quality Review

The FRC's Audit Quality Review team ("AQRT") selected Deloitte's audit of the Company's 2022 financial statements for review, as part of its annual programme of promoting improvement in the overall quality of auditing in the UK.

The Committee discussed the AQRT's findings and the Chair of the Committee discussed the Financial Reporting Council's ("FRC") report with both Deloitte and the FRC. The review focused on the auditor's work on (i) The Amberen valuation and impairment review (ii) Recoverability of Trade receivables (iii) Revenue recognition (iv) Journals and (v) first year audit and opening balances. The review identified that the external audit procedures relating to the audit of impairment required significant improvement.

The Committee discussed with Deloitte their 2022 audit process and the errors identified in management's valuation model, together with key assumptions relating specifically to Amberen. When correcting for these valuation model errors and updates to assumptions, a restatement of the impairment charge for Amberen for the year ended 31 December 2022 results was required. Note 2.20 (page 128) to the financial statements provides further information. The Committee was satisfied with the actions taken by Deloitte to respond to the AQRT's findings and was content that the matters raised do not give it concerns over the future quality, objectivity or independence of the audit.

Process and control improvements

Deficiencies in process and controls surrounding the intangible brand asset impairment review were identified by Deloitte as part of its FY23 audit. In response to their observations, management has implemented significant improvements, as follows:

- Engaged external consultants to provide technical oversight of changes to our accounting processes for impairment testing.
- Reviewed and segregated the intangible asset portfolio into different categories depending on the type of asset.
- Enhanced the impairment model, linking to risk management, for each brand category identified in the review and segregation exercise.
- Challenged and tailored the checklist of assumptions for each intangible brand asset category including key assumptions, estimates and judgements and other relevant information relevant to the process.

In response to the other deficiencies in process and controls identified as part of the FY23 audit, management has planned a comprehensive review of all controls which will be completed during 2024.

Effectiveness and independence of the external auditor

The Committee is responsible for agreeing the terms of engagement with the Company's external auditor. The objectivity and independence of the external auditor is safeguarded by reviewing the auditor's formal declarations, monitoring relationships between key audit staff and the Company, and tracking the level of non-audit fees payable to the external auditor. The Committee annually reviews the scope and fees for the annual audit of the Company.

Reappointment of the external auditor

Deloitte took up office as the Company's external auditor in 2022. The auditor's reappointment requires the approval of shareholders at the AGM and accordingly, the Committee recommended that a resolution be proposed for their appointment at the 2024 AGM.

ESG Committee Report

> "Prioritising ESG means we can continue to run our business in a responsible way, striving to make a positive contribution to our people, planet and products."
>
> **Kristof Neirynck**
> ESG Committee Chair

COMMITTEE MEETINGS
4

COMMITTEE MEMBERS
2

Kristof Neirynck (Chair)
Eva-Lotta Sjöstedt

CHAIR'S STATEMENT

As Chair of the ESG Committee, it gives me great pleasure to introduce my first report from the ESG Committee ("the Committee").

Alliance has continued to prioritise sustainability and responsible business practices. Throughout the year, we have pursued initiatives aimed at minimising our environmental footprint, fostering positive social impact, and upholding the highest standards of corporate governance. The Committee continues to believe that, by operating our business in a responsible way, we can minimise our negative impacts and maximise our positive contribution while promoting the sustainability of our business for the longer term.

In alignment with our ESG objectives, we have implemented innovative sustainability measures across our operations, reducing carbon emissions, conserving resources, and promoting eco-friendly practices. We continued to work towards our target of achieving net zero Scope 1 and 2 emissions by 2030 and have now set a Scope 3 emissions target of net zero by 2044 (see pages 40 and 41). We are on track to meet our interim target of 65% reduction in Scope 1 and 2 emissions by 2025 (versus 2018 baseline).

We have a strong focus on ethics and compliance, and we have introduced an anti-slavery strategy to address human rights in our supply chain. We also support the communities in which we operate by raising money and volunteering for local charities and social enterprises. We encourage every colleague to take a day of paid leave to volunteer for a charity of their choosing. Furthermore, our robust governance framework ensures transparency, accountability, and ethical decision-making, safeguarding the interests of our shareholders and stakeholders alike.

ESG COMMITTEE REPORT CONTINUED

Our commitment to sustainable practices is reflected in comprehensive strategies and we plan to introduce measurable Key Performance Indicators ("KPIs") in 2024. Once identified, we intend to make a recommendation to the Remuneration Committee linking appropriate KPIs to Executive performance criteria. As we embark on this transformative path, we recognise the importance of continuous improvement and collaboration. Together, we are committed to building a sustainable future that not only adds value to our business but also contributes positively to the world around us.

The following pages set out the Committee's responsibilities and activities the Committee discussed during the year. Additional information is also provided in our Sustainability section of this report on pages 28 and 29 and in the Sustainability section and Online Sustainability Report on the Company's website.

I would like to thank those shareholders who continue to work with us to help us better understand responsible investing.

Kristof Neirynck
ESG Committee Chair
18 June 2024

The role of the Committee

The ESG Committee's primary role is to review the overarching ESG vision for the Company, including climate change, and ensure that the priorities are anchored as an integral part of the Company's overall strategy attracting the right level of resource and investment.

Duties of the Committee

During the year, the Committee reviewed its duties and responsibilities under its Terms of Reference.

The duties of the Committee include:

- To recommend the overarching ESG vision to the Board and ensure that ESG priorities are anchored at the top of the Company.
- To ensure ESG priorities are an integral part of the Company's overall strategy.
- To develop the short- and long-term strategy and framework for managing the risks and opportunities relating to ESG.
- To ensure that the views of stakeholder groups on ESG matters are solicited and understood to inform the Company's long-term strategic decisions.
- To identify the relevant ESG priorities that most significantly impact the Company and its stakeholders, its reputation and public interest role.
- To assist the Board in defining and executing the Company's strategy and agree the annual plan and targets relating to ESG matters.
- To review the Company's performance against its annual plan and ESG targets, initiatives, and commitments.
- To guide the Company's ESG communication strategy.
- To ensure that ESG priorities are reflected in the Company's culture through its Purpose, Vision, Values, and behaviours, as well as its Partner Code of Conduct.
- To oversee and review the charitable activities of the Company.
- To monitor, track and make recommendations to other Committees of the Board on matters relating to Governance.

The Committee's key ESG priorities in 2023 have been:

People	Planet	Product
› Diversity, equity and inclusion including gender pay gap › Bioethics › Employee engagement	› Net zero strategy and roadmap including Scope 3 emissions target › Climate risks › Sustainable packaging	› Partner Code of Conduct › Human rights in the supply chain, particularly anti-slavery initiatives

MEMBERSHIP AND MEETING ATTENDANCE

Two Independent Non-Executive Directors currently serve on the ESG Committee.

The CEO, COO and Head of IR are invited to attend the Committee as observers. Others are invited to attend as appropriate to support the Committee with its discussions and decision-making. During the year, the Committee also invited ESG consultants to present on net zero carbon strategy, understanding the Company's Scope 1, 2 and 3 emissions and setting the carbon action plan and climate change risks.

During the year, the Committee held four scheduled meetings and reported on its activities to the Board.

Member	Role	Status	Attendance
Kristof Neirynck	Chair	Independent	4/4
Eva-Lotta Sjöstedt[1]	NED	Independent	0/4
Richard Jones[2]	NED	Independent	2/4
Jo LeCouilliard[3]	NED	Independent	4/4

1 Eva-Lotta Sjöstedt joined the Committee on 21 November 2023.
2 Richard Jones stepped down from the Committee on 21 November 2023.
3 Jo LeCouilliard resigned from the Board on 19 February 2024.

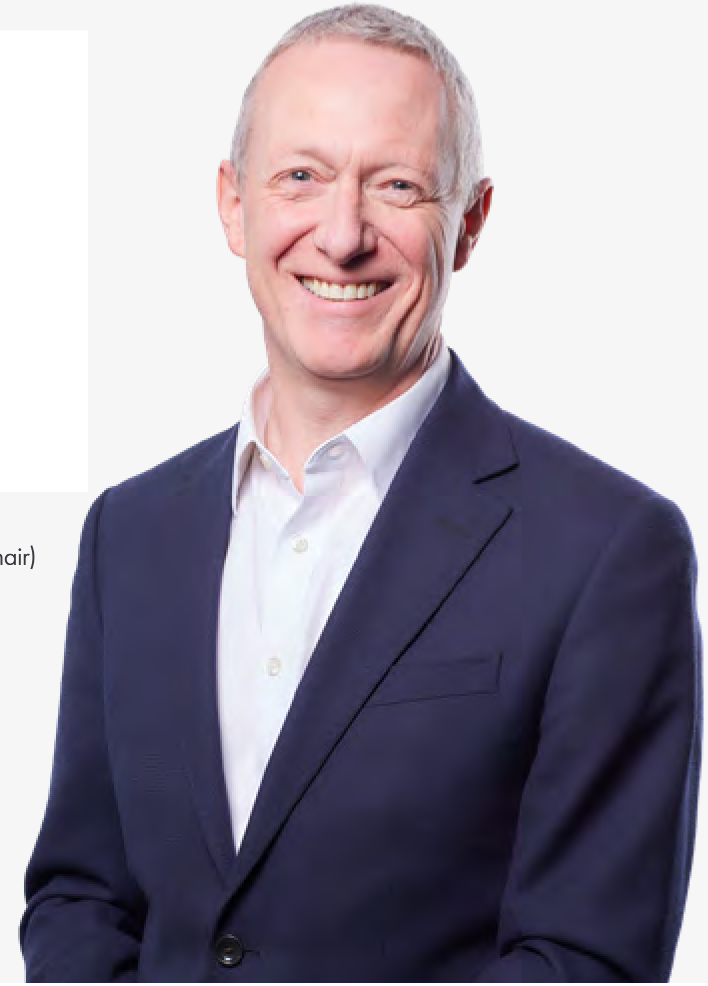
ACTIVITIES OF THE COMMITTEE

An overview of our approach and sustainability framework can be found on pages 28 and 29 and in our online Sustainability Report on our website.

Progress has been made in several areas during the year with activities focused on scope and resourcing in the areas of sustainable packaging, net zero strategy and roadmap, climate risks, and Task Force on Climate-Related Disclosures ("TCFD"), carbon action planning, employee engagement, supply chain oversight and responsible partnering:

- Presentations were received from our Sustainable Sourcing Lead on the Company's packaging strategy, which focuses on minimising our impact on the environment while fostering innovation.
- Reviewing presentations on our carbon reduction roadmap.
- Reviewing and approving our voluntary 2022 Task Force on TCFD for reporting in both the Annual Report and Accounts and on the Company's website.
- Reviewing and recommending for approval by the Board a Bioethics policy for publication on the Company's website.
- Reviewing and supporting the output of the gap analysis of our anti-slavery programme, undertaken by our external partner, Slave Free Alliance.
- Reviewing and approving the Company's resulting three-year anti-slavery strategy that, along with our Partner Code of Conduct, will further strengthen ethics and human rights in our supply chain.
- Oversight of employee engagement, which includes a series of 'Lunch and Learns' and engagement from our CEO at the Company's Breakfast Briefings.
- Reviewing and supporting the use of advisers to support the Company's ESG strategy.

Remuneration Committee



"We continue to balance our remuneration policies and incentive structures to support strategic growth."

Martin Sutherland
Remuneration Committee Chair

COMMITTEE MEETINGS
7

COMMITTEE MEMBERS
3

Martin Sutherland (Chair)
Kristof Neirynck
Richard McKenzie

CHAIR'S STATEMENT

On behalf of the Remuneration Committee ("the Committee"), I am pleased to introduce my first Remuneration Committee Report since becoming Chair of the Committee in early 2023. As a Company admitted to AIM, we are guided by the QCA's Remuneration Committee Guide and, when appropriate to do so, look to investor guidelines for best practice.

This year, we held several meetings to review our remuneration policy to ensure it remains appropriate for the size and complexity of our business. Guiding this review were the three principles that underpin our remuneration approach, namely:

- Encouraging broader share ownership throughout our employee base, so that all employees are aligned with creating shareholder value.
- Rewarding our staff and Executives at median against market benchmarks for their roles, so we are able to attract and retain the talent we need to drive the business forward.
- Only paying for delivery against performance measures, so we reward success.

The review of the remuneration policy was to ensure that our arrangements satisfy the above principles and continue to support the business strategy, align with market norms and meet the governance expectations of our shareholders.

Following this review, and in consultation with our largest shareholders, we have now changed the way in which we grant long-term share awards. To date, the Company has operated two share-based incentive schemes being market-value options under the Company Share Option Plan ("CSOP") and nil-cost options under the Long Term Incentive Plan ("LTIP"). All Alliance employees were eligible to receive market-value CSOP options, whilst awards of performance-based LTIPs were also used for the Senior Leadership Team, including the Executive Directors. With the growth in headcount that Alliance has undergone in the last few years, the granting of market-value CSOP options to all employees had created significant pressure on our dilution limits (which restrict the number of shares which can be issued to cover employee share scheme awards).

Having carefully considered various alternatives, we considered/decided that a move away from market value options was the best way to tackle this pressure. As such, share awards are now made entirely in the form of nil-cost options. The vesting of awards to the SLT (including Executive Directors) remains subject to performance targets, ensuring reward is only delivered in line with performance. This change has enabled us to continue to deliver on our approach of widespread equity ownership, whilst driving strong performance and remaining within our dilution limits at an acceptable accounting cost.

Following consultation with major shareholders, the Committee also approved a revision to the vesting conditions for the LTIP awards granted to the Executive Directors in 2023, with ROCE introduced as a third measure (alongside EPS and TSR).

The remuneration policy review also revealed a material gap between the pay levels of our Executives and the median level amongst our benchmark Companies (comprising Companies of similar size and similar sector). While recent salary increases for both the CEO and CFO have begun to close the gap, the main difference in pay between Alliance and its peers was in the relatively low long-term incentive opportunities available to our Executives. As such, following consultation with shareholders, we have increased the maximum LTIP opportunity under the policy to 120% of salary and lowered the proportion of the award that vests for achieving threshold performance to 25% of maximum (from 50%), ensuring that the increased LTIP opportunities only become available for outstanding performance and the continued growth of the business. The first LTIP awards under the new policy were granted in October 2023 at a share price of 45p; the Committee approved annual awards of 100% of salary to the Executive Directors, a discount to the normal award (of 120% of salary) given the decline in the share price over recent months.

Other key activities of the Committee during the year included:

- monitoring and making recommendations with respect to the level and structure of remuneration for senior management;
- reviewing the 2023 annual corporate bonus scheme to ensure it is appropriate across all levels in the organisation;
- reviewing data to support the appropriate level of remuneration following changes to roles and responsibilities of Directors during the year;
- assessing the achievement of performance conditions and extent of vesting relating to share awards which matured in 2023;
- approving the grant of awards under the Company's Long-Term Incentive Plan to the Executive Directors and employees; and
- reviewing the holding requirements and level of holdings under the Company's Share Ownership Policy.

On 21 November 2023, we were pleased to welcome Richard McKenzie to the Committee.

The Committee continues to monitor trends and developments in relation to remuneration market practices and corporate governance, and welcomes views from its shareholders.

This year for the first time, and in keeping with good practice, we are pleased to give shareholders a 'say on pay' and will be putting forward the Remuneration Report to a shareholder advisory vote at the AGM. I will also be available at that meeting to answer any shareholder questions on the Committee's activities.

In the meantime, I would like to thank our shareholders for their continued support.

Martin Sutherland
Remuneration Committee Chair
18 June 2024

THE ROLE OF THE REMUNERATION COMMITTEE

The role of the Committee is to ensure there is a formal process for considering Executive remuneration. On behalf of the Board, it reviews the pay, benefits, and other terms of service of the Executive Directors of the Company and the broad pay strategy with respect to other senior Executives. The framework of duties is set out in its Terms of Reference which are available on the Company's website.

Each year, the Committee reviews its own performance and its Terms of Reference. Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information.

The Chair of the Committee reports to the Board on its proceedings after each meeting and will make any recommendations to the Board it deems appropriate. The Committee will also engage with the Nomination Committee when considering, for example, the appointment of Directors or contractual terms on termination.

Membership and meeting attendance

Appointments to the Committee are made by the Board following recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. However, where appropriate, the CEO, CFO and the Chief People Officer are also invited to attend certain meetings of the Remuneration Committee. During the year, the Committee held a total of seven meetings, three scheduled and four unscheduled, and reported on its activities to the Board.

During the year, the Remuneration Committee comprised the following Independent Non-Executive Directors and their attendance was as follows:

Member	Status	Attendance
Martin Sutherland[1]	Independent	6/6
Kristof Neirynck	Independent	6/7
Richard McKenzie[2]	Independent	–
David Cook[3]	Independent	3/3
Jo LeCouilliard[4]	Independent	7/7

1 Martin Sutherland was appointed to the Committee on 10 February 2023 and became Chair of the Committee on 1 April 2023.

2 Richard McKenzie was appointed to the Committee on 21 November 2023.

3 David Cook resigned from the Board on 25 May 2023.

4 Jo LeCouilliard stepped down as Chair of the Committee but continued to remain a member of the Committee until her resignation from the Board on 19 February 2024.

Directors who were unable to attend meetings, provided comments and feedback on business to the Chair of the Committee.

Activities of the Committee

During the year, matters reviewed and considered by the Remuneration Committee included reviewing policies on remuneration, the external environment, market comparators, increases to annual base salaries, short-term and long-term reward structures, and assessing the extent to which targets have been achieved under the performance-related incentive schemes. When appropriate to do so, the Remuneration Committee seeks the support of its external advisers, Ellason LLP ("Ellason"). They are members of the Remuneration Consultants Group, which sets out guidelines to ensure that any advice received is independent. Ellason provides no other services to the Company and the Committee is satisfied that the advice received is objective and independent.

No Directors or senior managers are involved in any decisions as to their own remuneration.

REMUNERATION POLICY

Advisory vote

This year, in keeping with good practice, shareholders will be given a 'say on pay' on the Remuneration Report by virtue of an advisory vote at the AGM.

Remuneration policy tables

As the Company is admitted to AIM, it is not required to produce a formal remuneration policy or seek shareholder approval of that policy. However, we set out below additional information that the Committee believes will be most useful to shareholders and reflects remuneration practices that are appropriate for an AIM Company of our size. The policy is designed to ensure our Executive Director pay arrangements remain supportive of, and drive the strategy.

REMUNERATION COMMITTEE REPORT CONTINUED

Element	Policy
Base salary	Base salaries are reviewed annually to ensure they remain in line with other pharmaceutical/healthcare and other AIM Companies and reflect the size and scope of the individual's role. Within that frame of reference, the Company aims to be at or near the median level. Annual base salaries increase from May each year. The Committee is committed to ensuring that salaries remain competitive relative to the AIM 100. Levels are set to attract and retain individuals to lead and drive forward the agreed strategy for the Company.
Pension and other benefits	Executive Directors can participate in the Company's defined contribution pension scheme. In line with all employees, only their base salaries are pensionable. The Company contributes twice the amount contributed by the employee up to a maximum of 10% of salary. When appropriate to do so, Executive Directors may take benefits as a salary cash supplement (which will ordinarily be reduced to take account of the employer National Insurance Contributions). Other benefits in kind include life assurance, healthcare, and the provision of a cash allowance in lieu of a company car.
Annual bonus	Executive Directors are eligible to participate in the all-employee cash-settled Annual Bonus scheme which reinforces the delivery of the Group's short-term corporate goals, typically linked to two factors: › the achievement of budgeted levels of underlying profit before tax, which is the key metric the Board considers in monitoring corporate performance; and › personal performance of each Executive. The level of bonus is determined by first assessing the level of financial performance, and then applying a further multiplier which is determined by assessment of the Executive's personal performance for the year. Targets are set at the start of each financial year and are determined with the approval of the Remuneration Committee to ensure they incentivise the Executives and align with delivery of the Group's strategy. Personal performance is measured using various factors, including delivery of pre-set personal targets. The Annual Bonus that each of the Executives can earn is as follows: **Chief Executive Officer** A bonus of 14% of base salary, increasing on a sliding scale up to a maximum of 100% of base salary, is payable upon the achievement of financial performance targets. The bonus payable can be increased further by applying a personal performance multiplier. The maximum personal performance multiplier is 1.5x (i.e. up to an additional 50% of salary). The CEO's potential maximum Annual Bonus opportunity is therefore 150% of base salary. **Chief Financial Officer & Chief Operating Officer** A bonus of 11% of base salary, increasing on a sliding scale up to a maximum of 80% of base salary, is payable upon the achievement of financial performance targets. The bonus can be increased further by applying a personal performance multiplier. The maximum personal performance-related multiplier is 1.5x (up to an additional 40% of salary). The potential maximum Annual Bonus opportunity is therefore 120% of base salary for the CFO and COO.
Share incentive schemes	The Company operates share-based incentive schemes to encourage a culture of long-term growth and performance that aligns with shareholders. In recent years, the Executive Directors have participated in both a market value Company Share Option Plan ("CSOP"), and a nil-cost Long-Term Incentive Plan ("LTIP"). However, as set out on page 99, no further awards will be granted under the CSOP and the LTIP will be the sole long-term incentive vehicle going forward. LTIP awards granted to the Executive Directors are subject to performance metrics assessed over a three-year performance period, and typically include Earnings Per Share ("EPS"), Total Shareholder Return ("TSR") and Return on Capital Employed ("ROCE"). The maximum market value of shares over which LTIP awards may be granted to any participant during any financial year is 150% of the participant's salary but with the intention that annual awards will not normally exceed 120% of the participant's salary. However, in exceptional circumstances, the Committee may, at its absolute discretion, grant a higher amount. Award levels are reviewed regularly by the Committee to ensure that aggregate remuneration levels remain competitive. Further information about the Company's share incentive plans is set out on page 99.
Share ownership	To align Directors' and senior management's interests with our shareholders, the Company operates a Share Ownership Policy. Relevant employees are required to build a qualifying interest in shares or vested options capable of exercise that is equal to a percentage of their base salary. Ordinary shares are valued at their market value at the time of any calculation carried out to determine whether a qualifying interest has been established or needs to be increased. Vested-but-unexercised options are included based on the implied net-of-tax gain. The CEO is required to build a qualifying interest equal to 200% of his base salary, while the CFO and COO are required to build an interest equal to 150% of their salary. Further information can be found on page 96 of this report.

REMUNERATION COMMITTEE REPORT CONTINUED

POLICY TABLE IN RESPECT OF NON-EXECUTIVE REMUNERATION

Remuneration/Benefit	Application
Fees	Non-Executive Directors of the Company receive a basic fee for their services provided to the Company. These are reviewed by the Board from time to time to ensure levels remain in line with comparable Companies. There are no performance measures in relation to fees paid to Non-Executive Directors.

	Salary or fees		Other		Pension		Bonus		Total remuneration, excluding share options		Exercised share option gains		Total remuneration, including share options	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Peter Butterfield	377,167	356,083	12,369	12,235	31,725	31,514	–	–	421,261	399,832	37,386	–	458,647	399,832
Andrew Franklin[1]	256,194	239,200	11,663	11,474	21,191	20,846	–	–	289,048	271,520	21,134	–	310,182	271,520
Jeyan Heper[2]	251,731	–	9,337	–	25,173	–	–	–	286,241	–	–	–	286,241	–
David Cook[3]	36,000	88,000	1,359	–	–	–	–	–	37,359	88,000	–	–	37,359	88,000
Richard Jones	57,246	49,458	1,589	–	–	–	–	–	58,835	49,458	–	–	58,835	49,458
Jo LeCouilliard[4]	76,920	49,458	899	–	–	–	–	–	77,819	49,458	–	–	77,819	49,458
Kristof Neirynck	51,951	47,201	847	–	–	–	–	–	52,798	47,201	–	–	52,798	47,201
Martin Sutherland[3]	47,510	–	706	–	–	–	–	–	48,216	–	–	–	48,216	–
Eva-Lotta Sjöstedt[5]	7,265	–	–	–	–	–	–	–	7,265	–	–	–	7,265	–
Richard McKenzie[5]	7,265	–	–	–	–	–	–	–	7,265	–	–	–	7,265	–
	1,169,247	**829,400**	**38,770**	**23,709**	**78,089**	**52,360**	–	–	**1,286,106**	**905,469**	**58,520**	**–**	**1,344,626**	**905,469**

1 Andrew Franklin was paid an uplift of £7,000 per month whilst he was acting as CEO. Peter Butterfield returned to work in March 2023 and earned his fixed pay since taking a leave of absence in November 2022, and then resumed his duties as full time CEO from 1 July 2023.

2 Jeyan Heper and Martin Sutherland joined the Board on 1 February 2023.

3 David Cook resigned from the Board as a Non-Executive Director and Chairman on 25 May 2023.

4 Jo LeCouilliard was appointed Chair of the Board on the 25 May 2023, which saw an increase in fees between 2022 and 2023.

5 Eva-Lotta Sjöstedt and Richard McKenzie joined the Board on 6 November 2023.

No Director received any remuneration from a third party in respect of their service as a Director of the Company.

BASE SALARY

During the year, the Committee undertook a review of market benchmarks, including Companies of similar size and sector, to gauge the pay positioning of the Executive Directors and other senior management; the review concluded that our total remuneration levels remained at median. Ellason assisted the Committee with benchmarking of roles and discussed with the Committee the market data and pay gaps, market sentiment, and the macro-economic environment.

The base salaries for the CEO and CFO were increased by 5%, from £365,000 to £383,250 for the CEO and from £243,800 to £255,990 for the CFO; these increases took effect on 1 May 2023 and were in line with the average increase for other UK employees. In addition, the Committee agreed a further increase to the CFO's base salary, effective 1 November 2023, in recognition of his additional responsibilities for Information Technology bringing his total base salary to £281,589.

Jeyan Heper was appointed COO on 1 February 2023, on an annual base salary of £275,000.

PENSION AND BENEFITS

All three Executive Directors received an employer pension contribution of twice the amount contributed by the Director up to a maximum of 10% of salary.

The column headed 'Other' in the table above shows the value of benefits provided to each Executive Director, including car and healthcare allowance. The Executive Directors accrue retirement benefits through defined contribution pension schemes. The Company does not operate a defined benefit pension scheme. No Director or former Director received any benefits from a retirement benefits scheme that were not otherwise available to all members of the scheme.

ANNUAL BONUS

The Committee reviewed the achievement of actual underlying profit before tax ("PBT") against budgeted levels – the key metric for monitoring corporate performance. In addition, the Committee considered the personal performance of the Executive Directors as measured against various factors including pre-set personal objectives.

No annual bonus payments have been paid to the Executive Directors in respect of the year ending 31 December 2023, as the required threshold level of PBT was not achieved.

NON-EXECUTIVE DIRECTORS' FEES

An increase to Non-Executive Directors' fees was approved during the year and took effect on 1 May 2023. The annual fee payable to David Cook as Chair of the Board was £90,000 pro rata to his tenure during the year. Jo LeCouilliard was appointed Chair of the Board with effect from the 2023 Annual General Meeting with a contractual fee of £94,500. The Chair and Non-Executive Directors may be reimbursed for any reasonable business expenses, including any taxes payable thereon.

Each Non-Executive Director is paid an annual base Board fee of £48,431. Richard Jones, Kristof Neirynck, and Martin Sutherland each receive an additional annual Committee Allowance of £5,000 for chairing the Audit and Risk, ESG and Remuneration Committees, respectively. No Committee Allowance is paid for the chairing of the Nomination Committee. Richard Jones was appointed Senior Independent Director with effect from 1 February 2023 for which he receives an additional annual allowance of £5,000.

COMPANY SHARE PLANS

The Company operates two share incentive schemes under which shares can be awarded to Executive Directors and senior management. More details on our share plans can be found in the Directors' Report on page 99.

AWARDS UNDER THE ALLIANCE LONG-TERM INCENTIVE PLAN 2019 ("LTIP")

During the year, the Committee approved awards granted under the Company's LTIP in the form of nil-cost options. These were granted on 4 October 2023 with a face value of 100% of base salary, equal to 851,666 nil-cost options to the CEO; 568,866 to the CFO and 861,111 to the COO. The share price used to calculate the number of shares awarded was 45p (being the closing mid-market price on 3 October 2023). The award levels were set below the normal policy maximum of 120% of salary to reflect the recent decline in the share price.

The COO was also awarded an additional 250,000 nil-cost options in 2023 (equivalent to c.40% of salary) pursuant to his joining the Board earlier in the year and as a means to help ensure a more rapid alignment with shareholders.

These awards will vest on the third anniversary from the date of grant, 4 October 2026, subject to meeting the EPS, TSR and ROCE performance targets set out below.

MALUS AND CLAWBACK

All LTIP awards are subject to standard malus and clawback provisions which allow the Company, in certain circumstances, to either (i) terminate outstanding options, or (ii) seek repayment of after-tax value of options which have been exercised by an Executive who has been dismissed as a result of a set of prescribed irregularities including the discovery of material misstatement of results of the Company or Group; or a serious breach of the Company's code of ethics has arisen; or a serious regulatory, or health and safety issue has occurred.

PERFORMANCE CONDITIONS

During 2023, the Committee undertook a review of the use of appropriate performance conditions as part of the proposals to grant share awards only under the LTIP. In recent years, the vesting of LTIP awards has been linked to EPS and relative TSR, weighted equally. Having consulted with shareholders as part of the governance roadshow, the Committee determined it appropriate to introduce underlying Return on Capital Employed ("ROCE") as a third measure for the 2023 awards, weighted at 20%, to help reinforce a focus on capital efficiency. In addition, revisions were made to the vesting curves such that achievement of the threshold performance level (for all three LTIP measures) would permit vesting of only 25% of maximum, reduced from 50% used for prior awards, reflecting market practice. Lastly, the Committee determined that the benchmark to be used under the TSR condition would be the AIM All Share Index (previously the FTSE Small Cap) to better reflect the Company's market placing.

As such, the vesting of LTIP awards granted in 2023 to the Executive Directors is based 40% on EPS, 40% on TSR and 20% on ROCE.

Underlying earnings per share

EPS	% of award that vests (40% of overall award)
< 5% CAGR	0%
5% –10% CAGR	Calculated on a straight-line basis between 25% and 100%
> 10% CAGR	100%

CAGR: means compound annual growth rate.

EPS: means the underlying diluted earnings per share as presented in the Company's published Annual Reports.

EPS Compound Annual Growth Rate: means the percentage of increase in the EPS of the Company calculated by reference to the difference between (i) the EPS as presented in the published Annual Report for the financial year ending 31 December 2022, to (ii) the EPS as presented in the published Annual Report for the financial year ending 31 December 2025.

EPS Performance Period: means the period from 1 January 2023 to 31 December 2025 (inclusive).

Total shareholder return

TSR	% of award that vests (40% of overall award)
Less than the Index	0%
Equal to the Index	25%
Between the Index but less than 15% out-performance of the Index on a cumulative basis over the TSR performance period	Calculated on a straight-line basis between 25% and 100%
Equal to or greater than 15% out-performance of the Index on a cumulative basis over the TSR performance period	100%

Index: means the AIM All-Share Index.

TSR: means total shareholder return calculated by reference to the Company's share price appreciation plus all dividend per share paid (based on the ex-dividend date) during the TSR Performance Period, and as determined by the Company's Nominated Adviser at the end of the TSR Performance Period.

TSR Performance Period: means the period starting on the Grant Date and ending on the third anniversary of the Grant Date.

Underlying return on capital employed

ROCE	% of award that vests (20% of overall award)
Equal to 90% of Target ROCE	25%
90% Target ROCE < Vesting ROCE ≤ 125% of Target ROCE	Calculated on a straight-line basis between 25% and 100%
Vesting ROCE > 125% Target ROCE	100%

Target ROCE: 10.2%, calculated on the basis of the 5-year average ROCE up to and including 31 December 2022 (taken from the audited and published accounts for those five accounting periods).

ROCE: is calculated by dividing underlying operating profit before tax by capital employed (the aggregate of shareholders' equity and interest-bearing debt).

Underlying operating profit before tax: profit before tax, interest and non-underlying items, as set out in the audited accounts for the relevant period/s.

Shareholders' equity: total equity at the relevant balance sheet date (equal to total assets less total liabilities), which is to be defined as net of non-underlying items (e.g. amortisation & impairments).

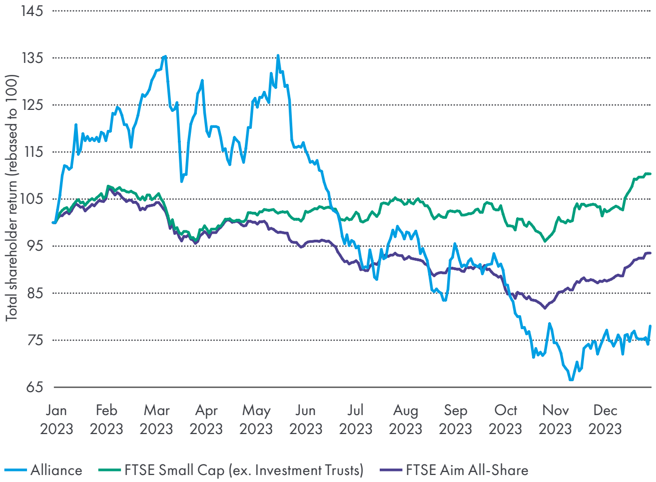
Interest-bearing debt: bank loan drawn at the relevant balance sheet date.

AWARDS UNDER THE ALLIANCE COMPANY SHARE OPTION PLAN 2015 ("CSOP")

No awards were granted to employees under the CSOP in the year under review. In previous years, market value CSOP share options have been granted to the Executive Directors and members of the Senior Leadership Team ("SLT") and, where appropriate, may attract HMRC tax advantages. Details of CSOP awards granted to the Executive Directors can be found on pages 94 and 95.

REMUNERATION COMMITTEE REPORT CONTINUED

Total Shareholder Return
3rd January 2023 to 29th December 2023



AWARDS VESTING DURING THE YEAR

Awards granted under the CSOP and the LTIP to Peter Butterfield and Andrew Franklin on the 23 September 2020 lapsed in full, as neither the EPS nor TSR targets were met.

Details of the number of shares vesting and the relevant exercise prices for these option awards are set out in the tables on pages 94 and 95. The closing mid-market price of Ordinary shares on 29 December 2023 (being the last dealing day in the calendar year) was 40.5p and the range during the year was from 34.5p to 71.8p.

SHARE INCENTIVE AWARDS

Executive Directors hold options through the Company's share option and LTIP. Details of all options held under the Company's employee share schemes by the Directors as at 31 December 2023 and who served during the year are shown on pages 94 and 95. Shares are retained as required to comply with the Company's Share Ownership Policy for which details are provided on page 96.

REMUNERATION COMMITTEE REPORT CONTINUED

Peter Butterfield

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	27-Oct-16	47.50	EPS	1,000,000	1,000,000	–	–	500,000	27-Oct-21	27-Oct-26
CSOP Unapproved	05-Oct-18	81.60	EPS	1,250,000	1,250,000	–	–	1,250,000	05-Oct-21	05-Oct-28
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	137,500	68,750	–	68,750	68,750	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	196,684	98,342	98,342*	98,342	Nil	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	165,000	Nil	–	165,000	Nil	23-Sep-23	23-Sep-30
LTIP	23-Sep-20	Nil	EPS & TSR	246,269	Nil	–	246,269	Nil	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	139,943	–	–	–	–	29-Sep-24	29-Sep-31
CSOP Approved	29-Sep-21	102.80	EPS & TSR	29,182	–	–	–	–	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	180,970	–	–	–	–	29-Sep-24	29-Sep-25
CSOP Approved	29-Sep-22	58.20	EPS & TSR	1	–	–	–	–	29-Sep-25	29-Sep-32
CSOP Unapproved	29-Sep-22	58.20	EPS & TSR	182,499	–	–	–	–	29-Sep-25	29-Sep-32
LTIP	29-Sep-22	Nil	EPS & TSR	344,931	–	–	–	–	29-Sep-25	29-Sep-26
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	851,666	–	–	–	–	04-Oct-26	04-Oct-27
				4,724,645	**2,417,092**	**98,342**	**578,361**	**1,818,750**		

* On 13 October 2023, Peter Butterfield exercised options over 98,342 Ordinary shares of 1p each in the Company. These options were granted in 2019 and were set to expire on 5 December 2023. Following the exercise, 74,343 Ordinary shares were sold at a price of 39.0p per share with an element of the proceeds being applied to satisfy the nominal value exercise price of the options, costs and tax liabilities. In accordance with the Company's share retention policy, following this transaction, Peter has a beneficial interest in 466,103 Ordinary shares and 1,818,750 vested but unexercised share options.

Andrew Franklin

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
CSOP Unapproved	04-Dec-15	46.75	None	1,935,829	1,935,829		–	500,000	04-Dec-18	04-Dec-25
CSOP Unapproved	27-Oct-16	47.50	EPS	155,000	155,000	–	–	155,000	27-Oct-19	27-Oct-26
CSOP Unapproved	27-Oct-16	47.50	EPS	400,000	400,000	–	–	400,000	27-Oct-21	27-Oct-26
CSOP Unapproved	15-Sep-17	53.00	EPS	170,000	170,000	–	–	170,000	15-Sep-20	15-Sep-27
CSOP Unapproved	05-Oct-18	81.60	EPS	178,000	178,000	–	–	178,000	05-Oct-21	05-Oct-28
CSOP Approved	05-Dec-19	76.90	EPS & TSR	39,011	19,505	–	19,505	19,505	05-Dec-22	05-Dec-29
CSOP Unapproved	05-Dec-19	76.90	EPS & TSR	55,989	27,994	–	27,994	27,994	05-Dec-22	05-Dec-29
LTIP	05-Dec-19	Nil	EPS & TSR	111,183	55,592	55,592*	55,592	Nil	05-Dec-22	05-Dec-23
CSOP Unapproved	23-Sep-20	73.70	EPS & TSR	110,000	Nil	–	110,000	Nil	23-Sep-23	23-Sep-30
LTIP	23-Sep-20	Nil	EPS & TSR	134,328	Nil	–	134,328	Nil	23-Sep-23	23-Sep-24
CSOP Unapproved	29-Sep-21	102.80	EPS & TSR	115,000	–	–	–	–	29-Sep-24	29-Sep-31
LTIP	29-Sep-21	Nil	EPS & TSR	100,681	–	–	–	–	29-Sep-24	29-Sep-25
CSOP Unapproved	29-Sep-22	58.20	EPS & TSR	121,900	–	–	–	–	29-Sep-25	29-Sep-32
LTIP	29-Sep-22	Nil	EPS & TSR	188,505	–	–	–	–	29-Sep-25	29-Sep-26
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	568,866					04-Oct-26	04-Oct-27
				4,384,292	**2,941,920**	**55,592**	**347,419**	**1,450,499**		

* On 13 October 2023, Andrew Franklin exercised options over 55,592 Ordinary shares of 1p each in the Company. These options were granted in 2019 and were set to expire on 5 December 2023. Following the exercise, 42,053 Ordinary shares were sold at a price of 39.0p per share with an element of the proceeds being applied to satisfy the nominal value exercise price of the options, costs and tax liabilities. In accordance with the Company's share retention policy, following this transaction, Andrew has a beneficial interest in 192,911 Ordinary shares and 1,450,499 vested but unexercised share options.

Jeyan Heper

Type of award	Date of grant	Exercise price (p)	Performance condition	No. of options granted	Vested	Exercised during the financial year	Lapsed	Number of options capable of exercise	Exercisable from	Exercisable to
LTIP	04-Oct-23	Nil	EPS, TSR, ROCE	861,111					04-Oct-26	04-Oct-27
				861,111	**–**	**–**	**–**	**–**		

DIRECTORS' INTERESTS, SHAREHOLDINGS & SHARE OWNERSHIP POLICY

The Company operates a Share Ownership Policy under which the Executive Directors and certain other employees are required, when exercising options, to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary. The policy requires Executive Directors, when they exercise options, to retain shares in the Company with a value equal to 50% of the net gain (post costs and settlement of tax liabilities) until such time as the required level of shareholding is achieved.

Once an Executive Director has built a stake in the Company equal to the required level, they are free to exercise without having to retain shares. Interests may also be maintained as a result of a Director acquiring Ordinary shares in the open market. The Company Secretary maintains a record of individual required levels and qualifying interests, based on notified information, and reports periodically to the Remuneration Committee regarding compliance. Pursuant to the policy, 50% of the value of any vested but unexercised awards count towards the holding requirements. Ordinary shares are valued at their market value at the time of any calculation carried out using the previous day's closing middle market quotation.

Directors' interests, shareholdings & Share Ownership Policy

As at 31 December 2023, the Executive Directors hold the following interests in Ordinary shares of the Company:

Director		Ownership requirement (% of salary)	Base salary	Shareholding (no. of shares)	Vested but unexercised awards (no. of shares)	Value of holdings*	Ownership level (% of salary)
Peter Butterfield	CEO	200%	£383,250	466,103	1,818,750	£188,772	49%
Andrew Franklin	CFO	150%	£281,589	192,911	1,450,499	£78,129	28%
Jeyan Heper	COO	150%	£275,000	Nil	Nil	Nil	0%

* At the closing market price on 31 December 2023: 40.5p.

The following table shows the interests of the Directors (and their spouses and dependent children) in the shares of the Company.

	At 31 December 2022			At 31 December 2023		
Director	Beneficial	Non- beneficial	Total	Beneficial	Non- beneficial	Total
Peter Butterfield	442,104	–	442,104	466,103	–	466,103
Andrew Franklin	128,384	–	128,384	192,911	–	192,911
Jeyan Heper	–	–	–	–	–	–
Richard Jones	15,000	–	15,000	68,000	–	68,000
Jo LeCouilliard	–	–	–	40,957	–	40,957
Kristof Neirynck	–	–	–	–	–	–
Martin Sutherland	–	–	–	–	–	–
Eva-Lotta Sjöstedt	–	–	–	–	–	–
Richard McKenzie	–	–	–	–	–	–
David Cook[1]	234,129	–	234,129	234,129	–	234,129

1 David Cook resigned from the Board on 25 May 2023 at which point his shareholdings in the Company totalled 234,129 Ordinary shares.

DIRECTORS' SERVICE CONTRACTS

All Executive Directors are employed under a service contract. The services of all Executive Directors may be terminated (i) by the Company or individual giving the applicable notice or (ii) immediately in the event that the Director is not re-elected by shareholders at an AGM.

Executive Director		Date of appointment	Date of current contract	Notice period (Company)	Notice period (Director)
Peter Butterfield[1]	CEO	22/02/2010	05/08/2010	12 months	12 months
Nick Sedgwick[2]	CEO	13/05/2024	07/05/2024	6 months	6 months
Andrew Franklin	CFO	28/09/2015	25/06/2015	12 months	12 months
Jeyan Heper	COO	01/02/2023	11/01/2023	12 months	12 months

1 Peter Butterfield stepped down as CEO on 13 May 2024 and will resign from the Board on the 30 June 2024.

2 Nick Sedgwick joined the Board as CEO with effect from 13 May 2024.

The Non-Executive Directors are employed under letters of engagement which may be terminated by the Company by (i) giving the appropriate notice, or (ii) immediately in the event that the Director is not re-elected by shareholders at an AGM.

Non-Executive Director		First date of appointment	Current term	Unexpired term
Camillo Pane	Chair & Independent NED	19/02/2024	5 years	59 months
Richard Jones[1]	Independent NED	01/01/2019	4 years	45 months
Kristof Neirynck	Independent NED	01/12/2021	5 years	46 months
Martin Sutherland	Independent NED	01/02/2023	5 years	46 months
Eva-Lotta Sjöstedt	Independent NED	06/11/2023	5 years	55 months
Richard McKenzie	Independent NED	06/11/2023	5 years	55 months

1 Richard Jones entered terms of appointment for an initial term of five years starting from 1 January 2019. In November 2023, the Board approved to extend his term of appointment by a further four years to the 31 December 2027.

The Executive Directors' service contracts and Chair and Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office or by emailing the Company Secretary at Company.Secretary@AlliancePharma.co.uk.

DIRECTORS' REPORT

SCOPE OF THIS REPORT

The Directors present their Annual Report, together with the audited financial statements of the Company and the Group, for the year ended 31 December 2023.

The Directors' Report, required under the Companies Act 2006, includes and comprises the Strategic Report on pages 09 to 56, the Governance section including the Directors' biographies and the Remuneration Committee Report on pages 57 to 97.

Principal activities

The principal activity of the Company is to act as a holding company. The principal activity of the Group is the acquisition, marketing and distribution of Consumer Healthcare and pharmaceutical products.

Branches

A list of the Group's subsidiaries and associated undertakings can be found on pages 165 to 166 under note c to the Company financial statements. There are no branches of the Company outside the UK, however, Alliance Pharmaceuticals GmbH, a company within the Alliance Group, has a Swiss branch which operates under the name Alliance Pharmaceuticals GmbH Düsseldorf, Zweigniederlassung Uster.

Directors

Names and biographical details of the Directors of the Company at the date of this report are shown on pages 60 to 62. The rules setting out the powers of Directors, their appointment and replacement are set out in the Company's Articles of Association. Further information on the associated processes can be found on page 72 of the Nomination Committee Report.

Details of Executive Directors' service contracts and letters of appointment for Non-Executive Directors can be found in the Remuneration Report on pages 97. All Directors put themselves forward for annual re-election at the Company's AGM.

Directors' indemnities

The Company's Articles of Association contain provisions for Directors to be indemnified (including the funding of defence costs) to the extent permitted by the Companies Act 2006.

This indemnity would only be available if judgement was given in the individual's favour, they were acquitted, or relief was granted under the Companies Act 2006 was granted by the Court. There were no qualifying pension scheme indemnity provisions in force during the year.

Share capital and shareholders' rights

The Company's issued share capital as at the 11 June 2024 is 540,399,740 Ordinary shares of 1p each. Each Ordinary share carries one vote at general meetings of the Company. There are no restrictions on the transfer of Ordinary shares other than restrictions which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that may restrict transfer of securities or voting rights.

The Company has no shareholder authority to acquire its own shares.

Dividends

As detailed in the interim statement on 26 September 2023, the dividend was paused to allow the Board to develop a new dividend policy with greater emphasis on reinvestment in the business to drive growth. Taking account of shareholder feedback, the Board has decided that no dividend will be declared for 2023 with cash prioritised for investment in innovation, development, brand marketing and reducing debt, and expects to provide an update on dividend policy at some point in the future.

Substantial shareholdings

As at 11 June 2024, as required under AIM and certain disclosure rules, the Company has been notified of the major shareholdings in the table below. Both the number of shares held, and the percentage holding, are stated as at the latest date of notification to the Company. Details of all major shareholdings can also be found in the Investor section of the Company's website.

Shareholder	Number of shares held	Percentage of issued share capital
DBAY Advisors Limited	141,696,240	26.22%
Slater Investment	66,595,656	12.32%
Van Lanschot Kempen	41,947,101	7.76%
Fidelity Investments	20,115,527	3.72%
Artemis Investment Mgt	19,474,565	3.60%

COMPANY SHARE INCENTIVE PLANS

The Company operates two incentive share plans.

The Alliance Company Share Option Plan 2015 ("CSOP")

For many years, the Company has operated a CSOP under which all employees are eligible to receive awards in the form of market value options. At the discretion of the Remuneration Committee, awards are typically granted subject to a three-year vesting period. On maturity, participants have a seven-year period in which to exercise their options. Historically, these options were awarded based on one share for every £2 of salary and, where appropriate, may attract HMRC tax advantages. Employees based outside of the UK receive non-tax advantaged share option awards and, where this is not possible, the Committee considers awards in the form of share appreciation rights.

There were no awards granted under this plan in 2023. The Company does not currently have any intention of granting further options pursuant to the CSOP.

The Alliance Long-Term Incentive Plan 2019 ("LTIP")

In 2019, the Company introduced the LTIP which, up until 2023, was utilised as part of the remuneration strategy for the Executive Directors and members of the Senior Leadership Team only.

In 2023, as part of proposals to widen remuneration strategy across the Group and to help manage dilution levels, and following consultation with various shareholders, awards were granted to all employees in the form of nil-cost share options based on a percentage of base salary.

All awards granted to Executive Directors and other senior employees under the LTIP are subject to performance conditions and malus and clawback provisions. Subject to achieving the performance conditions set by the Committee, all awards will vest three years from the date of grant and participants will have 12 months in which to exercise any vested award.

Employees based outside of the UK also received nil-cost options and, where this is not possible, the Remuneration Committee considers awards in the form of share appreciation rights, also granted on a nil-cost basis.

Further information on the Company's share incentive plans and on awards granted to the Executive Directors can be found in the Remuneration Committee Report on pages 91 to 93.

Employee Benefit Trust ("EBT"/"Trust") and management of dilution

The Company manages dilution rates within the standard guidelines. In 2017, the Group established the Alliance Pharma Employee Benefit Trust to facilitate the acquisition of Ordinary shares in the Company for the purpose of satisfying awards granted under share option schemes. The Group has been operating the Trust to help manage dilution limits in line with good practice.

The Trust is administered by an independent Trustee, operating the Trust independently of the Group.

The EBT is a discretionary trust, the sole beneficiaries being employees (including Executive Directors) of the Group who have received applicable awards.

The Trustees must act in the best interests of the beneficiaries as a whole and will exercise their discretion in deciding whether or not to act on any recommendations proposed by the Company. Any assets held by the Trust would be consolidated into the Group's financial statements.

The Company may grant awards on the basis that it is the Company's intention to settle the exercise of awards through shares purchased in the open market on an arm's length basis. Awards granted and settled in this way are not included in the Company's headroom and dilution calculation.

The Company may fund the EBT to purchase, on the EBT's own account, shares in the Company on the open market, however, to date the Company has not needed to. This is in return for the EBT agreeing to use the shares in the Company that it holds to satisfy certain outstanding awards made under the Company's share option schemes. The purchasing of shares in the market to satisfy the exercise of options places a cash requirement on the business. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

To further help manage dilution limits, and where appropriate, permitted and agreed with the Committee, share options are net settled upon exercise.

Employee share dealing and share ownership

In accordance with AIM Rule 21, all employees are made aware of, and are required to comply with, the Company's Share Dealing Policy when dealing in the Company's shares or exercising options over shares. The Dealing Code sets out the rules relating to close periods, clearance procedures, time frames and disclosure requirements.

The Company operates a Share Ownership Policy under which the Executive Directors and certain other employees are required, when exercising options, to acquire and maintain an interest in Alliance Pharma shares up to a percentage of base salary; details of which in relation to the Executives can be found on page 96.

Stakeholder engagement

Details of how we engage with our stakeholders can be found on pages 24, 25, 31, 42 and 43, and on pages 67 to 69.

Accounting policies, financial instruments and risks

Details of the Group's financial instruments and financial risk management disclosures can be found in note 20 of the Group financial statements on pages 148 to 151.

Charitable donations

During the year ended 31 December 2023, the Group contributed £9,487 (2022: £58,790) to charitable causes.

Political donations

No political donations or contributions were made, or political expenditures incurred, during the period.

Research and development activities ("R&D")

Alliance does not directly undertake pharmaceutical R&D The innovation and development team in the UK undertakes the development of new products and line extensions, as requested by the commercial teams, as well as generating new product ideas for commercial evaluation.

Likely future developments of the business

Details of the likely future developments of the business are contained in the Strategic Report on page 48.

Post balance sheet events

As discussed in notes 5, 19 and 31 to the accompanying financial statements, on 23 May 2024, the CAT upheld Alliance's appeal against the Infringement Decision, finding that there was no agreement to exclude competition from the market and no breach of competition law and that the CMA's decision and £7.9m penalty imposed on Alliance have been set aside. As such, the £7.9m provision which was recorded at 31 December 2021 has now been released in full as a credit in the consolidated income statement for the year ended 31 December 2023, and presented as non-underlying. There are no other reportable events after the date of the balance sheet.

Directors' obligations to the auditor

The Directors confirm that: (a) insofar as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have each taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This statement is given in accordance with section 418 of the Companies Act 2006.

Company's auditor

Deloitte LLP has expressed its willingness to be formally reappointed as the Company's auditor and a resolution will be proposed at the AGM. Further information on the Company's Auditor can be found in the Audit and Risk Committee Report on page 82.

Annual General Meeting

This year's AGM will be held on 29 July 2024, the business of which is set out in the Notice of Meeting. A circular containing the Notice of Meeting, together with an explanatory letter from the Chair, accompanies the Annual Report and is also available on the Company's website.

Please note that, following the Company's move to electronic communications, we are no longer producing hard copy forms of proxy. These are available on request from the Company's Registrars.

Electronic communications

Shareholders are encouraged to move away from hard copy Company communications. This means that, instead of being obliged to send Annual Reports, notices of shareholder meetings and other documents to shareholders in hard copy by post, the Company can instead elect to publish them on its website. Using email and the website allows us to reduce printing and postage costs; it is also better for many shareholders who can elect to access just the information they need, from the website, at any time.

Shareholders still have the right to ask for paper versions of shareholder information, but we strongly encourage all shareholders to consider the electronic option.

Shareholders can also vote electronically using the following link, www.signalshares.com. Registering your details on Link's share portal also gives shareholders easy access to information about their shareholdings and the ability to vote at general meetings or appoint a proxy to vote.

DIRECTORS' REPORT CONTINUED

COMPLIANCE WITH THE STREAMLINED ENERGY AND CARBON REPORTING REQUIREMENTS

Consumption (kWh) and greenhouse gas emissions (tCO_2e) totals

The following figures show the consumption and associated emissions for this reporting year for our operations, with figures from the previous reporting period included for comparison.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as Company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions resulting from consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

Totals

The total location-based consumption (kWh) figures for reportable energy supplies are shown as follows:

Utility and Scope	2023 Consumption (kWh)	2022 Consumption (kWh)
Grid-supplied electricity (Scope 2)	220,105	229,932
Gaseous and other fuels (Scope 1)	0	8,604
Transportation (Scope 1 and 3)	239,614	193,853
Total	459,719	432,389

The total location-based emission (tCO_2e) figures for reportable energy supplies are set out below. Conversion factors utilised in these calculations are detailed in the Reporting methodology section on page 102:

Utility and Scope	2023 Consumption (tCO_2e)	2022 Consumption (tCO_2e)
Grid-supplied electricity (Scope 2)	45.58	44.46
Gaseous and other fuels (Scope 1)	0.00	1.57
Transportation (Scope 1 and 3)	55.47	45.38
Total	101.05	91.42

Intensity metric

An intensity metric of tCO_2e per £m turnover has been applied for our annual total location-based emissions. The methodology of the intensity metric calculations are detailed in the right hand column on this page, and the results of this analysis are shown as follows:

Intensity metric	2023 intensity metric	2022 intensity metric
tCO_2e/£m turnover	0.81	0.79
tCO_2e/£m headcount	0.50	0.48

YEAR-ON-YEAR CHANGES

NATURAL GAS

Natural Gas emissions have decreased in 2023 by 100% compared to the previous reporting year.

ELECTRICITY

Electricity emissions have increased in 2023 by 2.51% compared to the previous reporting year.

TRANSPORT

Transport emissions have increased in 2023 by 22.23% compared to the previous reporting year.

ENERGY SAVING PROJECTS: HIGHLIGHTS

USAGE OF LED LIGHTING

GREEN ENERGY PROCUREMENT

DIRECTORS' REPORT CONTINUED

Voluntary market-based emissions

Alliance dual-report on location based and market-based emissions factors. Market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. Alliance procures 100% renewable electricity for all UK sites and the site in Düsseldorf (Germany), as confirmed by invoices from suppliers.

Utility and Scope	2023 Consumption (kWh)	2022 Consumption (kWh)
Grid-supplied electricity (Scope 2)	0.00	45.76
Total Scope 2	0.00	45.76

Energy efficiency improvements

We are committed to year-on-year improvements in our operational energy efficiency. As such, a register of energy efficiency measures available to us has been compiled, with a view to implementing these measures in the next five years.

Measures implemented in 2023

Green Energy Procurement

During 2023, we have switched to REGO-backed 100% renewable electricity contracts for our UK and German sites, allowing our Scope 2 (market-based) emissions to drop significantly compared to 2022 despite increasing electricity consumption.

LED Lighting

Our Head Office is very energy efficient, relying primarily on LED lighting throughout the site. A motion-sensor system is also utilised within these offices, where the lighting automatically switches off when rooms are not in use. These measures help minimise energy wastage that can often occur in office buildings where employees may not be concerned with efficiency.

Measures prioritised for implementation in 2024

Installation of PV panels

We completed the installation of solar PV panels on the roof in February 2024. This initiative will help us generate 25% of our electricity needs when it is in operation. The addition of on-site generation in the UK will help to provide an ongoing source of renewable electricity for our operations that will also help to reduce reliance on electricity generated off-site.

Installation of new substation and EV charging points

Alliance has started to install a new substation and EV charging points. This will lead us to become more energy efficient in the future. We have significant grey fleet emissions; therefore, installing EV charging stations at our sites will encourage employees to purchase electric vehicles and reduce their dependence on petrol and diesel-fuelled vehicles.

Developing Travel Policy

We are developing a travel policy that encourages virtual meetings over in-person or face-to-face meetings. This policy also intends to prioritise rail travel over car and air travel.

Behaviour Change

The business is engaging with employees to encourage more efficient use of energy-consuming equipment such as laptops and computer monitors. For example, initiatives to get employees to turn off equipment at the end of the working day will help to minimise energy consumption outside of working hours and improve the lifespan and performance of that equipment.

Appendix to SECR
Reporting methodology

Scope 1, 2 and 3 consumption and CO_2e emissions data has been calculated in line with the 2019 UK Government environmental reporting guidance. The Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and $kgCO_2$e emissions factors relevant for reporting period 1 January 2023 - 31 December 2023.

All consumption data for Alliance was complete for the reporting period. Therefore, no estimations were required.

Only sites within Alliance's UK operations were included in the SECR calculations. International sites are accounted for within the Scope 3 footprint (Category 8 - Upstream Leased Assets).

For the market-based emissions reporting methodology, an emissions factor of 0 tCO_2/kWh was applied to all electricity supplied to Alliance from renewable energy contracts.

Intensity metrics have been calculated using total tCO_2e figures, and the selected performance indicator agreed with Alliance for the relevant report period:

- Total UK turnover in 2023: £125.2m (2022: £115.5m).
- Total UK headcount in 2023: 202 (2022: 190).

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the Parent Company financial statements on the same basis.

Under the Companies Act 2006, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

› select suitable accounting policies and then apply them consistently;

› make judgements and estimates that are reasonable, relevant and reliable;

› state whether they have been prepared in accordance with UK-adopted international accounting standards;

› assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

› use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that comply with that law and those regulations.

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

BY ORDER OF THE BOARD

Chris Chrysanthou
Group General Counsel & Company Secretary
18 June 2024

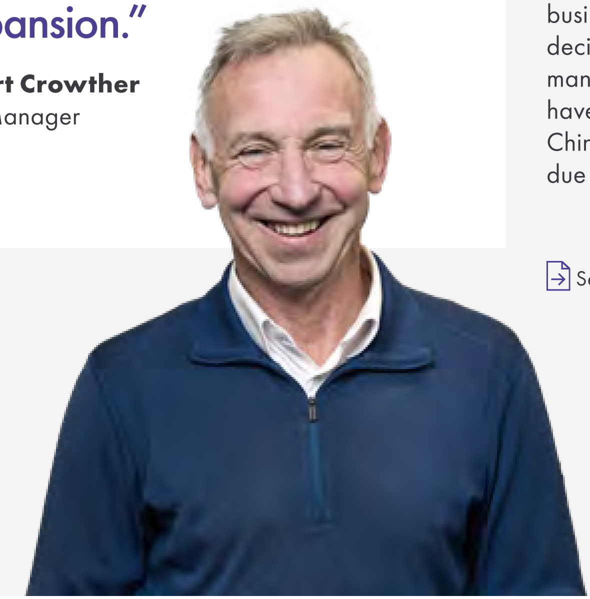
Financial Statements

Content

WE ARE **ALL**IANCE

"The Alliance ERP team are delivering predictable business migrations that bring immediate advantages and will also serve us well in future for any form of corporate expansion."

Stuart Crowther
ERP Manager



Rolling out our ERP system in APAC

During 2023, we continued the global roll out of our ERP system to all ex-China APAC entities so that our regional and central operational and finance teams now operate on the same platform with a single, standardised way of working. This gives us increased and more immediate business visibility which enhances our operational decision-making and agility. The implementation was managed almost entirely by our in-house ERP team, who have built a blueprint that will be used to bring all the China products and processes into the global system in due course.

See our **Sustainability overview** on **page 29**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Opinion

In our opinion:

- the financial statements of Alliance Pharma plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the company balance sheet;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: › Carrying value of the Amberen Cash Generating Unit ('CGU') and completeness and accuracy of the prior year restatement. › Carrying value of the Nizoral brand intangible asset. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk
Materiality	The materiality that we used for the group financial statements was £1,190,000 (2022: £1,500,000) which was determined on the basis of profit before tax adjusted for impairment.
Scoping	Our group scoping results in 95% (2022: 92%) of group revenues, 95% (2022: 90%) of group profit before tax and 96% (2022: 95%) of group net assets being subject to full audit procedures. The prior year restatement explained further below in section 5.1 resulted in revised group scoping for 2022 group profit before tax of 93% from 90% previously reported.
Significant changes in our approach	In the prior year, the recoverability of trade receivables for a significant distributor was identified as a key audit matter. These balances were subsequently settled during the current year in line with agreed credit terms and so we have no key audit matter in this area in 2023. In the current year we have identified a new key audit matter relating to the carrying value of the Nizoral brand intangible asset as a result of a material impairment charge recognised by management following our challenge.

4. Conclusions relating to going concern

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

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

- assessing the financing facilities available to the group, including the nature of available facilities, repayment terms and required covenants;
- assessing the assumptions and sensitivity scenarios used in the forecasts;
- performed independent sensitivity analysis on management's forecasts and assessed the consistency of assumptions and forecasts used against those in the impairment models;
- assessing management's identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment;
- assessing the historical accuracy of forecasts prepared by management;
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- reading analyst reports and other external information to determine if it provided corroborative or contradictory evidence in relation to assumptions used; and
- evaluating the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

5.1 Carrying value of the Amberen Cash Generating Unit ('CGU') and completeness and accuracy of the prior year restatement

Key audit matter description	The Group holds an Amberen indefinite life brand intangible asset with a carrying value of £36.5m (2022: £85.0m restated) and goodwill relating to the Amberen CGU of £nil (2022: £5m as previously reported and £nil as restated) which are subject to an annual impairment review. As disclosed in note 2.20 to the financial statements errors were identified in the Amberen valuation model used for the prior year impairment assessment relating to key cash flow assumptions for short-term revenue growth rates, short-term cost of sales growth rates and long term marketing spend. In addition to this were errors relating to long term growth rates, warehouse and distribution costs, and mechanical errors, the largest being the inclusion of certain tax cash flows beyond 15 years, within the model; and the valuation methodology not reflecting the higher of fair value less costs to sell and value in use. The correction of these errors resulted in a restatement of £19.9m, reducing goodwill by £5.0m and the brand intangible asset by £14.9m, with an offsetting reduction in deferred tax liabilities of £4.3m, that has been recorded for the year ended 31 December 2022. Management has assessed the recoverable amount of the Amberen CGU by reference to a fair value less costs of disposal calculation. The valuation model is dependent upon a number of key estimates, including short-term capsule revenue growth assumptions, short-term capsule cost of sales growth assumptions, long term marketing spend assumption within the terminal value calculation and discount rate. Management's valuation model shows the recoverable amount for the Amberen CGU is lower than the carrying value. As a result an impairment charge of £46.4m has been recorded against the brand intangible assets relating to Amberen for the year ended 31 December 2023.

INDEPENDENT AUDITOR'S REPORT CONTINUED

5. Key audit matters continued

5.1 Valuation of Amberen Cash Generating Unit ('CGU') continued

Key audit matter description continued	Note 2.3 to the financial statements provides details of the key sources of estimation uncertainty and the key assumptions used in discounted cash flow projections for impairment testing of Amberen intangible assets. Note 2.9 to the financial statements sets out the group's accounting policy. Note 11 to the financial statements outlines sensitivity analysis for reasonably possible changes in the key assumptions used in the discounted cash flow projections for impairment testing of Amberen intangible assets which could cause further impairment. The company overview on page 4 and Financial Review on page 44, provide details on the impairment of the Amberen brand and the commercial background including challenging market conditions.
How the scope of our audit responded to the key audit matter	We completed the following audit procedures: › obtained an understanding of the key controls in the impairment process, including the review controls performed by the Group; › assessed that the fair value less costs to dispose was higher than the value in use and therefore was determined to be the recoverable amount; › assessed the mechanical accuracy of the impairment models; › engaged valuation specialists to assess the methodology applied for consistency with the requirements of IAS 36 Impairment of Assets; › evaluated and challenged underlying assumptions relating to short-term capsule revenue growth and margins through comparison to independent market forecasts, historical trading trends and assessing verified orders and listings; › assessed short-term capsule cost of sales growth assumptions, including warehousing and distribution costs by comparison to historical evidence, current run rates and known contracted rates, determining whether the allocated costs were directly attributable to the Amberen CGU; › evaluated and challenged underlying assumptions relating to short-term and long-term marketing spend by comparison to market benchmarking, historical spend and comparison to alternative similar products; › engaged valuation specialists to assess the discount rate and long-term growth rate; › determined that the mechanical errors identified relating to the prior year were not repeated within the current year impairment model; › recalculated the 31 December 2022 Amberen CGU impairment after the errors were corrected and performed procedures to confirm the errors did not impact earlier periods, including assessing the impact of the errors identified against headroom for 31 December 2021;
How the scope of our audit responded to the key audit matter continued	› engaged valuation and tax specialists to consider the impact of tax amortisation benefit, which was previously included erroneously in the prior period impairment model; › with the assistance of our valuation specialists, performed a 'stand back' assessment, including consideration of enterprise value compared to management's fair value less costs to dispose model through comparison to the potential sales multiples benchmarked against market transaction data; › performed an assessment of indicators of bias; › assessed the impact of events after the reporting period up to and including the date of approval of the annual report and accounts; › assessed sensitivities to calculations prepared by management for contradictory and confirmatory evidence, to determine the impact of reasonably possible changes in the key assumptions; and › assessed the completeness and accuracy of disclosures in the financial statements.
Key observations	Our work highlighted that there was a lack of review and challenge of the significant assumptions, data, estimation uncertainty and model used by management in forming their estimate as to the valuation of the Amberen CGU. As a result of these observations and in particular deficiencies relating to management's significant assumptions included in the model and consideration of prior year errors, management's initial assumptions for short-term revenue growth rates, short-term cost of sales growth rates and terminal value marketing spend and related disclosures for the years ended 31 December 2023 and 31 December 2022 were not supported with sufficient appropriate audit evidence. Correcting for this resulted in a further impairment being recorded against Amberen goodwill and acquired intangible assets in the years ended 31 December 2023 and 31 December 2022. Following the correction of the current and prior period errors, we are satisfied that the judgements applied, impairment charges recorded and the disclosures within the financial statements are appropriate.

5. Key audit matters continued

5.2 Carrying value of the Nizoral brand intangible asset

Key audit matter description

The Group holds a Nizoral indefinite life brand intangible asset with a carrying value of £50.0m (2022: £60.3m) which is subject to an annual impairment review.

Following the challenges and errors identified in the Amberen valuation model, management reassessed each of their other impairment models, resulting in further impairment of £29.4m, of which the largest individual impairment was £10.3m related to the Nizoral brand intangible asset. Management has assessed the recoverable amount of the Nizoral brand intangible asset by reference to a fair value less costs of disposal calculation, a change from the previous approach of considering value in use only following our challenge. The valuation model is dependent upon a number of key estimates, including short-term China revenue growth assumptions, short-term China cost of sales growth assumptions, marketing spend assumptions and discount rate.

Management's valuation model shows the recoverable amount for the Nizoral brand intangible asset is lower than the carrying value. As a result an impairment charge has been recorded against the brand intangible assets relating to Nizoral for the year ended 31 December 2023.

Note 2.3 to the financial statements provides details of the key sources of estimation uncertainty and the key assumptions used in discounted cash flow projections for impairment testing of Nizoral intangible assets. Note 2.9 to the financial statements sets out the group's accounting policy.

Note 11 to the financial statements outlines sensitivity analysis for reasonably possible changes in the key assumptions used in the discounted cash flow projections for impairment testing of Nizoral brand intangible assets which could cause further impairment.

The company overview on page 4 and Financial Review on page 44, provide details on the impairment of the Nizoral brand including external macroeconomic factors.

How the scope of our audit responded to the key audit matter

We completed the following audit procedures:

- obtained an understanding of the key controls in the impairment process, including the review controls performed by the Group;
- assessed that the fair value less costs to dispose was higher than the value in use and therefore was determined to be the recoverable amount;
- assessed the mechanical accuracy of the impairment model;
- engaged valuation specialists to assess the methodology applied for consistency with the requirements of IAS 36 Impairment of Assets;
- evaluated and challenged underlying assumptions relating to short-term China revenue growth and margins through comparison to independent market forecasts, historical trading trends and inspecting the distributor agreement to assess price and volume assumptions;
- assessed short-term China cost of sales growth assumptions, including warehousing and distribution costs by comparison to historical evidence, current run rates and known contracted rates, determining whether the allocated costs were directly attributable to the Nizoral brand intangible asset;

How the scope of our audit responded to the key audit matter continued

- evaluated and challenged underlying assumptions relating to marketing spend by comparison to market benchmarking, historical spend and comparison to alternative similar products;
- engaged valuation specialists to assess the discount rate and long-term growth rate;
- engaged valuation and tax specialists to consider the impact of tax amortisation benefit;
- performed procedures to assess whether the impairment identified in the year ended 31 December 2023 impacted previous periods;
- evaluated and challenged underlying assumptions relating to the allocation of overheads within the impairment model;
- with the assistance of our valuation specialists, performed a 'stand back' assessment, including consideration of enterprise value compared to management's fair value less costs to dispose model through comparison to the potential sales multiples benchmarked against market transaction data;
- performed an assessment of indicators of bias;
- assessed the impact of events after the reporting period up to and including the date of approval of the annual report and accounts;
- assessed sensitivities to calculations prepared by management for contradictory and confirmatory evidence, to determine the impact of reasonably possible changes in the key assumptions; and
- assessed the completeness and accuracy of disclosures in the financial statements.

Key observations

Our work highlighted that there was a lack of review and challenge of the significant assumptions, data, estimation uncertainty and model used by management in forming their estimate as to the valuation of the Nizoral brand intangible asset.

As a result of these observations and in particular deficiencies relating to management's significant assumptions included in the model, management's initial assumptions for short-term China revenue growth rates, short-term China cost of sales growth rates, marketing spend assumptions and related disclosures for the year ended 31 December were not supported with sufficient appropriate audit evidence. Correcting for this resulted in an impairment being recorded against Nizoral brand intangible assets in the year ended 31 December 2023.

Following the correction of the current period errors, we are satisfied that the judgements applied, impairment charges recorded and the disclosures within the financial statements are appropriate.

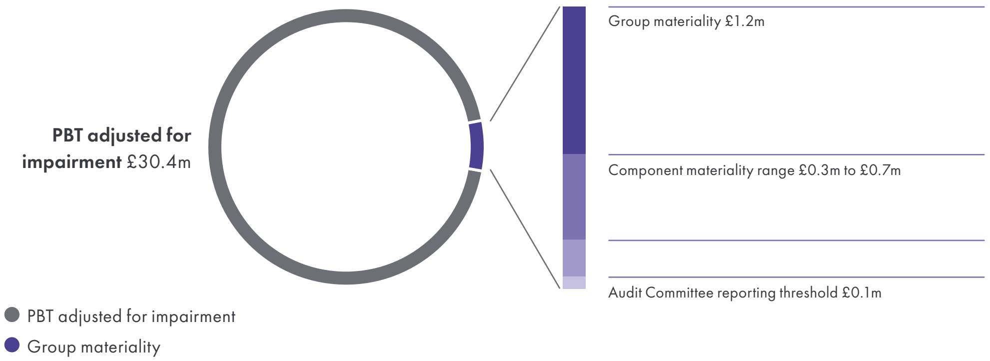
6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1.2m (2022: £1.5m)	£0.7m (2022: £0.6m)
Basis for determining materiality	3.9% (2022: 6.4%) of profit before tax adjusted for impairment. Materiality equates to 1.1% (2022: 0.9%) of revenue.	0.5% (2022: 0.5%) of net assets, capped at 58% (2022: 40%) of group materiality.
Rationale for the benchmark applied	Adjusted profit before tax is a key metric for the principal users of the financial statements as it drives the prediction of future share price, the ability to pay dividends, and is therefore of particular importance to both shareholders and potential investors. Impairment of non-current assets are also excluded for banking covenant calculations.	The company is non-trading and operates primarily as a holding company. As such, we believe the net asset position is the most appropriate benchmark to use.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2022: 70%) of group materiality	65% (2022: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: › Our understanding of the group and its environment, together with changes in the business. › The overall quality of the control environment. › The nature, size and number of uncorrected misstatements identified in the prior year. › The identification of prior year adjustments within the impairment model. The combination of the above factors led us to reduce our performance materiality threshold by 5% to 65%.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £59,500 (2022: £75,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our audit scoping considered the significance of each component, including the nature of the group and its environment and an assessment of the risks of material misstatement across the group.

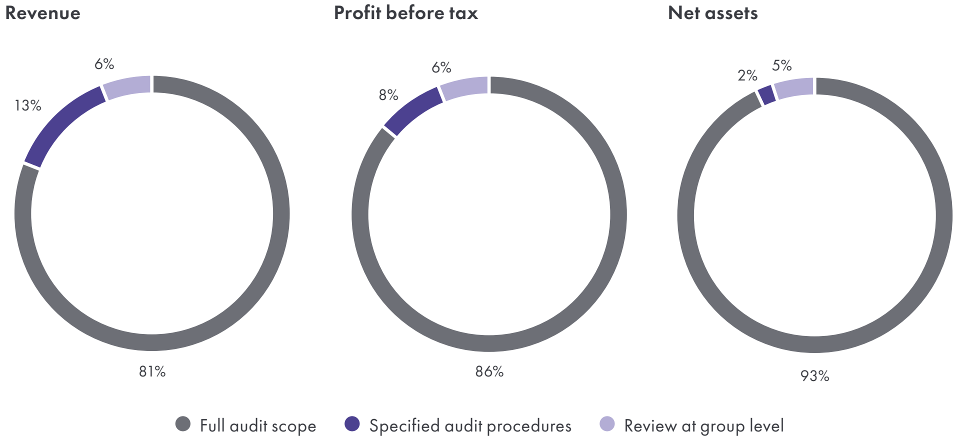
The group is headquartered in Chippenham and operates in UK, US, France, Italy, China, Spain, Thailand, Philippines, India, Republic of Ireland, Germany, Switzerland, Singapore and Hong Kong. Based on our assessment we focussed our group audit scope on six components, including the parent company, which were subject either to full scope audits or audits of specified account balances. This is consistent with the approach taken in the previous year, with the only change being one additional component in the current year subject to audits of specified account balances.

7. An overview of the scope of our audit continued

7.1 Identification and scoping of components continued

The six components represent the principal business units with the group's reportable segments and account for 94% of the group's revenue, 94% of the group's profit before tax and 95% of the group's net assets. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at these components were executed at levels of materiality applicable to each individual entity, which were lower than group materiality ranging from £0.3m to £0.7m (FY22: £0.4m to £1.4m). At the group level we also tested the consolidation process and carried out analytical procedures on the aggregated financial information of the remaining components not subject to full scope audit or audits of specified account balances. None of these components represented more than 2% of revenue or 5% profit before tax individually.

The group is audited by one audit team, led by the senior statutory auditor.



7.2 Our consideration of the control environment

For all in scope components we obtained an understanding of the relevant controls associated with the financial reporting process, accounting estimates and revenue recognition. The group operates a diverse IT infrastructure. With the involvement of IT specialists, we obtained an understanding of the relevant IT environment and key General IT Controls ("GITC").

The audit for the year ended 31 December 2023 identified a number of control deficiencies. The nature of these deficiencies primarily related to management review controls including but not limited to impairment reviews, balance sheet reconciliations and consolidation journals. In addition GITC deficiencies relating to access controls were also identified.

The current year audit has identified a large number of errors that have affected both the current and prior years. As reported at Sections 5.1 and 5.2 above, a number of these relate to impairment considerations, where there was initially insufficient appropriate audit evidence to support significant assumptions. The misstatements identified are indicative of the control deficiencies within the group.

The group is in the process of updating its controls and processes, specifically to improve the extent and quality of management challenge and review and supporting evidence. In planning our audit our expectation was that there would be deficiencies in the group's control environment, however the large number of errors and control deficiencies identified has resulted in the need to adjust our audit plan to fully respond to the increased risk of material misstatement in the financial statements. The control environment will continue to be a significant area of focus of the Audit Committee in the forthcoming year as discussed in its Report on page 81.

7.3 Our consideration of climate-related risks

The group has assessed that climate did not have a material impact on the group's carrying value of assets and liabilities at the balance sheet date. Refer to financial review report on page 44.

We assessed the climate related risk of material misstatement and concur with management's assessment. With support from our climate specialists we read the related narrative in the annual report to consider whether it is materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

8. Other information continued

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance including the UK's Competition and Market Authority's infringement decision, as described within the financial review section of the annual report and note 19 of the financial statements;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, IT, climate, analytics, modelling and impairment specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. We also involved a forensic specialist as part of our initial fraud risk assessment consideration to assist in identifying any additional potential fraud risk factors.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud continued

11.1. Identifying and assessing potential risks related to irregularities continued

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Revenue recognised, for a significant distributor
- Carrying value of the Amberen Cash Generating Unit ('CGU') and completeness and accuracy of the prior year restatement
- Carrying value of the Nizoral brand intangible asset

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the AIM rules, UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This includes the group's ability to obtain relevant approvals for the sale of products.

11.2. Audit response to risks identified

As a result of performing the above, we identified carrying value of the Amberen Cash Generating Unit ('CGU') and completeness and accuracy of the prior year restatement and the carrying value of Nizoral brand intangible asset as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house / external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC;
- engaging with fraud specialists to consider the risk of fraud within the group and to establish appropriate and suitable substantive audit procedures;
- in relation to the potential fraud risk in revenue, we obtained a confirmation letter from the significant distributor confirming value of goods purchased in the 12 months ended 31 December 2023; obtained a breakdown of sales to the distributor in the year and traced these through to signed delivery notes and cash receipts in the year and post year-end; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. 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 financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.
- In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS continued

13. Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 80;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 80;
- the directors' statement on fair, balanced and understandable set out on page 80;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 80; and
- the section describing the work of the audit committee set out on page 77.

14. Opinion on other matter prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

15. Matters on which we are required to report by exception

15.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

15.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

16. 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.

Andrew Wright

Andrew Wright, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom

18 June 2024

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2023 Underlying £000s	Non-underlying £000s (Note 5)	Total £000s	Year ended 31 December 2022 Underlying £000s	Non-underlying £000s (restated[1]) (Note 5)	Total (restated[1]) £000s
Revenue	3, 30	**180,680**	**–**	**180,680**	167,416	–	167,416
Cost of sales		**(75,661)**	**–**	**(75,661)**	(65,733)	–	(65,733)
Gross profit		**105,019**	**–**	**105,019**	101,683	–	101,683
Operating expenses							
Administration and marketing expenses	5	**(60,366)**	**6,147**	**(54,219)**	(63,955)	369	(63,586)
Amortisation of intangible assets	5, 11	**(1,903)**	**(7,198)**	**(9,101)**	(1,964)	(7,238)	(9,202)
Impairment of goodwill and intangible assets	5, 11	**–**	**(79,252)**	**(79,252)**	–	(46,492)	(46,492)
Share-based employee remuneration	7, 23	**(889)**	**–**	**(889)**	(92)	–	(92)
Operating profit/(loss)		**41,861**	**(80,303)**	**(38,442)**	35,672	(53,361)	(17,689)
Finance expense	6	**(10,471)**	**–**	**(10,471)**	(5,433)	–	(5,433)
Finance income	6	**113**	**–**	**113**	72	–	72
Net finance expense		**(10,358)**	**–**	**(10,358)**	(5,361)	–	(5,361)
Profit/(loss) before taxation	4	**31,503**	**(80,303)**	**(48,800)**	30,311	(53,361)	(23,050)
Taxation	8	**(6,915)**	**22,579**	**15,664**	(7,234)	9,076	1,842
Loss for the period attributable to equity shareholders		**24,588**	**(57,724)**	**(33,136)**	23,077	(44,285)	(21,208)
Earnings per share							
Basic (pence)	10	**4.55**		**(6.13)**	4.28		(3.93)
Diluted (pence)	10	**4.54**		**(6.13)**	4.23		(3.93)

All of the activities of the Group are classed as 'continuing'.

The accompanying accounting policies and notes form an integral part of these financial statements.

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Loss for the year	**(33,136)**	(21,208)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign exchange translation differences (gross)	**(6,221)**	16,438
Foreign exchange translation differences (deferred tax)	**1,202**	(3,589)
Interest rate swaps – cash flow hedge (gross)	**(1,771)**	–
Interest rate swaps – cash flow hedge (deferred tax)	**443**	–
Foreign exchange forward contracts – cash flow hedge (gross)	**497**	111
Foreign exchange forward contracts – cash flow hedge (deferred tax)	**(122)**	(28)
Total comprehensive deficit for the year	**(39,108)**	(8,276)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

CONSOLIDATED BALANCE SHEET

	Note	31 December 2023 £000s	31 December 2022 (restated[1]) £000s
Assets			
Non-current assets			
Goodwill and intangible assets	11	**299,978**	393,372
Property, plant and equipment	12	**5,721**	5,578
Deferred tax asset	21	**4,648**	4,117
Derivative financial instruments	20	**77**	17
Other non-current assets		**404**	588
		310,828	403,672
Current assets			
Inventories	13	**25,711**	24,286
Trade and other receivables	14	**54,716**	49,324
Derivative financial instruments	20	**1,232**	157
Cash and cash equivalents	15	**22,436**	31,714
		104,095	105,481
Total assets		**414,923**	509,153
Equity			
Ordinary share capital	22	**5,404**	5,400
Share premium account		**151,684**	151,650
Share option reserve		**11,159**	10,141
Other reserve		**(329)**	(329)
Cash flow hedging reserve		**(822)**	131
Translation reserve		**7,411**	12,430
Retained earnings		**43,366**	86,094
Total equity		**217,873**	265,517

	Note	31 December 2023 £000s	31 December 2022 (restated[1]) £000s
Liabilities			
Non-current liabilities			
Loans and borrowings	17	**113,646**	133,744
Derivative financial instruments	20	**1,771**	–
Other liabilities	18	**3,200**	3,415
Deferred tax liability	21	**37,863**	59,455
		156,480	196,614
Current liabilities			
Corporation tax		**2,454**	2,984
Trade and other payables	16	**37,066**	35,616
Derivative financial instruments	20	**413**	–
Provisions	19	**637**	8,422
		40,570	47,022
Total liabilities		**197,050**	243,636
Total equity and liabilities		**414,923**	509,153

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

The financial statements were approved by the Board of Directors on 18 June 2024.

Peter Butterfield
Director

Andrew Franklin
Director

The accompanying accounting policies and notes form an integral part of these financial statements. Company number 04241478

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital £000s	Share premium account £000s	Other reserve £000s	Cash flow hedging reserve £000s	Translation reserve £000s	Share option reserve £000s	Retained earnings £000s	Total equity £000s
Balance 1 January 2022		5,382	151,328	(329)	48	(419)	10,058	116,418	282,486
Issue of shares	22	18	322	–	–	–	–	–	340
Dividend paid	9	–	–	–	–	–	–	(9,116)	(9,116)
Share options charge (including deferred tax)		–	–	–	–	–	83	–	83
Transactions with owners		18	322	–	–	–	83	(9,116)	(8,693)
Loss for the year (restated[1])		–	–	–	–	–	–	(21,208)	(21,208)
Other comprehensive income									
Foreign exchange forward contracts – cash flow hedge (net of deferred tax)		–	–	–	83	–	–	–	83
Foreign exchange translation differences (net of deferred tax)		–	–	–	–	12,849	–	–	12,849
Total comprehensive income for the year (restated[1])		–	–	–	83	12,849	–	(21,208)	(8,276)
Balance – 31 December 2022 (restated[1])		5,400	151,650	(329)	131	12,430	10,141	86,094	265,517
Balance 1 January 2023 (restated[1])		**5,400**	**151,650**	**(329)**	**131**	**12,430**	**10,141**	**86,094**	**265,517**
Issue of shares	22	**4**	**34**	**–**	**–**	**–**	**–**	**–**	**38**
Dividend paid	9	**–**	**–**	**–**	**–**	**–**	**–**	**(9,592)**	**(9,592)**
Share options charge (including deferred tax)		**–**	**–**	**–**	**–**	**–**	**1,018**	**–**	**1,018**
Transactions with owners		**4**	**34**	**–**	**–**	**–**	**1,018**	**(9,592)**	**(8,536)**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(33,136)**	**(33,136)**
Other comprehensive income									
Interest rate swaps – cash flow hedge (net of deferred tax)		**–**	**–**	**–**	**(1,328)**	**–**	**–**	**–**	**(1,328)**
Foreign exchange forward contracts – cash flow hedge (net of deferred tax)		**–**	**–**	**–**	**375**	**–**	**–**	**–**	**375**
Foreign exchange translation differences (net of deferred tax)		**–**	**–**	**–**	**–**	**(5,019)**	**–**	**–**	**(5,019)**
Total comprehensive deficit for the year		**–**	**–**	**–**	**(953)**	**(5,019)**	**–**	**(33,136)**	**(39,108)**
Balance – 31 December 2023		**5,404**	**151,684**	**(329)**	**(822)**	**7,411**	**11,159**	**43,366**	**217,873**

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Group Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Cash flows from operating activities			
Cash generated from operations	24	**36,934**	24,929
Tax paid		**(5,524)**	(3,957)
Cash flows from operating activities		**31,410**	20,972
Investing activities			
Acquisitions and deferred consideration		**(222)**	(16,618)
Purchase of intangible assets	11	**–**	(249)
Purchase of property, plant and equipment	12	**(696)**	(358)
Proceeds from reimbursement of property costs	12	**–**	200
Net cash used in investing activities		**(918)**	(17,025)
Financing activities			
Interest paid and similar charges		**(9,433)**	(4,804)
Capital lease payments		**(867)**	(961)
Proceeds from exercise of share options		**37**	341
Dividend paid	9	**(9,592)**	(9,116)
Loan issue costs	17	**(1,338)**	–
Proceeds from borrowings	17	**–**	14,925
Repayment of borrowings	17	**(18,000)**	(1,261)
Net cash used in financing activities		**(39,193)**	(876)
Net movement in cash and cash equivalents		**(8,701)**	3,071
Cash and cash equivalents at 1 January		**31,714**	29,061
Exchange losses on cash and cash equivalents		**(577)**	(418)
Cash and cash equivalents at 31 December	15	**22,436**	31,714

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Alliance Pharma plc ("the Company") and its subsidiaries (together "the Group") acquire, market and distribute consumer healthcare products and prescription medicines. The Company is a public limited Company, limited by shares, registered, incorporated and domiciled in England and Wales in the UK. The address of its registered office is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB. The Company is listed on the AIM Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 18 June 2024.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The financial statements have been prepared under the historical cost convention, with the exception of derivatives which are included at fair value.

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies.
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 12 Income Taxes— International Tax Reform — Pillar Two Model Rules.
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates.

Further narrow scope amendments have been issued which are mandatory for periods commencing on or after 1 January 2024. The application of these amendments will not have any material impact on the disclosures, net assets or results of the Group.

2.2 Consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group') and equity account the Group's interest in joint ventures. The Parent Company financial statements present information about the Company as a separate entity and not about the Group.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

2.3 Judgements and estimates

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the relevant circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis.

Judgements

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the Group's financial statements.

These are as follows:

- Identification and presentation of non-underlying items (note 5).

2. Summary of significant accounting policies continued

2.3 Judgements and estimates continued

Identification and presentation of non-underlying items

In 2020, the Group updated its classification policy for non-underlying items (note 5). Following the update, all amortisation and impairment charges for acquired intangible assets are included as non-underlying items, in line with the majority of peer companies of the Group. Significant restructuring costs (for example, relating to office or business closures), one-off project costs, and the revaluation of deferred tax balances following substantial tax legislation changes may also be included as non-underlying items.

The Directors believe that this classification of underlying and non-underlying items, when considered together with total statutory results, provides investors, analysts and other stakeholders with helpful complementary information to understand better the financial performance and position of the Group from period to period, and allows the Group's performance to be more easily compared against the majority of its peer Companies. These measures are also used by management for planning and reporting purposes.

Estimates

IAS 1 requires the disclosure of assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Directors consider these estimates to be as follows:

- Key assumptions used in discounted cash flow projections for impairment testing of the Amberen CGU and Nizoral brand intangible asset (note 11).

2.4 Revenue recognition

Identification of performance obligations

Revenue comprises consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, namely the distribution of pharmaceutical products. The Group has assessed the performance obligations as being each unit of good sold by the Group.

The Group receives royalties in relation to certain agreements with distributors in exchange for the licensed use of intellectual property and trademarks owned by the Group, which are generally based on sales volumes. The Group also receives product margin generated by third parties on its behalf under certain transitional arrangements. The Group has assessed the performance obligations as being each unit of good sold by the third parties.

Transaction price

The transaction price for each performance obligation comprises the stand-alone selling price for the product excluding value-added tax and net of rebates and discounts.

Royalty income and the deductions relating to rebates and discounts are based on the Group's contractual obligations. Certain rebate arrangements also include elements of variable consideration. The Group does not consider these elements to be significant; however, an estimate of variable consideration is included where appropriate. The IFRS 15 exemption from estimating variable consideration has been applied to the Group's sales-based royalties.

The Group has considered whether it is an 'agent' or 'principal' under IFRS 15 for each commercial arrangement and accounted for these accordingly. The Group is considered the 'principal' for all key commercial relationships relating to sale of goods, except the relationship with certain supply partners as described in full under 'Specific revenue streams'. This is because the Group controls each specified good before transfer to customers.

Where consideration is payable to a customer, this is evaluated by the Group to determine whether the amount represents a reduction of the transaction price, a payment for distinct goods or services or a combination of the two. The fair value of the good or service is also evaluated to assess whether the payment should be accounted for as a payment to suppliers or a reduction in transaction price.

Timing of recognition

Under IFRS 15, an entity recognises revenue when it satisfies a performance obligation by transferring a good to a customer. An entity transfers a good to a customer when the customer obtains control of that good. Control may be transferred either at a point in time or over time. For the Group, revenue is recognised at a point in time when customers have control of the sold goods, or on an appropriate basis where royalty or other arrangements are in place with third parties. To determine the point in time control is transferred for sale of goods, the Group considers all relevant indicators. Revenue is recognised net of a provision for the expected level of returns.

2. Summary of significant accounting policies continued

2.4 Revenue recognition continued

Specific revenue streams

The Group has the following recognition policies for different commercial arrangements:

(i) Product sales – ex-works terms: Recognition at a point in time when each unit of pharmaceutical product is available to the customer for collection. At this point in time, the customer has an obligation to pay for the goods, legal title and significant risks and rewards of ownership.

(ii) Product sales – delivery terms and delivery at place: Recognition at a point in time when each unit of pharmaceutical product is delivered to the customer or reaches the designated place. At this point in time, the customer has an obligation to pay for the goods, legal title and significant risks and rewards of ownership. This revenue recognition policy covers the cross-border ecommerce stream as referred to in the Strategic Report.

(iii) Product royalties receivable: Recognition at a point in time when the third party makes pharmaceutical product sales subject to a royalty agreement with the Group.

(iv) Product rebates, discounts and payments to customers: Recognition as a deduction from revenue when the third party makes pharmaceutical product sales subject to a rebate agreement with the Group, or when sales are made in the scope of the VPAS Voluntary Scheme.

VPAS applies to branded, licensed medicines which are available on NHS prescription. Under the scheme, a fixed percentage of measured sales is due to the Department of Health and Social Care and the rebate is calculated and paid on a quarterly basis. For medium-sized Companies, the VPAS scheme includes an exemption where total measured sales are less than £5.0m per year. As the Group's total measured sales in 2023 were under this threshold, the Group was exempt from any VPAS payments and, as a result, no amounts were deducted from revenue (2022: no deduction).

For transactions with variable consideration, such as coupons, this is recognised at the point of sale to the customer.

Payments to customers are accounted for as a reduction of revenue unless they are linked to a distinct service, in which case they are classified as an operating expense.

(v) Product agency agreements: Recognition of a point in time when the third party makes pharmaceutical product sales subject to an agency agreement with the Group.

The amounts recognised in statutory revenue represent the product margin generated by the third party on behalf of the Group. Related agency fees are recognised within administrative expenses.

This is relevant to Nizoral™ (note 30) where the Group has agency agreements with certain supply partners. Under the terms of the agreements, the Group receives the benefit of the net profit on sales of Nizoral. The Group has determined it is an 'agent' in these relationships as it does not control the sale of goods to third party customers.

The Group does not consider that judgements made in evaluating when customers obtain control of a promised good have significantly influenced the timing of revenue recognition in the year.

2.5 Foreign currency

The consolidated financial statements are presented in Sterling, which is the presentational currency of the Group and the functional currency of the Company. Foreign currency transactions by Group Companies are booked at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into Sterling at the rate of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Income Statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates' ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates' ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are reported in other comprehensive income and accumulated in the translation reserve, to the extent that the hedge is effective.

2. Summary of significant accounting policies
continued

2.6 Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision-Maker ("CODM"). The Group's Board of Directors ("the Board") is the Group's Chief Operating Decision-Maker, as defined by IFRS 8, and all significant operating decisions are taken by the Board.

2.7 Property, plant and equipment
Computer equipment, fixtures, fittings and equipment and plant and machinery are stated at the cost of purchase less any provisions for depreciation and impairment. Depreciation of an asset starts when the asset is available for use. The rates generally applicable are:

Computer equipment
20% – 33.3% per annum, straight-line

Fixtures, fittings and equipment
12% – 25% per annum, straight-line

Plant and machinery
20% – 25% per annum, straight-line

2.8 Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

2.9 Intangible assets and goodwill
Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs")and is not amortised but is tested annually for impairment.

Acquired intangible assets

(i) Brands
Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life, except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. 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. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(ii) Patents
Where an acquired intangible asset includes a definite period of patent protection and the value attributed to the patent is considered material, the Group has accounted for the value of the patent separate to the underlying brand. The patent is amortised over the period to patent expiry.

(iii) Distribution rights
Payments made in respect of product registration and distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands with an indefinite life. If the licence period can be extended, the useful life of the intangible asset shall include the renewal period only if there is evidence to support renewal by the entity without disproportionate cost.

(iv) Rights to royalties from intellectual property
Payments made in respect of rights to royalties from intellectual property are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the rights to royalties are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands with an indefinite life.

2. Summary of significant accounting policies continued

2.9 Intangible assets and goodwill continued

(iv) Computer software

Computer software comprises software purchased from third parties, as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Software integral to an item of hardware equipment is classified as property, plant and equipment. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life from the date the software is available for use, generally eight years.

Development costs

Research expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is capitalised when it can be reliably measured and the project it is attributable to is separately identifiable, technically feasible, demonstrates future economic benefit, and will be used or sold by the Group once completed.

The capitalised cost is amortised over the period during which the Group is expected to benefit and begins when the asset is ready for use.

Development costs are reviewed at least annually for impairment by assessing the recoverable amount of each cash-generating unit, to which the development costs relate. The recoverable amount is the higher of fair value less costs to sell and value in use. Development costs not meeting the recognition criteria are expensed as incurred.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For intangible assets with an indefinite life, assets with a finite life that show indicators of impairment, and goodwill – this includes estimation of the recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Directors have determined that the cash-generating units are at product-group level.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Inventories

Inventories are included at the lower of cost, less any provision for impairment, or net realisable value. Inventory cost for the Group is determined on a first-in-first-out basis. Inventory provisions have been made for slow-moving and obsolete stock. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

2.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2. Summary of significant accounting policies continued

2.11 Taxation continued

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investment and loans to subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.12 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless designated as cash flow hedges.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Translation risk

Exchange differences arising from the translation of the net investment in foreign operations are reported in other comprehensive income and accumulated in the translation reserve. Gains and losses on those hedging instruments designated as hedges of the net investment in foreign operations, are recognised to the extent that the hedging relationship is effective; these amounts are included in exchange differences on translation of foreign operations as stated in the statement of comprehensive income.

Gains and losses relating to hedge ineffectiveness are recognised immediately in the Income Statement for the period. Gains and losses accumulated in the translation reserve are reclassified to the Income Statement when the foreign investment is disposed of. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

2. Summary of significant accounting policies continued

2.13 Non-derivative financial instruments

Modifications of financial instruments (including loans and borrowings) are reviewed quantitatively and qualitatively to determine if the modification is 'substantial'. Substantial modification of a financial liability results in derecognition of the original balance, and recognition of a new financial liability at fair value. The difference between the carrying amount of the original financial liability and the fair value of the new financial liability is charged to the Income Statement. A non-substantial modification of financial liability does not result in the derecognition of the original balance, however it may also result in a gain or loss recognised in the income statement.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. The Group's trade receivables are subject to the IFRS 9 expected credit loss model. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance based on historic default rates. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue.

Accrued income represents amounts owed unconditionally to the Group which have not been invoiced at the year end. For these assets, only the passage of time is required before payment becomes due.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. Dividends and interest received are included in investing activities. Dividends and interest paid are included in financing activities.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

2.14 Employee benefits – share-based payment transactions

Employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payments, whereby, depending on the scheme, employees render services in exchange for rights over shares ("equity-settled transactions") or entitlement to a future cash payment ("cash-settled transactions"), the amount of which is determined with reference to the Company's share price.

The cost of equity-settled transactions with employees is measured, where appropriate, with reference to the fair value at the date on which they are granted. Where options need to be valued, an appropriate valuation model is applied. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations. The cost of equity-settled transactions is fully recharged to subsidiaries.

The cost of cash-settled transactions is measured with reference to the fair value of the liability, which is taken to be the closing price of the Company's shares. Until the liability is settled, it is remeasured at the end of each reporting period and at the date of settlement, with any changes in the fair value being recognised in the Income Statement.

The cost of equity-settled transactions is recognised, along with a corresponding increase in equity, over the years in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cost of cash-settled transactions is recognised, along with a provision for expected cash settlement, over the vesting period.

At each reporting date, the cumulative expense recognised for equity-settled transactions reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of management, will ultimately vest. Management's estimates are based on the best available information at that date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2. Summary of significant accounting policies continued

2.15 Equity

The provision of shares to satisfy certain of the Group's share option schemes can be facilitated by purchases of own shares by the Group's Employee Benefit Trust. The costs of operating the Trust is borne by the Group but is not material. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

The Employee Benefit Trust is considered to be controlled by the Group. The activities of the Trust are conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and, on this basis, the assets held by the Trust are consolidated into the Group's financial statements.

'Share capital' represents the nominal value of equity shares.

'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

'Share option reserve' represents equity-settled share-based employee remuneration.

'Retained earnings' represents retained profit.

'Other reserve' represents the difference between the fair value and nominal value of shares issued on a reverse takeover.

'Cash flow hedging reserve' represents the fair value of derivative financial instruments at the balance sheet date that are designated as cash flow hedges, net of deferred tax, less amounts reclassified through other comprehensive income.

'Translation reserve' represents gains and losses arising on translation of the net assets of overseas operations into the Group's presentation currency of Sterling.

2.16 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, for which it is probable that a transfer of economic benefits will be required for settlement and where a reliable estimate can be made of the amount of the obligation. Where material, provisions have been discounted to their present value.

Restructuring provisions are recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

2.17 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets and liabilities acquired are measured at fair value at acquisition date. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. The Group also engages in acquisitions of product-specific assets (such as brands – set out in note 2.9).

In assessing whether an acquired set of assets and activities is a business or an asset, management will first elect whether to apply an optional concentration test to simplify the assessment. Where the concentration test is applied, the acquisition will be treated as the acquisition of an asset if substantially all of the fair value of the gross assets acquired (excluding cash and cash equivalents, deferred tax assets, and related goodwill) is concentrated in a single asset or group of similar identifiable assets. Where the concentration test is not applied, or is not met, a further assessment of whether the acquired set of assets and activities is a business will be performed.

2.18 Going concern

On 15 August 2023, the Group agreed a new £150.0m fully Revolving Credit Facility ("RCF"), together with a £65.0m Accordion. The facility was agreed with its existing syndicate of lenders, replacing the previous RCF which ran through to July 2024. This new facility is available until August 2026, with two further one-year extension options.

The RCF is drawn in short- to medium-term tranches of debt which are repayable within 12 months of draw-down. Under the terms of the facility agreement, the lenders are obliged to revolve maturing loans and the Group is not obliged to make any loan repayments, provided certain conditions are met, including covenant compliance. Consequently, the Directors have presented the RCF as a non-current liability.

2. Summary of significant accounting policies continued

2.18 Going concern continued

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period) and these forecasts indicate that the Group will have sufficient funds, given the RCF financing available, to meet its liabilities as they fall due for that period.

Also, the Directors have considered severe but plausible downside scenarios, including a scenario that models a 25% reduction in the Group's gross profit in Q4 2024. Even under this severe but plausible downside scenario, forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants throughout the forecast period. The Directors also considered a reverse stress test scenario which indicates that a decline in monthly EBITDA against forecast from July 2024 of over 30% would be needed to result in a breach of loan covenants. The Directors consider this remote. In addition, there are mitigating actions that Management can take in order to maintain covenant compliance in even more extreme downside scenarios.

Consequently, the Directors consider that it is highly unlikely it would be unable to exercise its right to roll over the debt and are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Directors have, therefore, determined it is appropriate to adopt the going concern basis in preparing the financial statements.

2.19 Alternative Performance Measures

The performance of the Group is assessed using Alternative Performance Measures ("APMs"). The Group's results are presented both before and after non-underlying items. Adjusted profitability measures are presented excluding non-underlying items as we believe this provides both management and investors with useful additional information about the Group's performance and aids effective comparison of the Group's trading performance from one period to the next and with similar businesses.

In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts but also against the Group's longer-term strategic plans. Some of these APMs also form the basis upon which incentive and rewards are structured. APMs are presented in note 30.

The Group does not consider adjusted profitability measures or APMs to be a substitute for, or superior to, IFRS measures.

2. Summary of significant accounting policies continued

2.20 Prior year restatement

Amberen

The impairment review undertaken for Amberen as at 31 December 2023 identified errors in the valuation model used for the prior year impairment assessment, the correction of which requires a prior year restatement as at 31 December 2022.

This adjustment is regarded as an error in the impairment review performed as at 31 December 2022, rather than a change in estimate, as the model did not include information that was available when the financial statements were authorised for issue and which could reasonably be expected to have been obtained and taken into account in the Directors' assessment of impairment. Due to the materiality of this error, the carrying value of the Amberen intangible asset and goodwill have been restated as at 31 December 2022.

The error arises from a combination of information that was available or could reasonably be expected to have been obtained at 31 December 2022, and prior to the date when the financial statements were authorised for issue, in relation to cash flow assumptions, together with mechanical and methodology errors within the model. This included errors within key assumptions that are disclosed in note 11, including short-term revenue growth rates, short-term cost of sales growth rates and terminal value marketing spend. In addition to this, there were errors relating to long term growth rates and warehouse and distribution costs. Under IAS 36, the valuation methodology should also have reflected the fair value less costs of disposal, including tax benefits that are not entity specific, since that was higher than the value in use.

Following adjustment for the net impact of these corrections, the impairment charge and associated deferred tax credit for Amberen in the prior year would have totalled £27.6m for the year ended 31 December 2022, compared to the impairment charge of £12.0m previously recognised. This prior year adjustment of £15.6m (net of deferred tax) comprises impairment of goodwill of £5.0m, impairment of brand intangible asset of £14.9m and deferred tax credit of £4.3m and has been written off to the consolidated income statement for the year ended 31 December 2022. We have also considered the impact on the 2022 opening position, and concluded the reported goodwill and intangible asset figures for 31 December 2021 are free from material error.

Additionally, there was a material disclosure deficiency in the 2022 Annual Report and Accounts, in that there was a failure to disclose the significant judgements made in respect of short-term revenue growth rates, short-term cost of sales growth rates and marketing spend specifically the terminal value marketing spend. See note 11 for further details.

Other intangible assets

The impairment reviews undertaken for other brand goodwill and intangible assets as at 31 December 2023 identified errors in the valuation models used in the prior year impairment assessment, the correction of which requires a prior year restatement as at 31 December 2022.

Errors in these other brand goodwill and intangible assets arose in relation to information that was available or could reasonably be expected to have been obtained at 31 December 2022, and prior to the date when the financial statements were authorised for issue, in relation to cash flow assumptions. Following adjustment for the net impact of these corrections, the impairment charge in the prior year would have been £8.3m higher and the related deferred tax credit £1.8m higher for the year ended 31 December 2022 (net impact £6.5m). This prior year adjustment has been written off to the consolidated income statement for the year ended 31 December 2022. We have also considered the impact on the 2022 opening position, and concluded the reported intangible asset figures for 31 December 2021 are free from material error. See note 11 for further details.

The £8.3m impairment charge impact is summarised by brand below:

Brand	Impact of restatement £000s
Flamma	3,444
Opus Range	1,849
Prochlorperazine	1,100
Others	1,912
Total	8,305

Additionally, there was a material disclosure deficiency in the 2022 Annual Report and Accounts in respect of the Nizoral brand intangible asset, in that there was a failure to disclose the significant judgements made in respect of the discount rate, short-term China revenue growth rates, short-term China cost of goods sold growth rates, market participant operating expenses and marketing costs.

2. Summary of significant accounting policies continued

2.20 Prior year restatement continued

A summary of the impact of the prior year adjustments on the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2022 and consolidated balance sheet as at 31 December 2022 is as follows:

Impact on the consolidated income statement

	Year ended 31 December 2022			
	As previously reported £000s	Amberen £000s	Other intangible assets £000s	Restated £000s
Gross profit	101,683	–	–	101,683
Operating expenses				
Administration and marketing expenses	(63,586)	–	–	(63,586)
Amortisation of intangible assets	(9,202)	–	–	(9,202)
Impairment of goodwill and intangible assets	(18,234)	(19,953)	(8,305)	(46,492)
Share-based employee remuneration	(92)	–	–	(92)
Operating profit/(loss)	10,569	(19,953)	(8,305)	(17,689)
Total finance costs	(5,361)	–	–	(5,361)
Profit/(loss) before taxation	5,208	(19,953)	(8,305)	(23,050)
Taxation	(4,272)	4,343	1,771	1,842
Profit/(loss) for the period attributable to equity shareholders	936	(15,610)	(6,534)	(21,208)
Earnings per share				
Impact on Basic (pence)	0.17	(2.88)	(1.22)	(3.93)
Impact on Diluted (pence)	0.17	(2.88)	(1.22)	(3.93)

Impact on the consolidated statement of comprehensive income

	Year ended 31 December 2022			
	As previously reported £000s	Amberen £000s	Other intangible assets £000s	Restated £000s
Profit/(loss) for the year	936	(15,610)	(6,534)	(21,208)
Other comprehensive income	12,932	–	–	12,932
Total comprehensive income/(deficit) for the year	13,868	(15,610)	(6,534)	(8,276)

2. Summary of significant accounting policies continued

2.20 Prior year restatement continued

Impact on the consolidated balance sheet

	As at 31 December 2022			
	As previously reported £000s	Amberen £000s	Other intangible assets £000s	Restated £000s
Assets				
Goodwill and intangible assets	421,630	(19,953)	(8,305)	393,372
Other assets	115,781	–	–	115,781
Total assets	537,411	(19,953)	(8,305)	509,153
Equity				
Retained earnings	108,238	(15,610)	(6,534)	86,094
Other equity	179,423	–	–	179,423
Total equity	287,661	(15,610)	(6,534)	265,517
Liabilities				
Deferred tax liability	65,569	(4,343)	(1,771)	59,455
Other liabilities	184,181	–	–	184,181
Total liabilities	249,750	(4,343)	(1,771)	243,636
Total equity and liabilities	537,411	(19,953)	(8,305)	509,153

Impact on the consolidated cash flow statement

There is no impact on cash generated from operations and the subsequent consolidated cash flow statement. The impact on the operating cash reconciliation is shown below.

	Year ended 31 December 2022			
	As previously reported £000s	Amberen £000s	Other intangible assets £000s	Restated £000s
Profit/(loss) for the year	936	(15,610)	(6,534)	(21,208)
Taxation	4,272	(4,343)	(1,771)	(1,842)
Amortisation and impairment of intangibles	27,436	19,953	8,305	55,694
Other movements	(7,715)	–	–	(7,715)
Cash generated from operations	24,929	–	–	24,929

3. Revenue and segmental information

The Group's reportable segments are the strategic business units that represent different parts of the overall product portfolio, these being Consumer Healthcare brands and Prescription Medicines. The business units are managed separately as each portfolio requires different expertise to deliver the corresponding product offering as a result of the inherently different characteristics of these product types.

Operating segments reflect the way in which information is presented to and reviewed by the CODM for the purposes of making strategic decisions and assessing Group-wide performance. The Group's Board of Directors ("the Board") is the Group's CODM. The Group evaluates performance of the operational segments on the basis of revenue and gross profit. Underlying gross profit is consistent with that reported on a statutory basis. Other than intangible assets, disclosed in note 11, assets and liabilities are reported to the Board at Group level and are not separated segmentally.

Further evaluation of the performance of the Group's operating segments is given in the Financial Review on page 44.

3. Revenue and segmental information continued

Revenue

Revenue information by brand	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Consumer Healthcare brands:		
Kelo-Cote™ franchise	**63,209**	50,039
Amberen™	**11,218**	14,909
Nizoral™*	**19,648**	17,231
MacuShield™	**9,199**	9,080
Aloclair™	**7,959**	9,272
Vamousse™	**4,407**	4,602
Other Consumer Healthcare brands	**18,692**	15,489
Total revenue – Consumer Healthcare brands:	**134,332**	120,622
Prescription Medicines:		
Hydromol™	**9,042**	8,070
Flamma Franchise	**5,990**	6,548
Forceval™	**6,606**	5,872
Other prescription medicines	**24,710**	26,304
Total revenue – Prescription Medicines	**46,348**	46,794
Total revenue	**180,680**	167,416

* Nizoral statutory revenue includes revenue generated on an agency basis. Nizoral revenue presented on a See-through Income Statement basis is included as an Alternative Performance Measure in note 30.

Classification by geography is based on customer location.

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Europe, Middle East and Africa ("EMEA")	**79,199**	78,920
Asia Pacific and China ("APAC")	**72,422**	59,186
Americas ("AMER")	**29,059**	29,310
Total revenue	**180,680**	167,416

Operating segment results

	Year ended 31 December 2023		
	Consumer Healthcare £000s	Prescription Medicines £000s	Total £000s
Revenue	**134,332**	**46,348**	**180,680**
Cost of sales	**(51,605)**	**(24,056)**	**(75,661)**
Gross profit	**82,727**	**22,292**	**105,019**

	Year ended 31 December 2022		
	Consumer Healthcare £000s	Prescription Medicines £000s	Total £000s
Revenue	120,622	46,794	167,416
Cost of sales	(43,019)	(22,714)	(65,733)
Gross profit	77,603	24,080	101,683

Major customers

The net revenues from the Group's largest customers in the year ended 31 December 2023 (customers separately comprising more than 10% of the Group's revenue) are as follows.

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Major customer 1 (Consumer Healthcare sales in APAC)	**21,201**	17,898
Major customer 2 (Consumer Healthcare sales in APAC)	**20,200**	14,342

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Profit before taxation

Profit before taxation is stated after charging/(crediting):	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Amounts receivable by the Company's auditor and its associates in respect of:		
– The audit of these financial statements	**1,388**	480
– The audit of the financial statements of subsidiaries	**269**	220
– Other assurance services (covenant compliance and other regulatory compliance services)	**21**	17
Amortisation of intangible assets	**9,101**	9,202
Impairment of intangible assets	**79,252**	46,492
CMA provision release	**(7,900)**	–
Share options charge	**889**	92
Depreciation of plant, property and equipment	**1,225**	1,558
Loss/(gain) on foreign exchange transactions	**480**	(56)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

5. Non-underlying items

The Group presents a number of non-IFRS measures which exclude the impact of significant non-underlying items. This is to provide investors with a view of the measures used by management to monitor the ongoing business performance, and can exclude items such as: amortisation and impairment of acquired intangible assets; restructuring costs; significant gains or losses on disposal; one-off project costs; remeasurement and accounting for the passage of time in respect of contingent considerations; and the revaluation of deferred tax balances following substantial tax legislation changes. This assessment requires judgement to be applied by the Directors as to which transactions are non-underlying and whether this classification enhances the understanding of the users of the financial statements.

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Amortisation of acquired intangible assets	**(7,198)**	(7,238)
Impairment of goodwill and intangible assets	**(79,252)**	(46,492)
CMA provision release	**7,900**	–
Other	**(1,753)**	369
Total non-underlying items before taxation	**(80,303)**	(53,361)
Taxation on non-underlying items	**22,579**	9,076
Total non-underlying items after taxation	**(57,724)**	(44,285)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

Amortisation of intangible assets

The amortisation costs of acquired intangible assets are a significant item considered unrelated to trading performance, and as such have been presented as non-underlying. This classification is in line with the majority of peer companies of the Group.

Impairment of goodwill and intangible assets

The impairment reviews for the Group's intangible assets resulted in impairment losses as the carrying value of certain cash-generating units exceeded estimated recoverable amounts. Further details are provided in note 11. The impairment losses are significant items resulting from changes in assumptions for future recoverable amounts. As such, they are considered unrelated to 2023 trading performance, and have been presented as non-underlying.

CMA provision release

The provision of £7.9m relating to the CMA Infringement Decision has been released following the announcement that the Group's appeal had been upheld. This is detailed further in note 19. This is considered unrelated to 2023 trading performance, and has been presented as non-underlying.

5. Non-underlying items continued

Other non-underlying items

Other non-underlying costs relate to one-off legal and professional costs. These costs are significant items considered unrelated to trading performance, and as such have been presented as non-underlying.

6. Finance income and expense

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Finance expense		
Interest payable on loans and overdrafts	**(9,418)**	(4,668)
Amortised finance issue costs	**(461)**	(648)
Interest on lease liabilities	**(112)**	(117)
Net exchange losses	**(480)**	–
	(10,471)	(5,433)
Finance income		
Interest income	**113**	16
Net exchange gains	**–**	56
	113	72
Finance expense – net	**(10,358)**	(5,361)

7. Directors and employees

Employee benefit expenses for the Group (including Executive Directors) during the year were as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Wages and salaries	**20,946**	18,777
Social security costs	**2,272**	2,040
Other pension costs (note 27)	**1,506**	1,345
Share-based employee remuneration (note 23)	**889**	92
	25,613	22,254

The average number of employees of the Group (including Directors) during the year was:

	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
Management and administration	**284**	249

Key management of the Group is the Board of Directors (including Non-Executive Directors) and the Senior Leadership Team (SLT). Benefit expenses in respect of the key management were as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Key management remuneration	**1,930**	1,699
Pension contributions	**137**	114
	2,067	1,813

During the year, contributions were paid to defined contribution schemes for three Executive Directors (2022: two).

7. Directors and employees continued

Gain on share options exercised by Executive Directors during the year was £76,000 (2022: £90,000).

The amounts set out above include remuneration in respect of the highest-paid Director as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Emoluments for qualifying services	**427**	368
Pension contributions	**32**	32
	459	400

The notional non-cash IFRS 2 share-based payment expense in respect of the highest-paid Director was £59,000 (2022: £160,000).

Average number of members of the Board of Directors (including Non-Executive Directors) for the year ended 31 December 2023 was seven (2022: six).

8. Taxation

Analysis of the charge for the period is as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Corporation tax		
In respect of current period	**4,810**	5,669
Adjustment in respect of prior periods	**193**	110
	5,003	5,779
Deferred tax (see note 21)		
Origination and reversal of temporary differences	**(20,662)**	(6,951)
Adjustment in respect of prior periods	**(5)**	(670)
Taxation	**(15,664)**	(1,842)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Loss before taxation	**(48,800)**	(23,050)
Loss before taxation multiplied by the blended standard rate of corporation tax in the United Kingdom of 23.50% (2022: 19.00%)	**(11,468)**	(4,380)
Effect of:		
Non-deductible expenses	**(587)**	3,777
Adjustment in respect of prior periods	**188**	(560)
Differences between current and deferred tax rates	**(2,963)**	(2,043)
Differing tax rates on overseas earnings	**(274)**	(266)
Unrecognised losses	**(13)**	(6)
Foreign exchange	**(869)**	1,427
Share options	**262**	315
Movement in other tax provisions	**60**	(106)
Total taxation	**(15,664)**	(1,842)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

A change to UK corporation tax was announced in the Budget on 3 March 2021, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

Non-deductible expenses primarily relate to the release of the provision for the CMA fine, offset by the impairment/amortisation of certain intangible assets which do not qualify for tax relief and so represent a permanent difference.

The Group has calculated 'underlying effective tax rate' as an Alternative Performance Measure in note 30.

9. Dividends

	Year ended 31 December 2023	
	Pence/share	£000s
Amounts recognised as distributions to owners in 2023		
Interim dividend for the 2022 financial year	**0.592**	**3,197**
Final dividend for the 2022 financial year	**1.184**	**6,395**
Total dividend	**1.776**	**9,592**

The interim dividend for 2022 was paid on 19 January 2023. The final dividend for 2022 was paid on 18 July 2023.

	Year ended 31 December 2022	
	Pence/share	£000s
Amounts recognised as distributions to owners in 2022		
Interim dividend for the 2021 financial year	0.563	3,030
Final dividend for the 2021 financial year	1.128	6,086
Total dividend	1.691	9,116

The interim dividend for 2021 was paid on 7 January 2022. The final dividend for 2021 was paid on 7 July 2022.

10. Earnings per share ("EPS")

Basic EPS is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares in issue during the year. For diluted EPS, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all dilutive potential Ordinary shares. There are no differences in earnings used to calculate each measure as a result of the dilutive employee share options.

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

	Year ended 31 December 2023	Year ended 31 December 2022
Weighted average undiluted shares	**540,144,706**	539,480,306
Employee share options	**1,210,980**	5,800,317
Weighted average diluted shares	**541,355,686**	545,280,623

As the Group made a reported loss in the current and prior periods, the dilutive potential Ordinary shares have not been included in the calculation for Diluted EPS as the exercise of share options would have the effect of reducing the loss per share, and therefore is not dilutive. The underlying basic EPS is intended to demonstrate recurring elements of the results of the Group before non-underlying items. A reconciliation of the earnings used in the different measures is given below:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Earnings for basic and diluted EPS	**(33,136)**	(21,208)
Non-underlying items (note 5)	**57,724**	44,285
Earnings for underlying basic and diluted EPS	**24,588**	23,077

The resulting EPS measures are:

	Year ended 31 December 2023 Pence	Year ended 31 December 2022 (restated[1]) Pence
Basic EPS	**(6.13)**	(3.93)
Diluted EPS	**(6.13)**	(3.93)
Underlying basic EPS	**4.55**	4.28
Underlying diluted EPS	**4.54**	4.23

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Goodwill and intangible assets

The Group	Goodwill £000s	Consumer Healthcare brands and distribution rights £000s	Prescription Medicines brands, royalties and distribution rights £000s	Computer software £000s	Total £000s
Cost					
At 1 January 2023	**34,626**	**291,762**	**152,691**	**15,292**	**494,371**
Exchange adjustments	**(211)**	**(4,410)**	**(394)**	**(26)**	**(5,041)**
At 31 December 2023	**34,415**	**287,352**	**152,297**	**15,266**	**489,330**
Amortisation and impairment					
At 1 January 2023 (restated[1])	**19,928**	**24,885**	**52,860**	**3,326**	**100,999**
Non-underlying impairment for the year	**–**	**63,010**	**16,242**	**–**	**79,252**
Non-underlying amortisation for the year	**–**	**438**	**6,760**	**–**	**7,198**
Underlying amortisation for the year	**–**	**–**	**–**	**1,903**	**1,903**
At 31 December 2023	**19,928**	**88,333**	**75,862**	**5,229**	**189,352**
Net book amount					
At 31 December 2023	**14,487**	**199,019**	**76,435**	**10,037**	**299,978**
At 1 January 2023 (restated[1])	14,698	266,877	99,831	11,966	393,372

The Group	Goodwill £000s	Consumer Healthcare brands and distribution rights £000s	Prescription Medicines brands, royalties and distribution rights £000s	Computer software £000s	Total £000s
Cost					
At 1 January 2022	32,382	260,080	151,544	15,043	459,049
Additions	–	16,386	–	249	16,635
Exchange adjustments	2,244	15,296	1,147	–	18,687
At 31 December 2022	34,626	291,762	152,691	15,292	494,371
Amortisation and impairment					
At 1 January 2022	1,144	8,185	34,614	1,362	45,305
Non-underlying impairment for the year (restated[1])	18,784	16,474	11,234	–	46,492
Non-underlying amortisation for the year	–	226	7,012	–	7,238
Underlying amortisation for the year	–	–		1,964	1,964
At 31 December 2022 (restated[1])	19,928	24,885	52,860	3,326	100,999
Net book amount					
At 31 December 2022 (restated[1])	14,698	266,877	99,831	11,966	393,372
At 1 January 2022	31,238	251,895	116,930	13,681	413,744

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Goodwill and intangible assets continued

Acquisitions

Included in additions in 2022 is £15.2m relating to the purchase of the ScarAway™ brand asset which completed in March 2022 and £1.2m relating to the purchase of an Aloclair™ brand asset which completed in October 2022.

Useful economic lives

The Group segregates its portfolio of assets into two areas: Consumer Healthcare brands and Prescription Medicines. The Directors have considered the continuing appropriateness of the useful economic lives assigned to the assets and for certain assets have made changes, reducing useful economic lives and moving from indefinite life to finite life where appropriate.

For the majority of Consumer Healthcare brand assets, indefinite useful lives have been judged to remain appropriate. This is due to the expected long-term growth profile of the Consumer Healthcare business and the enduring nature of the brands, which are supported by continuing marketing spend. It is the opinion of the Directors that the indefinite life assets meet the criteria set out in IAS 38. This assessment is made on an asset-by-asset basis taking into account:

- how long the brand has been established in the market and subsequent resilience to economic and social changes;
- stability of the industry in which the brand is used;
- potential obsolescence or erosion of sales;
- barriers to entry;
- whether sufficient marketing and promotional resourcing is available; and
- dependency on other assets with defined useful economic lives.

For Prescription Medicines brand assets, finite useful lives of up to 20 years were adopted prospectively from 1 January 2020. The determination of this lifespan considered all relevant factors for each individual asset, including typical pharmaceutical asset life cycles and the potential development of alternative treatments over time and the remaining useful lives of these brands are considered to remain appropriate.

Certain brands were acquired with patent protection, which lasts for a finite period of time. It is the opinion of the Directors that these patents do not provide any incremental value to the brand and therefore, no separate value has been placed on these patents. This assessment is based on a view of future profitability after patent expiry and past experience with similar brands.

The Prescription Medicines brand assets have a weighted average remaining life of 16 years at 31 December 2023 (2022: 17 years).

The net book value of intangible assets and goodwill which are considered to have indefinite useful lives are allocated to individual asset level (and for Amberen only CGU level) in the following table. Goodwill relating to the acquisition of certain assets and businesses from Sinclair IS Pharma plc is allocated to the group of related Consumer Healthcare and Prescription Medicines product assets. Other goodwill amounts are allocated to the product CGU or individual brand asset with which they were originally acquired. Intangible assets that are considered to have indefinite lives all relate to the Consumer Healthcare segment, except for Sinclair Prescription Medicines' goodwill.

11. Goodwill and intangible assets continued

Useful economic lives continued

	31 December 2023		
	Goodwill £000s	Consumer healthcare brands and distribution rights £000s	Total £000s
Amberen™	–	25,880	25,880
Nizoral™	–	50,003	50,003
Kelo-Cote™ (US rights and ScarAway™)	–	15,202	15,202
Vamousse™	–	6,870	6,870
MacuShield™	1,748	8,740	10,488
Ashton and Parsons	–	1,562	1,562
Aloclair™ (non-Sinclair)	–	1,184	1,184
Lefuzhi	–	1,607	1,607
Anbesol	–	988	988
Cambridge intangibles	598	–	598
Products acquired from Sinclair			
Kelo-Cote (non EU, excluding US)	–	43,743	43,743
Kelo-Cote (EU)	–	17,800	17,800
Aloclair (Sinclair)	–	14,000	14,000
Goodwill – Sinclair Prescription Medicines	1,694	–	1,694
Goodwill – Sinclair Consumer Healthcare	10,447	–	10,447
Assets with indefinite lives	**14,487**	**187,579**	**202,066**

Impairment

Goodwill and other intangible assets with indefinite lives are allocated to individual asset level (and for Amberen CGU level) as set out in the useful economic lives table to the left. As explained in note 2.9, all intangible assets are stated at cost less accumulated amortisation and impairment.

For all intangible assets with an indefinite life, assets with a finite life that show indicators of impairment and goodwill, the carrying amounts of the Group's non-financial assets are assessed annually for impairment; this includes estimation of the recoverable amount, being the higher of the value in use basis and the fair value less costs of disposal basis. Amberen is tested at CGU level as the directors believe this CGU generates largely independent cash inflows. All other brands are tested at the individual asset level.

Value in use calculations have been used to determine the recoverable amount for all individual assets and CGUs other than Amberen and Nizoral. The calculations use the latest approved five-year forecasts, extrapolated for the individual assets' and CGUs' remaining useful life or into perpetuity for assets with indefinite useful lives, using long-term market decline/growth rates between -2.0% to 2.0% (2022: -5.5% to 2.0%). Cash flows are discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted where appropriate for country-specific risks, of between 9.8%–14.5%, or pre-tax 13.1%–19.3% (2022: 7.0%–12.4%, or pre-tax 9.4%–14.5%).

A fair value less costs of disposal calculation has been used to determine the recoverable amount of £25.9m for the Amberen CGU, including tax benefits that are not entity specific and overhead and marketing expense to operate the brand by a market participant. When applying the fair value less costs of disposal methodology, it has been difficult to assess a sale value using observable market inputs (level 1) or inputs based on market evidence (level 2) in the current environment and so unobservable inputs (level 3) have been used. A discounted cash flow has been used to establish the fair value to a market participant, based on the latest approved five-year forecast, extrapolated into perpetuity using a long-term US market growth rate of 3.0% (2022: 3.0% restated) and discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted for country-specific risks, of 9.2%, or pre-tax 12.5% (2022: 8.4% or pre-tax 11.4%).

11. Goodwill and intangible assets continued

A fair value less costs of disposal calculation has also been used to determine the recoverable amount of £50.0m for the Nizoral individual asset, including overhead and marketing expense to operate the brand by a market participant. When applying the fair value less costs of disposal methodology, it has been difficult to assess a sale value using observable market inputs (level 1) or inputs based on market evidence (level 2) in the current environment and so unobservable inputs (level 3) have been used. A discounted cash flow has been used to establish the fair value to a market participant, based on the latest approved five-year forecast, extrapolated into perpetuity using a long-term growth rate of 2.0% (2022: 2.0%) and discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted for country-specific risks, of 11.3%, or pre-tax 15.1% (2022: 8.3% or pre-tax 11.1%).

Discount rates reflect the current market assessments of the time value of money and the territories in which the CGUs or individual brand assets operate. In determining the cost of equity, the Capital Asset Pricing Model ("CAPM") has been used. CAPM assesses the expected cost of equity by reference to the risk-free rate, the expected market return, and the industry's beta. Beta is a measure of the industry's volatility compared to the overall market. Pre-tax discount rates applied to the cash flow forecasts are derived from our post-tax weighted average cost of capital.

With the exceptions of the Amberen CGU and the Nizoral indefinite life asset, the directors do not consider there to be any other reasonably possible changes in estimates that would result in further impairment to goodwill and other intangible assets.

Prior year errors

As disclosed in note 2.20 the correction of a number of prior period errors in the Amberen CGU impairment assessment relating to projected future business performance including: short-term revenue growth rates; short-term cost of sales growth rates; terminal value marketing spend; warehouse and distribution costs; mechanical errors, including certain tax cash flows, within the model; and the valuation methodology not reflecting the higher of fair value less costs of disposal and value in use, resulted in the restatement of the Amberen goodwill impairment charge from £12.0m to £16.9m and the restatement of Amberen intangible assets impairment charge from £nil to £15.0m. The total restatement in respect of the Amberen CGU is £20.0m.

The correction of prior period errors in relation to other intangible assets resulted in a further £8.3m increase in the 2022 impairment charge. The aggregated prior year error increases the 2022 impairment charge by £28.3m to £46.5m. This was offset by a deferred tax credit of £6.1m, resulting in a net adjustment of £22.1m to the income statement.

No impairment was required at 1 January 2022 as re-performance of impairment analysis at that date identified sufficient headroom between the recoverable amount and the capital employed.

Results of goodwill and other intangible assets impairment test

As a result of the impairment review for the year ended 31 December 2023, the following impairment charges were identified:

- Goodwill and Consumer Healthcare brand relating to Amberen™ impaired by £46.4m, gross of £13.5m deferred tax credit (2022: £31.9m restated) following reassessment of the expected future cash flows generated, taking into account past performance, contractual arrangements and cost estimates, including marketing spend, and a higher cost of capital due to the overall increase in borrowing rates.
- Consumer Healthcare brand relating to Nizoral impaired by £10.3m (2022: £nil), following reassessment of the expected future cash flows generated, taking into account past performance, contractual arrangements and cost estimates, including marketing spend, and a higher cost of capital due to the overall increase in borrowing rates.
- Following impairment indicators identified, Prescription Medicine brand and distribution rights assets with a finite life and associated goodwill have been impaired by £16.2m (2022: £13.1m restated) due to viability of future sales in the current market, increasing costs resulting from changes in the regulatory framework, and a higher cost of capital due to the overall increase in borrowing rates.
- Following impairment indicators identified, Other Consumer Healthcare brand and distribution rights assets with a finite life have been impaired by £6.3m (2022: £1.5m restated) due to viability of future sales in the current market.

Assumptions applied in financial forecasts for fair value less costs of disposal

The Group prepares five-year cash flow forecasts derived from approved financial budgets, taking into account management's past experience, expected market conditions and industry growth rates.

11. Goodwill and intangible assets continued

Amberen

The key assumptions used in forecasting cash flows relate to discount rate, short-term revenue growth, short-term cost of sales growth and terminal value marketing spend. Revenue is made up of capsule and innovation revenue streams. The short-term revenue and short-term cost of sales growth key assumptions are pinpointed to the capsule revenue stream as assumptions on innovation short-term revenue and short-term cost of sales only represent £3.2m (11%) of the Amberen fair value and are therefore not considered key assumptions.

Underlying factors in determining the values assigned to each key assumption are shown below:

- Short-term revenue growth – forecast revenue growth rates are based on past experience adjusted for the strategic direction of the Group and expected market conditions within each of the markets in which the CGU operates. This includes forecasting the proportion of sales between bricks and mortar and ecommerce platforms.
- Short-term cost of sales growth – cost of sales is forecast based on management's best estimate of cash flows, taking into account historical costs and expected market growth. This includes forecasting the costs associated with selling on ecommerce and bricks and mortar platforms.
- Terminal value marketing spend – marketing spend is forecasted based on historical experience, product lifecycle expectations and expected market conditions.

Amberen CGU – sensitivity analysis

The following key assumptions within the Amberen valuation model are significant to the estimate; future changes to these assumptions could lead to significant changes to the carrying value of the Amberen CGU:

Discount rates in fair value less costs of disposal models

- Methodology: Cash flows are discounted at an appropriate rate, based on the Group's post-tax discount rate adjusted for country-specific risks, in line with those used in the value in use calculations disclosed above. The Group's discount rate has increased largely as a result of the increase in risk-free rate due to changes in government bond yields and an increase in the equity beta based on sector market data.
- Estimation uncertainty: The assumptions included in the compilation of the CGU/asset-specific discount rates are designed to approximate the cost of capital that a potential market participant would expect. Given the nature of the Group's business model, the discount rate necessarily includes estimation uncertainty.

Short-term capsule revenue growth rates in fair value less costs of disposal valuation models

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows, taking into account historical capsule revenue, contracted revenue and expected market growth. The overall capsule revenue short-term revenue growth is modelled at a five-year compound average growth rate (CAGR) of 1.4% (2022: 4.6% restated), split into bricks and mortar CAGR of -3.8% and ecommerce CAGR of 5.8%. The reduction in the capsule short-term revenue CAGR is a result of launching substitute innovation products.
- Estimation uncertainty: The capsule revenue growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Short-term capsule cost of sales growth rates in fair value less costs of disposal valuation models

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows, taking into account historical capsule costs and expected market growth. The overall capsule cost of sales short-term growth is modelled at a five-year CAGR of 0.5% (2022: 3.2% restated). The reduction in the capsule short-term cost of sales CAGR is a result of launching substitute innovation products.
- Estimation uncertainty: The capsule cost of sales growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

11. Goodwill and intangible assets continued

Terminal value marketing spend in fair value less costs of disposal valuation model

- Methodology: A key driver of the terminal value within the Amberen impairment model is the marketing spend as a percentage of revenue which is modelled at 20% (2022: 20% restated). This is based on management's best estimate, taking into account market analysis and historical marketing spend for similar brands at a similar stage of their life cycles.
- Estimation uncertainty: Marketing spend required in future years and terminal revenue growth rates, the factors which drive the terminal value marketing spend, include inherent estimation uncertainty relating to economic uncertainty as well as the achievement of commercial initiatives and external factors.

Sensitivity

The following table shows the potential impact of reasonably possible changes to the key assumptions on the estimated recoverable amount of the Amberen CGU. As the carrying value is equal to the recoverable amount at 31 December 2023, any changes would result in a change to the impairment charge recognised.

	Decrease in CGU recoverable amount			
	2.0% (200bp) increase in pre-tax discount rate	Terminal value marketing rate increase to 23%	Short-term capsule revenue growth CAGR decline to 0.2%	Short-term capsule cost of sales growth CAGR increase to 2.2%
Amberen	(£9.2m)	(£4.8m)	(£5.2m)	(£1.0m)

Nizoral

The key assumptions used in forecasting cash flows relate to growth rate, discount rate and operating expense.

Nizoral brand intangible asset – sensitivity analysis

The following key assumptions within the Nizoral valuation model are significant to the estimate; future changes to these assumptions could lead to significant changes to the carrying value of the Nizoral asset:

Discount rates in fair value less costs of disposal models

- Methodology: Cash flows are discounted at an appropriate rate, based on the Group's post-tax discount rate adjusted for country-specific risks. The Group's discount rate has increased largely as a result of the increase in risk-free rate due to changes in government bond yields and an increase in the equity beta based on sector market data.
- Estimation uncertainty: The assumptions included in the compilation of the CGU/asset-specific discount rates are designed to approximate the cost of capital that a potential market participant would expect. Given the nature of the Group's business model, the discount rate necessarily includes estimation uncertainty.

Short-term China growth rates

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows. The overall short-term China growth rate is modelled at 7.5% based on expectations derived from published future category growth rates in China (short-term China growth rate modelled in 2022: 14.9%).
- Estimation uncertainty: The growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

11. Goodwill and intangible assets continued

Short-term China cost of goods sold growth rate

- Methodology: A key driver is costs estimates relating to cost of goods sold estimates in China, which assume flat margins in the forecast period and the ability of cost increases to be passed on to customers to maintain product margins. This is based on management's best estimate, taking into account provisions in the distribution agreement with customers to pass on costs increases.
- Estimation uncertainty: The short-term China cost of goods sold growth rate assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Market participant operating expense

- Methodology: A key driver of the terminal value within the Nizoral impairment model is the market participant operating expense which is modelled at 14.2% of net sales. This is based on management's best estimate, taking into account the transition of the Nizoral brand from the previous owner to Alliance.
- Estimation uncertainty: The market participant operating expense assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to assumptions about the generalised overheads to operate the Nizoral asset by a market participant.

Marketing costs

- Methodology: In addition, a further key driver is cost estimates relating to the marketing spend as a percentage of revenue in China, which is modelled at 12.3% of net sales. This is based on management's best estimate, taking into account market analysis and historical marketing spend for similar brands at a similar stage of their life cycles.
- Estimation uncertainty: The marketing spend in China assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Sensitivity

The following table shows the potential impact of reasonably possible changes to the key assumptions on the estimated recoverable amount of the Nizoral asset. As the carrying value is equal to the recoverable amount at 31 December 2023, any changes would result in a change to the impairment charge recognised.

	Decrease in CGU recoverable amount				
	2.0% (200bp) increase in pre-tax discount rate	£1.0m (4.6% of 2023 net sales) increase in annual COGS from 2024	£1.0m (4.6% of 2023 net sales) increase in annual operating costs from 2024	£1.0m (4.6% of 2023 net sales) increase in annual marketing costs from 2024	Decline in short-term China revenue growth CAGR to 2.0%
Nizoral	(£9.3m)	(£9.0m)	(£9.0m)	(£9.0m)	(£12.6m)

Other brand intangible assets

Reasonable possible changes to key assumptions on the estimated recoverable amount of the aggregate of other brands assets would result in changes to the impairment charge recognised as the carrying value of these assets is equal to the recoverable amount at 31 December 2023. In aggregate these 17 brand intangible assets have a carrying value of £45.5m. Reasonably possible changes to short term gross margin CAGR would result in an additional £1.8m of impairment charge recognised. A 2% increase in discount rate would result in an additional £4.2m of impairment charge recognised. This disclosure has been presented in the aggregate to allow a better understanding of the overall impact on the intangibles balance relative to the materiality of the individual other brands.

12. Property, plant and equipment

The Group	Computer software and equipment £000s	Fixtures, fittings & equipment £000s	Plant & machinery £000s	Right-of-use lease assets £000s	Total £000s
Cost					
At 1 January 2023	2,199	3,944	74	5,230	11,447
Additions	64	776	–	692	1,532
Effects of movements in exchange rates	(1)	(106)	–	(57)	(164)
Disposals	(2)	(64)	–	(142)	(208)
At 31 December 2023	**2,260**	**4,550**	**74**	**5,723**	**12,607**
Depreciation					
At 1 January 2022	1,857	2200	49	1,763	5,869
Provided in the year	160	296	10	759	1,225
Effect of movements in exchange rates	–	–	–	–	–
Disposals	(2)	(64)	–	(142)	(208)
At 31 December 2023	**2,015**	**2,432**	**59**	**2,380**	**6,886**
Net book amount					
At 31 December 2023	**245**	**2,118**	**15**	**3,343**	**5,721**
At 1 January 2023	342	1,744	25	3,467	5,578

The Group	Computer software and equipment £000s	Fixtures, fittings & equipment £000s	Plant & machinery £000s	Right-of-use lease assets £000s	Total £000s
Cost					
At 1 January 2022	2,037	3,730	73	6,306	12,146
Additions	153	205	–	1,997	2,355
Transfers	108	(108)	–	–	–
Effects of movements in exchange rates	(30)	323	1	(172)	122
Disposals	(69)	(206)	–	(2,901)	(3,176)
At 31 December 2022	2,199	3,944	74	5,230	11,447
Depreciation					
At 1 January 2022	1,670	1,741	36	3,873	7,320
Provided in the year	153	541	13	851	1,558
Transfers	108	(108)	–	–	–
Effect of movements in exchange rates	(5)	32	–	(60)	(33)
Disposals	(69)	(6)	–	(2,901)	(2,976)
At 31 December 2022	1,857	2,200	49	1,763	5,869
Net book amount					
At 31 December 2022	342	1,744	25	3,467	5,578
At 1 January 2022	367	1,989	37	2,433	4,826

Property, plant and equipment of £3.4m is located within the United Kingdom (2022: £3.2m). The remaining balance is located in France, China, Singapore, Spain, Germany and the United States of America. Right-of-use assets relate to the Group's leased offices.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Inventories

The Group	31 December 2023 £000s	31 December 2022 £000s
Finished goods	**23,245**	21,804
Work in progress	**363**	416
Raw materials	**5,296**	5,083
Inventory provision	**(3,193)**	(3,017)
	25,711	24,286

Inventory costs expensed through the Income Statement during the year were £64,302,000 (2022: £59,566,000). During the year, £1,980,000 (2022: £993,000) was recognised as an expense relating to the write-down of inventories to net realisable value.

14. Trade and other receivables

	The Group	
	31 December 2023 £000s	31 December 2022 £000s
Trade receivables	**49,371**	44,764
Other receivables	**1,716**	2,775
Prepayments	**3,029**	1,094
Accrued income	**600**	691
	54,716	49,324

Accrued income, which is all classified as not past due, represents amounts owed unconditionally to the Group which have not been invoiced at the year end. For these assets, only the passage of time is required before payment becomes due.

Credit risk

The ageing of trade receivables of the Group as at 31 December is detailed below:

Trade receivables, net of estimated allowances for expected credit losses	31 December 2023 £000s	31 December 2022 £000s
Not past due	**46,366**	41,642
1–30 days past due	**1,447**	2,514
31–60 days past due	**1,102**	432
61–90 days past due	**142**	176
Past 91 days	**314**	–
	49,371	44,764

Trade receivables, gross of estimated allowances for expected credit losses	31 December 2023 £000s	31 December 2022 £000s
Not past due	**46,495**	41,642
1–30 days past due	**1,454**	2,514
31–60 days past due	**1,151**	432
61–90 days past due	**164**	197
Past 91 days	**531**	390
	49,795	45,175

To manage credit risk, customers are required to pay in accordance with agreed terms Our settlement terms are generally due within 30 or 60 days from the end of the month of sale. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all customers requiring credit above a certain threshold, with varying approval levels set around this depending on the value.

The Group maintains an allowance for impairment of receivables where recoverability is considered doubtful, on a forward looking perspective. As at 31 December 2023, trade and other receivables of £424,000 (2022: £411,000) were past due and impaired. Debts are not written off until all avenues for recovery have been exhausted.

15. Cash and cash equivalents

	The Group	
	31 December 2023 £000s	31 December 2022 £000s
Sterling	**2,433**	10,556
Euros	**6,549**	8,214
US Dollars	**3,086**	3,758
Thai Baht	**3,960**	3,991
Other currencies	**6,408**	5,195
Cash at bank and in hand	**22,436**	31,714

16. Trade and other payables

	The Group	
	31 December 2023 £000s	31 December 2022 £000s
Trade payables	**18,225**	18,567
Other taxes and social security costs	**1,211**	1,546
Accruals	**16,155**	13,972
Other payables	**707**	918
Lease liabilities	**768**	613
	37,066	35,616

17. Loans and borrowings

On 15 August 2023, the Group agreed a new £150.0m fully Revolving Credit Facility, together with a £65.0m Accordion. The facility was agreed with its existing syndicate of lenders, replacing the previous RCF which ran through to July 2024. This new facility is available until August 2026, with two further one-year extension options. This has been classified as a non-current liability (note 2.18). The bank facility is secured by a fixed and floating charge over the Company's and Group's assets registered with Companies House. The loan commitments are all 'investment grade' as at the balance sheet date. Pursuant to its terms, the Group is obliged to deliver a copy of its audited annual financial statements to the lenders within 120 days of the year-end. In light of the potential delays caused by the audit process, the Group sought and received an extension from the lenders to this obligation, giving the Group until 21 June 2024 to deliver a copy of its audited annual financial statements to the lenders, and therefore fulfilling its obligations.

	The Group	
Non-current	31 December 2023 £000s	31 December 2022 £000s
Bank loans:		
Secured	**114,844**	134,065
Finance issue costs	**(1,198)**	(321)
	113,646	133,744

Movement in loans and borrowings	31 December 2023 £000s	31 December 2022 £000s
At 1 January	**133,744**	116,060
Net (payments)/receipts from borrowing[1]	**(18,000)**	13,664
Additional prepaid arrangement fees	**(1,338)**	–
Amortisation of prepaid arrangement fees	**461**	648
Exchange movements[2]	**(1,221)**	3,372
At 31 December	**113,646**	133,744

1 On renewal of the facility no cash was moved and therefore the net position is presented.

2 Exchange movements on loans and borrowings with effective net investment hedges are reported in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. Other non-current liabilities

	The Group	
	31 December 2023 £000s	31 December 2022 £000s
Lease liabilities	**3,001**	3,219
Other non-current liabilities	**199**	196
	3,200	3,415

19. Provisions

	CMA provision (£000s)	Restructuring provision (£000s)	Onerous contract provision (£000s)	Total (£000s)
At 1 January 2023	**7,900**	**522**	**–**	**8,422**
(Credit)/charge to income statement	**(7,900)**	**–**	**462**	**(7,438)**
Provisions utilised during the year	**–**	**(338)**	**–**	**(338)**
Exchange differences	**–**	**(9)**	**–**	**(9)**
At 31 December 2023	**–**	**175**	**462**	**637**

On 23 May 2019, the UK's Competition and Markets Authority ("CMA") issued a Statement of Objection alleging anti-competitive agreement involving the Group and certain other pharmaceutical Companies in relation to the sale of prescription prochlorperazine.

On 3 February 2022, the CMA announced its finding that four Companies, including Alliance, had infringed competition law ("the Infringement Decision"). The Alliance Board fundamentally disagreed with the CMA's finding and appealed the Infringement Decision at the Competition Appeal Tribunal (CAT), with those proceedings closing on 4 August 2023.

In a unanimous judgment published on 23 May 2024, the CAT upheld Alliance's appeal, finding that there was no agreement to exclude competition from the market and no breach of competition law. The CMA's decision and £7.9m penalty imposed on Alliance have been set aside. As such, the £7.9m provision which was recorded at 31 December 2021 has now been released.

The restructuring provision of £0.2m at 31 December 2023 (2022: £0.5m) relates to the balance of restructuring costs in relation to the closure of the Milan office following a change to the operating model for our direct-to-market business in Italy in 2022.

The onerous contract provision of £0.5m at 31 December 2023 (2022: £nil) relates to a contractual commitment to purchase inventory for which it is uncertain that the necessary licence for sale will be granted.

The remaining related outflows are expected to occur in the year ending 31 December 2024.

20. Financial instruments

The Group uses financial instruments comprising borrowings, derivatives, cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board is responsible for risk management policies on managing each of these, which are summarised below, except credit risk which is detailed in note 14.

Liquidity risk

The Group's operations are financed by retained earnings and bank borrowings, with additional equity being raised on a periodic basis to finance larger acquisitions. Borrowings are denominated in Sterling, Euro and US Dollars. The purpose of Euro and US Dollar borrowings are to manage the currency exposure arising from the Group's operations.

On 15 August 2023, the Group agreed a new £150.0m fully Revolving Credit Facility, together with a £65.0m Accordion. The facility was agreed with its existing syndicate of lenders, replacing the previous RCF which ran through to July 2024. This new facility is available until August 2026, with two further one-year extension options.

The RCF is drawn in short to medium-term tranches of debt which are repayable within 12 months of draw-down. These tranches of debt can be rolled over provided certain conditions are met, including covenant compliance. The Group considers that it is highly unlikely it would be unable to exercise its right to roll-over the debt. This is due to mitigating actions it could take to maintain compliance with these conditions, including future covenant requirements, even in downside scenarios. The Directors therefore believe that the Group has the ability and the intent to roll-over the drawn RCF amounts when due and consequently has presented the RCF as a non-current liability.

The Group also has access to an overdraft facility of £2.0m.

The maturity profile of the Group's financial gross (capital and interest) liabilities, except forward foreign exchange contracts for which maturity is disclosed separately, at the year end is as follows:

	31 December 2023				
	In one year or less £000s	In more than one year, but not more than two £000s	In more than two years, but not more than five £000s	In more than five years £000s	Total £000s
Trade and other payables	**36,298**	**–**	**–**	**–**	**36,298**
Bank loans[1]	**114,844**	**–**	**–**	**–**	**114,844**
Lease liabilities	**768**	**631**	**1,395**	**975**	**3,769**
	151,910	**631**	**1,395**	**975**	**154,911**

1 Includes an amount of £114.8m (2022: £134.1m) in respect of gross contractual cash flows payable under the RCF; these are shown as due within one year or less to reflect the contractual maturity of the tranches drawn down at 31 December 2023. The RCF is classified as a non-current liability as the Directors have assessed that the Group has the ability and the intent to roll over the drawn RCF amounts when due.

	31 December 2022				
	In one year or less £000s	In more than one year, but not more than two £000s	In more than two years, but not more than five £000s	In more than five years £000s	Total £000s
Trade and other payables	35,003	–	–	–	35,003
Bank loans[1]	134,065	–	–	–	134,065
Lease liabilities	613	594	1,263	1,362	3,832
	169,681	594	1,263	1,362	172,900

20. Financial instruments continued

Interest rate risk

The Group's debt is provided on a floating interest rate basis. The Group is exposed to risks of rising interest rates on interest costs and the headroom available under financial covenants. Interest rate hedging products are used to manage financial exposures and protect covenants when certain trigger levels are met. In 2023, the Group used interest rate swaps to fix the rates paid on a portion of its debt in order to mitigate against these risks. At 31 December 2023, the Group had GBP interest rate swaps in place with a nominal value of £90.0m (2022: £nil) and a weighted average fixed rate percentage of 5.47%. The swaps were transacted with an amortising profile ending in June 2026 and were remeasured to fair value at the period end.

The interest rate exposure of the financial liabilities of the Group at the period end was:

Floating rate interest exposure	31 December 2023 £000s	31 December 2022 £000s
At 31 December 2023		
Bank loans – Sterling denominated	**96,817**	96,817
Bank loans – Euro denominated	**6,865**	6,987
Bank loans – US Dollar denominated	**11,162**	30,261
Total financial liabilities	**114,844**	134,065
Unamortised issue costs	**(1,198)**	(321)
Net book value of financial liabilities	**113,646**	133,744

The Sterling floating rate borrowings bear interest at a rate based on SONIA for the year ended 31 December 2023. The Euro floating rate borrowings bear interest at a rate based on EURIBOR. The US Dollar floating rate borrowings bear interest at a benchmark rate ("US Dollar LIBOR").

A 0.5% increase in SONIA would have reduced pre-tax profits by approximately £0.5m in 2023; a 0.5% decrease would have the opposite effect.

Because of the size of the Euro-denominated loan, a 0.5% increase or decrease in EURIBOR would not have affected pre-tax profits in 2023.

A 0.5% increase in US LIBOR would have reduced pre-tax profits by approximately £0.1m in 2023; a 0.5% decrease would have the opposite effect.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group Companies. The functional currencies of Group Companies are primarily Sterling, Euro, US Dollars and Hong Kong Dollars.

Approximately 17% of the Group's sales are invoiced in Euro, 32% invoiced in US Dollars and 11% invoiced in Hong Kong Dollars. The majority of other Group sales are invoiced in Sterling.

The Group's risk management policy is to hedge up to 75% of its estimated net foreign currency exposure in respect of forecast sales and purchases for up to the next 18 months at any point in time. The Group uses forward foreign exchange contracts to hedge its currency risk. These contracts are generally designated as cash flow hedges.

After the impacts of hedging, 5% weakening or strengthening of Sterling against the Euro would have resulted in £0.5m gain or loss to EBITDA (note 30) in 2023. On the same basis, 5% weakening or strengthening of Sterling against the US Dollar would have resulted in a £0.4m gain or loss to EBITDA in 2023. On the same basis, 5% weakening or strengthening of Sterling against the Hong Kong Dollar would have resulted in a £0.7m gain or loss to EBITDA in 2023.

Net investment hedges

The Group uses currency-denominated borrowings to hedge the exposure of a portion of its net investment in overseas operations against changes in value due to changes in foreign exchange rates.

100% of the US Dollar denominated loan is in a net investment hedge. The net investment hedge was tested for effectiveness during the year and found to be effective. As the Group repays its foreign-denominated borrowings, the hedged portion of the net investment is reduced.

20. Financial instruments continued

Fair value measurement

The Group has adopted IFRS 13 for financial instruments that are measured in the Group balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

› quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
› inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) ("Level 2"); and
› inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) ("Level 3").

The Group's financial instruments held at fair value (or for which fair value is disclosed) in the scope of IFRS 13 are as follows:

	Level	31 December 2023 Carrying value £000s	31 December 2022 Carrying value £000s
Interest rate swap contracts	2	(1,771)	–
Forward foreign exchange contracts	2	896	174
		(875)	174

For the other financial assets and liabilities, the carrying amount is a reasonable approximation of fair value and therefore, no further disclosure is provided. The valuation techniques used for instruments categorised in Level 2 are described below:

Forward foreign exchange contracts ("Level 2")

The Group's currency rate swaps are not traded in active markets. These have been fair valued using observable currency rates. The effects of non-observable inputs are not significant for currency rate swaps.

Counterparty banks perform valuations of currency rate swaps for financial reporting purposes, determined by discounting the future cash flows at rates determined by year end spot and forward rate. The valuation processes and fair value changes are discussed by the Audit and Risk Committee and the finance team at least every half year, in line with the Group's reporting dates.

Forward foreign exchange contract assets and liabilities are presented in 'Derivative financial instruments' (either as assets or as liabilities) within the statement of financial position.

At 31 December 2023, the Group held the following forward exchange contracts to hedge exposures to changes in foreign currency rates:

	Maturity		
	1–6 months	6–12 months	More than one year
Forward exchange contracts			
Net exposure (£000s)	422	397	77
Average GBP:USD forward contract rate	1.234	1.236	–
Average GBP:EUR forward contract rate	1.147	1.131	–
Average GBP:HKD forward contract rate	9.737	9.533	9.543

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments continued

Forward foreign exchange contracts ("Level 2") continued

At 31 December 2022, the Group held the following forward exchange contracts to hedge exposures to changes in foreign currency rates:

	Maturity		
	1–6 months	6–12 months	More than one year
Forward exchange contracts			
Net exposure (£000s)	117	40	17
Average GBP:USD forward contract rate	1.195	1.200	1.196
Average GBP:EUR forward contract rate	1.131	1.123	1.120
Average GBP:HKD forward contract rate	–	–	–

Group

Classification of the Group's financial assets and liabilities is set out below:

Financial assets	31 December 2023 £000s	31 December 2022 £000s
Financial assets at amortised cost		
Trade receivables	**49,371**	44,764
Accrued income	**600**	691
Cash and cash equivalents	**22,436**	31,714
	72,407	77,169
Fair value through profit and loss		
Derivative financial instruments	**1,309**	174
	73,716	77,343

Financial liabilities	31 December 2023 £000s	31 December 2022 £000s
Financial liabilities at amortised cost		
Trade and other payables	**35,087**	33,457
Loans and borrowings	**114,844**	134,108
Lease liabilities	**3,769**	3,832
	153,700	171,397
Fair value through profit and loss		
Derivative financial instruments	**2,184**	–
	155,884	171,397

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial instruments continued

Reconciliation to cash flow movements

		Cash flows		Non-cash changes					
	2022 £000s	Principal £000s	Net additions £000s	Interest £000s	Foreign exchange* £000s	Net additions £000s	Amortisation £000s	Interest £000s	2023 £000s
Gross loans and borrowings	134,065	(18,000)	–	–	(1,221)	–	–	–	114,844
Prepaid arrangement fees	(321)	–	(1,338)	–	–	–	461	–	(1,198)
Accrued interest	43	–	–	(9,433)	–	–	–	9,471	81
Lease liabilities	3,832	(867)	–	–	–	692	–	112	3,769

* Exchange movements on loans and borrowings with effective net investment hedges are reported in other comprehensive income and accumulated in the translation reserve.

Derivative financial instruments

	31 December 2023 Assets/(Liabilities) £000s	31 December 2022 Assets/(Liabilities) £000s
Current portion: asset	1,232	157
Current portion: liability	(413)	–
Non-current portion: asset	77	17
Forward exchange swap – cash flow hedge	896	174

	31 December 2023 Assets/(Liabilities) £000s	31 December 2022 Assets/(Liabilities) £000s
Non-current portion: liability	(1,771)	–
Interest rate swap – cash flow hedge	(1,771)	–

The cash flow hedges were tested for effectiveness both retrospectively and prospectively as at 31 December 2023. They were found to be highly effective, with the ineffective element being immaterial. The amount recognised through the Income Statement in finance costs for interest rate swaps during the year was a charge of £148,000 (2022: £nil). The amounts recognised through the Income Statement in respect of the forward foreign exchange contracts during the year was a debit of £38,000 in revenue (2022: debit of £1,060,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Deferred tax

The Group	31 December 2023 £000s	31 December 2022 (restated[1]) £000s
Accelerated capital allowances on tangible assets	**820**	1,057
Temporary differences: trading	**287**	205
Temporary differences: non-trading	**1,549**	1,630
Accelerated allowances on intangible assets	**(7,460)**	(14,085)
Initial recognition of intangible assets from business combination	**(30,179)**	(45,326)
Share-based payments	**111**	167
Foreign exchange forward contracts	**(224)**	(44)
Interest rate swap contracts	**443**	–
Losses and unrelieved interest	**1,438**	1,058
	(33,215)	(55,338)
Recognised as:		
Deferred tax asset	**4,648**	4,117
Deferred tax liability	**(37,863)**	(59,455)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

Reconciliation of deferred tax movements:

The Group	1 January 2023 (restated[1]) £000s	Transfers £000s	Recognised in other comprehensive income/ directly in equity	Recognised in the income statement £000s	31 December 2023 £000s
Non-current assets					
Intangible assets	(59,411)	–	1,202	20,570	**(37,639)**
Property, plant and equipment	1,057	–	–	(237)	**820**
Non-current liabilities					
Derivative financial instruments	(44)	–	(122)	(58)	**(224)**
Interest rate hedge	–	–	443	–	**443**
Other non-current liabilities	1,630	–	(81)	–	**1,549**
Equity					
Share option reserve	167	–	14	(70)	**111**
Temporary differences					
Trading	205	–	–	82	**287**
Losses	1,058	–	–	380	**1,438**
	(55,338)	–	1,456	20,667	**(33,215)**
Recognised as:					
Deferred tax asset	4,117	–	376	155	**4,648**
Deferred tax liability	(59,455)	–	1,080	20,512	**(37,863)**
	(55,338)				**(33,215)**

The Group has unrecognised deferred tax assets of £295,000 in relation to losses (2022: £354,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. Deferred tax continued

The Group	1 January 2022 £000s	Transfers £000s	Recognised in other comprehensive income/ directly in equity	Recognised in the income statement (restated[1]) £000s	31 December 2022 (restated[1]) £000s
Non-current assets					
Intangible assets	(61,248)	(1,435)	(4,275)	7,547	(59,411)
Property, plant and equipment	(464)	1,435	–	86	1,057
Non-current liabilities					
Derivative financial instruments	(16)	–	(28)	–	(44)
Other non-current liabilities	915	–	715	–	1,630
Equity					
Share option reserve	1,819	–	(1,169)	(483)	167
Temporary differences					
Trading	291	–	–	(86)	205
Losses	501	–	–	557	1,058
	(58,202)	–	(4,757)	7,621	(55,338)
Recognised as:					
Deferred tax asset	3,526	971	(454)	74	4,117
Deferred tax liability	(61,728)	(971)	(4,303)	7,547	(59,455)
	(58,202)				(55,338)

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

22. Share capital

	Allotted, called up and fully paid	
	No. of shares	£000s
At 1 January 2022 – Ordinary shares of 1p each	538,225,524	5,382
Issued during the year	1,769,562	18
At 31 December 2022 – Ordinary shares of 1p each	539,995,086	5,400
Issued during the year	394,994	4
At 31 December 2023 – Ordinary shares of 1p each	**540,390,080**	**5,404**

Between 1 January 2023 and 31 December 2023, 394,994 shares were issued on the exercise of employee share options (2022: 1,769,562).

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Potential share options commitment

Under the Group's share option scheme for employees and Executive Directors, options have been granted to subscribe for shares in the Company at prices ranging from 0.00p to 102.80p (2022: 0.00p to 102.80p). Options are exercisable three years after date of grant, but in certain instances this can be extended to five years. Options outstanding are as follows:

22. Share capital continued

Year of grant	Exercise price Pence	Exercise from	Scheme	31 December 2023 Number (000s)	31 December 2022 Number (000s)
2013	37.25	2016	CSOP	–	233
2014	33.75	2017	CSOP	**242**	281
2015	43.75	2018	CSOP	**306**	350
2015	46.75	2018	CSOP	**500**	500
2016	47.50	2019	CSOP	**571**	619
2016	47.50	2021	CSOP	**1,400**	1,400
2017	53.00	2020	CSOP	**2,318**	2,366
2018	81.60	2021	CSOP	**3,177**	3,241
2019	76.90	2022	CSOP	**4,154**	4,412
2019	0.00	2022	LTIP	–	226
2020	73.70	2023	CSOP	**3,285**	4,231
2020	0.00	2023	LTIP	–	542
2021	102.80	2024	CSOP	**5,483**	6,044
2021	0.00	2024	LTIP	**468**	468
2022	58.2	2025	CSOP	**7,245**	7,837
2022	0.00	2025	LTIP	**878**	877
2023	0.0	2026	LTIP	**8,805**	–
				38,832	33,627

The weighted average remaining contractual life at 31 December 2023 is 6.0 years (2022: 7.8 years).

The provision of shares to satisfy certain of the Group's share option schemes can be facilitated by purchases of own shares by the Group's Employee Benefit Trust. The cost of operating the Trust is borne by the Group but is not material. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

Managing capital

Our objective in managing the business's capital structure is to ensure that the Group has the financial capacity, liquidity and flexibility to support the existing business and to fund acquisition opportunities as they arise.

The capital structure of the Group consists of net bank debt and shareholders' equity. At 31 December 2023, net debt was £91.2m (2022: £102.0m) (note 30), whilst shareholders' equity was £217.9m (2022: 265.5m restated).

The business is profitable and cash-generative. The main financial covenants applying to bank debt are that leverage (the ratio of net bank debt to EBITDA) should not exceed 3.0 times, and interest cover (the ratio of EBITDA to finance charges) should not be less than 4.0 times. The Group complied with both of these covenants in 2023 and 2022.

Smaller acquisitions are typically financed using bank debt, while larger acquisitions typically involve a combination of bank debt and additional equity. The mixture of debt and equity is varied, taking into account the desire to maximise the shareholder returns while keeping leverage at comfortable levels.

23. Share-based payments

Under the Group's share option scheme for employees and Executive Directors, options to subscribe for shares in the Company are granted normally once each year. The contractual life of a CSOP option is ten years from date of grant and for LTIPs, four years from date of grant. Generally, options granted become exercisable on the third anniversary of the date of grant, but in certain instances this can be extended to five years. Exercise of an option is normally subject to continued employment. Options are valued by a third-party provider using the Black-Scholes option-pricing model.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2023		2022	
	Number (000s)	Weighted average price Pence	Number (000s)	Weighted average price Pence
Outstanding at start of year	**33,627**	**67.54**	30,933	71.62
Granted	**8,804**	**–**	8,759	52.34
Exercised (issued)	**(395)**	**16.50**	(1,770)	50.96
Exercised (withheld)	**(146)**	**38.39**	(1,203)	63.21
Forfeited	**(3,058)**	**0.61**	(3,092)	75.53
Outstanding at end of year	**38,832**	**53.26**	33,627	67.54
Exercisable at end of year	**10,822**	**67.84**	13,628	64.71

Share options were exercised throughout the financial year. Share options were exercised at prices of between 38.90p and 71.19p per share.

Certain options are subject to EPS or Total Shareholder Return ("TSR") accretion performance criteria; those outstanding are as follows:

Year of grant	Exercise price Pence	Exercise from	31 December 2023 Number (000s)	31 December 2022 Number (000s)
2014	33.75	2017	**92**	92
2015	43.75	2018	**104**	104
2016	47.50	2019	**155**	155
2016	47.50	2021	**1,400**	1,400
2017	53.00	2020	**323**	323
2018	81.60	2021	**1,639**	1,639
2019	76.90	2022	**336**	421
2019	0.00	2022	**–**	226
2020	73.70	2023	**–**	637
2020	0.00	2023	**–**	542
2021	102.80	2024	**924**	961
2021	0.00	2024	**468**	468
2022	58.20	2025	**919**	919
2022	0.00	2025	**878**	877
2023	0.00	2026	**5,356**	–
			12,594	8,764

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. Share-based payments continued

The total expense for the year relating to share-based payment plans was £0.9m (2022: £0.1m), of which £1.0m (2022: £1.1m) related to equity-settled transactions and a credit of £0.1m (2022: credit of £1.0m) related to cash-settled transactions.

It is assumed that, on average, options will be exercised after five years. The expected volatility is based on historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is based on UK Government bonds of a term consistent with the assumed option life.

The cash-settled transaction expense includes provision for social security charges based on the applicable social tax rate applied to the number of share awards which are expected to vest, valued with reference to the year end share price.

The estimated total equity-settled fair value of the share options granted on 4 October 2023 was £1,736,000. The model inputs were a market price of 45.0p, expected volatility of 43.99% and a risk-free rate of 4.29%.

24. Cash generated from operations

	Group	
	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Loss for the year	**(33,136)**	(21,208)
Taxation	**(15,664)**	(1,842)
Interest payable and similar charges	**9,991**	5,433
Interest income	**(113)**	(16)
Unrealised foreign exchange gain	**(423)**	(56)
Depreciation of property, plant and equipment	**1,225**	1,558
Amortisation and impairment of intangibles	**88,353**	55,694
Change in inventories	**(1,859)**	(2,209)
Change in trade and other receivables	**(6,481)**	(18,720)
Change in trade and other payables	**1,937**	7,281
Change in provisions	**(7,785)**	(1,078)
Share-based employee remuneration	**889**	92
Cash generated from operations	**36,934**	24,929

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

25. Capital commitments

The Group had capital commitments for property, plant and equipment at 31 December 2023 totalling £810,000 (2022: £22,000).

26. Contingent liabilities

Contingent liabilities are possible obligations that are not probable. The Group operates in a highly regulated sector and in markets and geographies around the world each with differing requirements. As a result, and in the normal course of business, the Group can be subject to a number of regulatory inspections, investigations and customer and other claims on an ongoing basis.

It is therefore possible that the Group may incur penalties for non-compliance. In addition, a number of the Group's brands and products are subject to pricing and other forms of legal or regulatory restrictions from both governmental and regulatory bodies and also from third parties. Assessments as to whether or not to recognise a provision in respect of these matters are judgemental, as the matters are often complex and rely on estimates and assumptions as to future events.

As at 31 December 2023, there are no contingent liabilities (2022: £nil).

27. Pensions

The Group operates a defined contribution pension scheme for the benefit of Executive Directors and employees.

The Group	31 December 2023 £000s	31 December 2022 £000s
Contributions payable by the Group for the year	**1,506**	1,345

28. Related parties

The Group has a related party relationship with its subsidiaries and with its directors and key management. A list of subsidiaries is shown on pages 165 to 166 of these financial statements. Transactions between two subsidiaries for the sale and purchase of products or for management charges are priced on an arm's length basis. Benefit expenses in respect of key management are shown in note 7. The Group has no external related parties and therefore there are no external related party transactions for the year (2022: none).

29. Ultimate controlling party

The Company's shares are listed on the Alternative Investment Market ("AIM") and are held widely. There is no single ultimate controlling party.

30. Alternative Performance Measures

The performance of the Group is assessed using Alternative Performance Measures ("APMs"). The Group's results are presented both before and after non-underlying items. Adjusted profitability measures are presented excluding non-underlying items, as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next. In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs.

These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts but also against the Group's longer-term strategic plans. APMs used to explain and monitor Group performance are as follows:

Measure	Definition	Reconciliation to GAAP measure
Underlying EBIT and EBITDA	Earnings before interest, tax and non-underlying items ("EBIT", also referred to as underlying operating profit), then depreciation, amortisation and impairment ("EBITDA"). Calculated by taking profit before tax and financing costs, excluding non-underlying items and adding back depreciation and amortisation. EBITDA margin is calculated using See-though revenue.	Note A below
Free cash flow	Free cash flow is defined as cash generated from operations less cash payments made for interest payable and similar charges, capital expenditure and tax.	Note B below
Net debt	Net debt is defined as the Group's gross bank debt position net of finance issue costs and cash.	Note C below
Underlying effective tax rate	Underlying effective tax rate is calculated by dividing total taxation for the year less impact of tax rate changes and non-underlying charges, by the underlying profit before tax for the year.	Note D below

30. Alternative Performance Measures continued

Measure	Definition	Reconciliation to GAAP measure
Operating costs	Defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges.	Note E below
See-through Income Statement	Under the terms of the transitional services agreement with certain supply partners, Alliance receives the benefit of the net profit on sales of Nizoral™ from the date of acquisition up until the product licences in the Asia-Pacific territories transfer to Alliance. The net product margin is recognised as part of statutory revenue. The See-through Income Statement recognises the underlying sales and cost of sales which give rise to the net product margin, as management consider this to be a more meaningful representation of the underlying performance of the business, and to reflect the way in which it is managed.	Note F below
Constant exchange rate ("CER") revenue	Like-for-like revenue, impact of acquisitions, and total See-through revenue are stated so that the portion denominated in non-Sterling currencies is retranslated using foreign exchange rates from the previous financial year.	Note G below
Like-for-like	Like-for-like 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 2023, like-for-like revenue excludes the impact of ScarAway™ and Kelo-Cote™ US generated in the first three months of 2023 following the acquisition in March 2022.	Note G below

A. Underlying EBIT and EBITDA

Reconciliation of Underlying EBIT and EBITDA	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Loss before tax	**(48,800)**	(23,050)
Non-underlying items (note 5)	**80,303**	53,361
Underlying profit before tax	**31,503**	30,311
Finance costs (note 6)	**10,358**	5,361
Underlying EBIT	**41,861**	35,672
Depreciation (note 12)	**1,225**	1,558
Underlying amortisation (note 11)	**1,903**	1,964
Underlying EBITDA	**44,989**	39,194
Underlying EBITDA margin	**24.6%**	22.8%

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

B. Free cash flow

Reconciliation of free cash flow	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Cash generated from operations (note 24)	**36,934**	24,929
Interest payable and similar charges	**(9,433)**	(4,804)
Capital expenditure	**(696)**	(407)
Tax paid	**(5,524)**	(3,957)
Free cash flow	**21,281**	15,761

30. Alternative Performance Measures continued

C. Net debt

Reconciliation of net debt	31 December 2023 £000s	31 December 2022 £000s
Loans and borrowings (note 17)	**(113,646)**	(133,744)
Cash and cash equivalents (note 15)	**22,436**	31,714
Net debt	**(91,210)**	(102,030)

D. Underlying effective tax rate

Reconciliation of underlying effective tax rate	Year ended 31 December 2023 £000s	Year ended 31 December 2022 (restated[1]) £000s
Total taxation credit for the year	**15,664**	1,842
Non-underlying tax credit (note 5)	**(22,579)**	(9,076)
Underlying taxation charge for the year	**(6,915)**	(7,234)
Underlying profit before tax for the year	**31,503**	30,311
Underlying effective tax rate	**22.0%**	23.9%

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

E. Operating costs

Reconciliation of operating costs	31 December 2023 £000s	31 December 2022 £000s
Total administration and marketing expenses	**(54,219)**	(63,586)
Non-underlying administration and marketing expenses (note 5)	**(6,147)**	(369)
Depreciation (note 12)	**1,225**	1,558
Operating costs	**(59,141)**	(62,397)

F. See-through Income Statement

	2023 Statutory values £000s	See-through adjustment £000s	2023 See-through values £000s
Revenue – Consumer Healthcare brands	**134,332**	**2,032**	**136,364**
Revenue – Prescription Medicines	**46,348**	**–**	**46,348**
Total revenue	**180,680**	**2,032**	**182,712**
Cost of sales	**(75,661)**	**(2,032)**	**(77,693)**
Gross profit	**105,019**	**–**	**105,019**
Gross profit margin	**58.1%**	**–**	**57.5%**

	2022 Statutory values £000s	See-through adjustment £000s	2022 See-through values £000s
Revenue – Consumer Healthcare brands	120,622	4,594	125,216
Revenue – Prescription Medicines	46,794	–	46,794
Total revenue	167,416	4,594	172,010
Cost of sales	(65,733)	(4,594)	(70,327)
Gross profit	101,683	–	101,683
Gross profit margin	60.7%	–	59.1%

There is no impact from the see-through adjustment on income statement lines below gross profit.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. Alternative Performance Measures continued

G. Constant exchange rate revenue

See-through revenue	2023 £000s	Foreign exchange impact £000s	2023 CER £000s
LFL see-through revenue - Consumer Healthcare brands	**133,768**	**2,606**	136,374
LFL see-through revenue - Prescription Medicines	**46,348**	**(233)**	46,115
Like-for-like see-through revenue	**180,116**	**2,373**	182,489
Impact of acquisitions (ScarAway & US Kelo-Cote)	**2,596**	**(245)**	2,351
See-through revenue (Note F)	**182,712**	**2,128**	184,840

Statutory revenue	2023 £000s	Foreign exchange impact £000s	2023 CER £000s
LFL statutory revenue - Consumer Healthcare brands	**131,736**	**2,606**	134,342
LFL statutory revenue - Prescription Medicines	**46,348**	**(233)**	46,115
Like-for-like statutory revenue	**178,084**	**2,373**	180,457
Impact of acquisitions (ScarAway & US Kelo-Cote)	**2,596**	**(245)**	2,351
Statutory revenue (Note F)	**180,680**	**2,128**	182,808

31. Events after the reporting date

As described in note 19, on 23 May 2024, the CAT upheld Alliance's appeal against the Infringement Decision, finding that there was no agreement to exclude competition from the market and no breach of competition law and that the CMA's decision and £7.9m penalty imposed on Alliance have been set aside. As such, the £7.9m provision which was recorded at 31 December 2021 has now been released in full as a credit in the consolidated income statement for the year ended 31 December 2023, and presented as non-underlying (as described in note 5).

There were no other material events subsequent to 31 December 2023 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

COMPANY BALANCE SHEET

	Note	31 December 2023 £000s	31 December 2022 (restated[1]) £000s
Assets			
Non-current assets			
Investment and loans to subsidiaries	c	**193,228**	193,248
Current assets			
Trade and other receivables	d	**227**	93
Amounts owed by group undertakings		**3,564**	4,005
Cash and cash equivalents		**4**	50
		3,795	4,148
Total assets		**197,023**	197,396
Equity			
Ordinary share capital	f	**5,404**	5,400
Share premium account		**151,684**	151,650
Share option reserve		**11,217**	10,214
Retained earnings		**27,842**	29,377
Total equity		**196,147**	196,641
Liabilities			
Current liabilities			
Trade and other payables	e	**817**	755
Corporation tax		**59**	–
Total liabilities		**876**	755
Total equity and liabilities		**197,023**	197,396

1 The balance sheet as at 31 December 2022 has been restated for the reclassification between investments and loans to subsidiaries and amounts owed to by group undertakings. Further information is given in note c.

The Company's profit for the year was £8,057,000 (2022: £5,429,000).

As permitted by section 408 of the Companies Act 2006, no separate Income Statement is presented in respect of the Parent Company.

The financial statements were approved by the Board of Directors on 18 June 2024.

Peter Butterfield
Director

Andrew Franklin
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company number 04241478

COMPANY STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £000s	Share premium account £000s	Share option reserve £000s	Retained earnings £000s	Total equity £000s
Balance 1 January 2022	5,382	151,328	8,962	33,064	198,736
Issue of shares	18	322	–	–	340
Dividend paid	–	–	–	(9,116)	(9,116)
Share options charge (including deferred tax)	–	–	1,252	–	1,252
Transactions with owners	18	322	1,252	(9,116)	(7,524)
Profit for the period and total comprehensive income	–	–	–	5,429	5,429
Balance 31 December 2022	5,400	151,650	10,214	29,377	196,641
Balance 1 January 2023	**5,400**	**151,650**	**10,214**	**29,377**	**196,641**
Issue of shares	**4**	**34**	**–**	**–**	**38**
Dividend paid	**–**	**–**	**–**	**(9,592)**	**(9,592)**
Share options charge (including deferred tax)	**–**	**–**	**1,003**	**–**	**1,003**
Transactions with owners	**4**	**34**	**1,003**	**(9,592)**	**(8,551)**
Profit for the period and total comprehensive income	**–**	**–**	**–**	**8,057**	**8,057**
Balance 31 December 2023	**5,404**	**151,684**	**11,217**	**27,842**	**196,147**

a. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. Notes a to f relate to the Company rather than the Group. Except where indicated, values in these notes are in £000.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council ("FRC") incorporating the Amendments to FRS 101 issued by the FRC in July 2015, and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company produces consolidated financial statements which are prepared in accordance with International Financial Reporting Standards. As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments; and
- the disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other Companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. The Directors do not expect to have to provide support to subsidiary entities for the foreseeable future, and therefore consider the value of the guarantee to be insignificant. The Company accounts for intra-Group cross guarantees under IFRS 9.

As permitted by s408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Investments in subsidiaries

Investments are measured at cost less any provision for impairment and comprise investments in subsidiary companies.

Share-based payments

The Company has adopted IFRS 2 and its policy in respect of share-based payment transactions is consistent with the Group policy shown in note 2 to the Group financial statements.

Dividends

Interim dividends are recorded in the financial statements when they are paid. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Critical accounting estimates and judgements

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are listed below.

There are no critical accounting estimates or judgements requiring evaluation.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

b. Personnel expenses in the Company profit and loss account

Alliance Pharma plc has no employees. Costs relating to service contracts with Executive and Non-Executive Directors during the year (2022: Non-Executive Directors only) were as follows:

	Year ended 31 December 2023 £000s	Year ended 31 December 2022 £000s
Wages and salaries	**1,219**	234
Social security costs	**155**	29
Other pension costs	**25**	–
	1,399	263

Disclosures required by paragraph 1 of schedule 5 of SI2008/410 are set out in the Director's Remuneration Report on pages 86 to 97.

c. Investments in the Company balance sheet

	Investment and loans to subsidiary undertakings £000s
Cost	
At 1 January 2023 (restated)	**193,248**
Net movements	**(20)**
At 31 December 2023	**193,228**
At 1 January 2022 (restated)	193,237
Net movements	11
At 31 December 2022 (restated)	193,248

The investment balance includes outstanding intercompany debt due from subsidiaries of £170.0m. The Directors do not consider that this amount will be demanded by the Company and therefore it has been classified as an investment. No provision has been recognised for estimated credit losses on loans to subsidiaries, as it is considered these would be immaterial.

The balance sheet as at 1 January 2022 and 31 December 2022 has been restated for the reclassification between investments and loans to subsidiaries (non-current asset) and amounts owed by group undertakings (current asset).

	Previously reported as investment and loans to subsidiaries £000s	Reclassified to amounts owed by group undertakings £000s	Restated £000s
Cost			
At 1 January 2022	199,348	(6,111)	193,237
At 31 December 2022	197,253	(4,005)	193,248

The subsidiary and associated undertakings where the Group held 20% or more of the equity share capital at 31 December 2023 are shown below:

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Company	Country of registration or incorporation	% owned	Nature of business
Advanced Bio-Technologies Inc.	USA	100	Pharmaceutical sales
Alliance Pharma France SAS	France	100	Pharmaceutical sales
Alliance Pharma S.r.l.	Italy	100	Pharmaceutical sales
Alliance Pharmaceuticals Limited*	England & Wales	100	Pharmaceutical sales
Alliance Lifescience Technology (Shanghai) Co., Limited	China	100	Pharmaceutical sales
Alliance Pharmaceuticals Spain SL*	Spain	100	Pharmaceutical sales
Alliance Pharma Inc.	USA	100	Pharmaceutical sales
Alliance Pharmaceuticals (Thailand) Co., Ltd	Thailand	100	Pharmaceutical sales
Alliance Pharmaceuticals (Philippines) Corporation	Philippines	100	Pharmaceutical sales
Alliance CHC (India) Private Limited	India	100	Non-trading
Alliance Pharma (Ireland) Limited	Republic of Ireland	100	Pharmaceutical sales
Alliance Pharmaceuticals GmbH*	Germany	100	Non-trading
Alliance Pharmaceuticals GmbH* – Swiss Branch	Switzerland	100	Non-trading
Alliance Pharmaceuticals SAS*	France	100	Non-trading
Alliance Pharma (Singapore) Private Limited*	Singapore	100	Non-trading
Alliance Pharmaceuticals (Asia) Limited*	Hong Kong	100	Non-trading
Opus Healthcare Limited	Republic of Ireland	100	Dormant
Alliance Consumer Health Limited	England & Wales	100	Dormant
Alliance Generics Limited	England & Wales	100	Dormant
Alliance Health Limited	England & Wales	100	Dormant
Alliance Healthcare Limited	England & Wales	100	Dormant
Caraderm Limited	Northern Ireland	100	Dormant
Dermapharm Limited	England & Wales	100	Dormant
MacuVision Europe Limited	England & Wales	100	Dormant
Maelor Laboratories Limited	England & Wales	100	Dormant
Opus Group Holdings Limited	England & Wales	100	Dormant
Opus Healthcare Limited	England & Wales	100	Dormant

* Investments held directly by Alliance Pharma plc.

The registered address in each country is as follows:

Territory	Company	Registered Office Address
USA	Advanced Bio-Technologies Inc.	11000 Regency Pkwy, Ste 106, Cary NC 27518, United States
	Alliance Pharma Inc.	11000 Regency Pkwy, Ste 106, Cary NC 27518, United States
France	Alliance Pharmaceuticals SAS	13 rue Paul Valéry, 75016, Paris, France
	Alliance Pharma France SAS	13 rue Paul Valéry, 75016, Paris, France
China	Alliance Pharmaceuticals Lifescience Technology (Shanghai) Co.,Limited	Suite 701, NanFung Tower, No. 1568, Road Huashan, Shanghai, 200030, P.R.China
Germany	Alliance Pharmaceuticals GmbH	Niederkasseler Lohweg 175, 40547, Düsseldorf, Germany
Hong Kong	Alliance Pharmaceuticals (Asia) Limited	Room 2105, 21/F Office Tower, Langham Place, 8 Argyle Street, Mongkok, Kowloon, Hong Kong

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

Territory	Company	Registered Office Address
Italy	Alliance Pharma S.r.l.	Viale Francesco Restelli 5, 20124, Milano, Italy
Republic of Ireland	Alliance Pharma (Ireland) Limited	United Drug House, Magna Drive, Dublin, D24 X0CT, Ireland
	Opus Healthcare Limited	6th Floor, South Bank House, Barrow Street, Dublin 4
Singapore	Alliance Pharma (Singapore) Private Limited	1 Scotts Road, Shaw Centre 22–06, 228208, Singapore
Spain	Alliance Pharmaceuticals Spain SL	Regus Business Center Torre de Cristal, Paseo de la Casstellana, 259 C Planta 18, Cuatro Torres Business area 28046, Madrid, Spain
Switzerland (Branch)	Alliance Pharmaceuticals GmbH Düsseldorf	Bahnhofstrasse 37, Postfach 2818, CH-8021 Zürich, Switzerland
Thailand	Alliance Pharmaceuticals (Thailand) Co., Ltd	No. 444 Olympia Thai Tower, 8th Floor, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok, Thailand
England & Wales	All Companies	Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB
Northern Ireland	Caraderm Limited	6 Trevor Hill, Newry, County Down, BT34 1DN
Philippines	Alliance Pharmaceuticals (Philippines) Corporation	30/F 88 Corporate Center Sedeno Cor. Valero STS., BEL-AIR 1209, City of Makati NCR, Fourth District, Philippines
India	Alliance CHC (India) Private Limited	314, Bhaveshwar Arcade Annexe, LBS Marg, Opp. Shreyas Cimema, Ghatkopar West Mumbai, Bandra Suburban, MH 400086 IN

Unless otherwise stated, the share capital comprises Ordinary shares and the ownership percentage is provided for each undertaking. All subsidiary undertakings prepare accounts to 31 December.

d. Trade and other receivables in the Company balance sheet

	31 December 2023 £000s	31 December 2022 £000s
Other receivables	**182**	85
Prepayments	**45**	8
	227	93

e. Trade and other payables in the Company balance sheet

	31 December 2023 £000s	31 December 2022 £000s
Trade payables	**58**	111
Accruals	**759**	644
	817	755

f. Capital and reserves in the Company balance sheet

Details of the number of Ordinary shares in issue and dividends paid in the year are given in note 22 to the Group financial statements.

UNAUDITED INFORMATION

Shareholder Information

Shareholder enquiries

The Company's share register is maintained by Link Group ("Link") who are responsible for updating the register, including changes to shareholders' names or addresses and processing off-market transfers of the Company's shares. If you have any question about your shareholding in the Company or you need to notify any changes to your personal details, you should write to: Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL or telephone 0371 664 0300 (calls are charged at the standard geographical rate and will vary by provider, lines are open 9.00am to 5.30pm Monday to Friday).

Financial Calendar

Annual General Meeting	July 2024
Interim results announcement	September 2024
Year end	31 December 2024
Preliminary announcement	April 2025

FIVE YEAR SUMMARY

	Year ended 31 December 2019 £m	Year ended 31 December 2020 £m	Year ended 31 December 2021 £m	Year ended 31 December 2022 (restated[1]) £m	Year ended 31 December 2023 £m
Revenue	135.6	129.8	163.2	167.4	**180.7**
Operating profit before non-underlying items	37.4	36.8	45.6	35.7	**41.9**
Non-underlying operating items	(1.8)	(20.5)	(24.0)	(53.4)	**(80.3)**
Operating profit/(loss)	35.6	16.3	21.6	(17.7)	**(38.4)**
Profit before tax before non-underlying items	32.9	33.5	42.2	30.3	**31.5**
Profit/(loss) before tax after non-underlying items	31.1	13.0	18.2	(23.1)	**(48.8)**
Intangible assets	328.7	412.9	413.8	393.4	**300.0**
Tangible assets	11.6	15.9	4.8	5.6	**5.7**
Current assets	65.0	77.2	81.0	105.5	**104.1**
Current liabilities	24.2	30.2	40.6	47.0	**40.6**
Equity	274.2	281.0	282.5	265.5	**217.9**
Average shares in issue (millions)	520.7	531.1	535.3	539.5	**540.1**
Shares in issue at period end (millions)	529.4	532.9	538.2	540.0	**540.4**
Earnings per share – basic (p)	4.80	1.51	1.37	(3.93)	**(6.13)**
Earnings per share – adjusted underlying basic (p)	5.09	5.11	6.39	4.28	**4.55**

1 See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

ADVISERS AND KEY SERVICE PROVIDERS

Registered Office

Avonbridge House
Bath Road
Chippenham
Wiltshire
SN15 2BB

Company number

04241478

Auditor

Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Financial PR

Buchanan Communications
107 Cheapside
London
EC2V 6DN

Registrars

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Nomad and Joint Broker

Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

Joint Broker

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

Bankers

Bank of Ireland
Bow Bells House
1 Bread Street
London
EC4M 9BE

Citibank, N.A
Citigroup Centre
33 Canada Square
Canary Wharf
London
E14 5LB

Lloyds Bank PLC
25 Gresham Street
London
EC2V 7HN

National Westminster Bank PLC
250 Bishopsgate
London
EC2M 4AA

HSBC Innovation Banking
Alphabeta
14–18 Finsbury Square
London
EC2A 1BR

CAUTIONARY STATEMENT

Cautionary statement regarding forward-looking statements

This Annual Report has been prepared for the members of the Company and no one else. The Company, its Directors, employees or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing Alliance. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are several factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

The Report of the Directors in this Annual Report has been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Directors would be liable to the Company (but not to any third party) if the Report of the Directors contains errors because of recklessness or knowing misstatement or dishonest concealment of a material fact but would not otherwise be liable.

GLOSSARY

AGM	Annual General Meeting
APAC	Asia-Pacific and China
B2B	Business-to-business
B2C	Business-to-consumer
CBEC	Cross-border ecommerce
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CMA	Competition and Markets Authority
CMO	Contract manufacturing organisation
COO	Chief Operating Officer
EMEA	Europe, Middle East and Africa
ERP	Enterprise resource planning
ESG	Environmental, Social, and Governance
GPTW®	Great Place To Work
HCP	Healthcare professional
I&D	Innovation and development
IHP	International Health Partners
IR	Investor Relations
J&J	Johnson & Johnson
LSP	Logistics service provider
NED	Non-Executive Director
OTC	Over the counter
SECR	Streamlined Energy and Carbon Reporting regulations
TCFD	Task Force on Climate-Related Financial Disclosures
tCO_2	Tonnes of carbon dioxide gas released into the atmosphere. This metric is often used when reporting electricity market-based emissions factors.
tCO_2e	Greenhouse gases have different global warming potentials and are converted to a carbon dioxide equivalent to ease comparison and reporting.

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Alliance Pharma plc

Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB, United Kingdom
T: +44 (0)1249 466966 **F**: +44 (0)1249 466977 **E**: ir@alliancepharmaceuticals.com
www.alliancepharmaceuticals.com