RNS Number : 1179G
Venture Life Group PLC
30 September 2024

30 September 2024

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

Unaudited interim results for the six months ended 30 June 2024

Venture Life (AIM: VLG), a leader in developing, manufacturing and commercialising products for the international self-care market, is pleased to announce its interim results for the six months ended 30 June 2024 (the "Period"). The Group delivered solid cash generation and has achieved strong organic growth across its own brands.

Financial Headlines

- Group revenues in line with previous period at £23.5m (H1 23: £23.5m) and delivered 8% growth from VLG's own brands
- Gross margin increased 90bp to 38.1% (H1 23: 37.2%) reflecting the greater sales composition of higher margin VLG Brands
- Adjusted EBITDA[2] decreased 18.4% to £3.6m (H1 23: £4.4m), in line with management's expectations for H1 24, due primarily to increased marketing expenditure which is anticipated to deliver returns from H2 24
- Net cash from operations increased 58% to £5.8m (H1 23: £3.7m) and free cashflow[3] increased 69% to £4.3m (H1 23: £2.6m)
- Net debt[4] reduced to £10.5m and Group net leverage[1] reduced to 1.09x (31 Dec 2023: 1.30x)

Post period end

- Agreement in principle reached with a significant OTC player in Europe for the licensing and supply of products to a leading brand in Women's Health launching Q1 2025
- New collaboration signed with an existing blue chip customer for the exclusive development of new innovative products which further consolidate the Group's position within the Women's Health category
- Ongoing development of strategic investment opportunities for margin enhancing and complimentary M&A progressing well

Outlook

- VLG's Brands continue to gain momentum in the UK following distribution gains and the Group's order book provides clear visibility over revenue from International partners. Significantly, the order book composition for the remainder of the current year is weighted further towards the higher margin VLG Brands and supports an anticipated gross margin improvement over that delivered in the first half.
- The Board is pleased with the progress made in unlocking significant opportunities which have extended VLG's footprint across UK distribution channels and new partners within Europe and the US. These developments, together with a tight control on operating costs underpin the Board's confidence in meeting management's expectations for the full year.

Jerry Randall, CEO of Venture Life Group plc commented: *"I am pleased with growth of VLG's Brands in the UK where we have launched some great new products over the last year and continued to grow our distribution points on the back of new listings, most significantly across our core brands. The increased investment in marketing activities and strengthening of relationships with major retailers is delivering evident results and has put us well placed to build-out further both in the UK and Europe. Our innovation team continue to develop and deliver a pipeline of relevant consumer focused products to enhance our offering for years to come. As previously noted we intentionally increased marketing expenditure during the period which, as anticipated, impacted H1 performance, the benefits of this increased spend have started to be delivered with 56 new listings achieved since the beginning of the year, including 24 new listings which go live during H2 24. Further, we have taken steps to internalise production of the recently acquired Earol brand and have begun manufacturing these products from Biokosmes during H2 which supports gross margin improvement. As such, and as a result of the progress made against these initiatives and the ability to rationalise certain costs in the business the Board remains confident in the Group's ability to achieve management's expectations for the full year and to continue the Groups' growth trajectory into 2025."*

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

[1] *Group net leverage calculated as net debt (excl. finance leases) and Adjusted EBITDA*[2] *on a trailing 12-month basis.*

[2] *Adjusted EBITDA for Group net leverage is EBITDA after deduction of finance lease costs and before deduction of exceptional items (see note 6) and share based payments (see note 16a for reconciliation) - the term applies throughout this report.*

[3] *Free cashflow calculated as net cash generated from operating activities less capital expenditure and financial lease payments (see note 16c for reconciliation)*

[4] *Net debt calculated as gross debt (excl.finance leases) less cash (see note16d for reconciliation)*

Investor Meets Presentation

A live presentation relating to the 2024 Interim Results via Investor Meet Company will be provided on 2 October 2024 at 14:00pm BST. The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Venture Life Group plc via: https://www.investormeetcompany.com/venture-life-group-plc/register-investor Investors who already follow Venture Life Group plc on the Investor Meet Company platform will automatically be invited.

For further information, please contact:

Venture Life Group PLC Jerry Randall, Chief Executive Officer Daniel Wells, Chief Financial Officer	+44 (0) 1344 578004
Cavendish Capital Markets Limited (Nomad and Broker) Michael Johnson (Sales) Stephen Keys / Camilla Hume (Corporate Finance)	+44 (0) 20 7397 8900

About Venture Life (www.venture-life.com)

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

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

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

Trading Performance

Overview

Group revenues for the first half were £23.5m in line with the first half of the prior period (H1 23: £ 23.5m). We saw growth in the VLG Brands benefitting from progress achieved in 2023, mitigated by lower Customer Brands revenues as they returned to more normal levels after exceptional revenues in H1 23 driven by some customers increasing stock levels.

Underlying this was overall growth of 8% on the Venture Life Brands to £12.9 million (H1 23: £12.0m), and Private Label 10% to £1.0m (H1 23: £0.9 million), whilst Customer Brands was 9% lower, as expected, at £9.6m (H1 23: £10.6m). The full year impact of listing gains made in the UK in the second half of 2023 contributed to UK & EU Retail and online revenues growing by 16%, mitigated by International VLG Brands falling 7% due to the H2 phasing of Gelclair revenues. The previously communicated increased investment in VLG Brands in the UK during the first half of 2024 is expected to start to deliver returns during the second half of 2024 as new listings continue to go-live throughout H2.

Our investment in new product development ("NPD") and innovation continues to positively impact the Group's revenues, with £0.9m (H1 23: £1.3m) of first half revenues being generated by products newly developed in 2023 and of this NPD from VLG

Brands accounted for £0.5m (H1 23: £0.1m).

As detailed in our 2023 results update, Customer Brands saw unusually high growth in the first half of 2023 due to some customers rebuilding stock levels after the supply chain pressures of 2022. So, and as anticipated, we saw lower revenues in the first half of 2024 resulting in a more normalised level of revenues from Customer Brands.

Revenue £'m Unaudited six months ended	30-Jun-24 Actual	30-Jun-23 Actual	Growth Vs 2023
Balance Activ	3.3	2.9	14%
Lift	3.1	2.3	35%
Earol	2.8	2.3	22%
Ultradex	1.3	1.1	18%
Gelclair	0.2	1.0	(79%)
Glucogel	1.1	1.0	10%
Dentyl	0.7	0.9	(22%)
Pomi-T	0.0	0.1	(100%)
Other	0.4	0.4	1%
Sub-Total VLG Brands (before private label)	**12.9**	**12.0**	**8%**
Private label	1.0	0.9	10%
Total VLG Brands	**13.9**	**12.9**	**8%**
Customer Brands	9.6	10.6	(9%)
Grand Total	**23.5**	**23.5**	**0%**

Venture Life Brands

VLG Brand revenues (excl. private label) of £12.9m were 8% ahead of the prior period (H1 23: £12.0m). Revenues in the UK & EU retail and online grew 16% to £8.7m (H1 23: £7.5m) driven by the annualisation of new listings achieved during 2023, with our 3 core brands (Balance Activ, Lift and Earol all in growth), and by revenues from newly launched products developed in 2023. Internationally, although again these three core brands were all in growth, the phasing of orders on Gelclair meant International VLG Brands were 7% lower at £4.2m (H1 23: £4.5m). Excluding the Gelclair sales, International VLG Brands grew 14% to £4.0m (H1 23: £3.5m).

The Group continues to focus on organic growth of its VLG Brands from distribution gains, new product development and increased consumer purchasing through the impact of our increased advertising investment. The extensive experience and expertise within our innovation team, coupled with manufacturing capacity, will enable us to continue to drive the growth of our VLG Brands delivering innovative need state products into the market.

VLG Brands Revenue £'m Unaudited six months ended	30-Jun-24 Actual	30-Jun-23 Actual	Growth Vs 2023
Energy Management	4.2	3.3	27%
Women's Health	3.3	2.9	14%
Ear, Nose & Throat	2.9	2.4	21%
Oral Care	2.0	2.0	1%
Oncology Support	0.2	1.2	(83%)
Footcare	1.0	0.8	25%
Other	0.3	0.3	1%
Total	**13.9**	**12.9**	**8%**

Energy Management

Energy Management (Lift and Glucogel) continued the momentum built in 2023 and delivered growth of 27% over the prior period to £4.2m (H1 23: £3.3m), driven primarily by Lift. The brand continues to grow well, with sales through Amazon and our partner in Eire driving this, and we have seen growth also through the pharmacy channel. It is an ideal product for subscribe and save through Amazon, and very receptive to digital activation. Glucogel is now also available through the Amazon platform adding to the overall positive position.

Lift revenues for the first half were 35% higher than the prior period at £3.1m (H1 23: £2.3m), and Glucogel revenues were 10% higher than the prior period at £1.1m (H1 23: £1.0m). Our investment in new products has also positively impacted the Lift brand, with the launch of the Active Energy Boost tablets in the second half of 2023 and the launch of several new shot flavours in 2024.

Women's Health

Revenues for the Balance Activ brand grew by 14% overall to £3.3m (H1 23: £2.9m), of which £1.5m was in the UK & EU direct to retailers and online (H1 23: £1.3m) and £1.8m (H1 23: £1.6m) through our international distribution partners.

The new Thrush Cream product launched in late 2023 has seen positive traction in the first half and has contributed to the growth, but the growth seen is below our expectations as new listings have come on line more slowly. Despite encountering market challenges in the UK impacting all products in this space, Balance Activ bacterial vaginosis products have still grown in market share, notwithstanding aggressive marketing and promotion by some competitors. Another positive for VLG has been the increased focus by retailers on the menopause space as we will be launching our own new menopause range and this will happen in Q1 2025.

Ear, Nose & Throat

Revenues from this segment grew 21% to £2.9 million (H1 23: £2.4m), which was split as to £1.3m (H1 23: £1.1m) in UK & EU direct to retailers and online, and £1.6m (H1 23: £1.3m) through our international distribution partners. With the exception of £0.1m (H1 23: £0.0m) of revenues for the Sterinase products, the rest of the revenues in this segment are from the Earol products. A change in ownership of our Scandinavian partner has meant slightly slower progress in 2024 for that market, but we expect a better position in 2025 as the transfer to new owners is embedded.

The new Baby Earol product was launched at the end of 2023 and has contributed to growth in the first half in the UK, although its growth has been lower than expected as penetration into the retailers has taken longer. The Earol products have been listed on Amazon in 2023 and continue to see positive progress with these in 2024.

Earol Swim contributed revenues of £0.1m (H1 23: £0.0m) and sells only in the UK currently, but we are undertaking work to make this available outside of the UK in future years.

Oncology Support

These products (Gleclair, Pomi T and Xonrid) are currently sold entirely through distribution partners both in the UK and internationally, and revenues are dictated by rather lumpy order patterns from partners. These assets were acquired in 2021, and the previous owner continued to act as the legal manufacturer for Geclair and Xonrid (releasing product and other activities on behalf of VLG) until the end of 2023, when MDR approval was expected, at which time VLG was expected to become legal manufacturer. The previous owner was not prepared to carry on this activity after the end of 2023. The exact timing of the MDR approval was not certain so in advance of the change, customers ordered extra stock in 2023 to cover the first half of 2024 until VLG was able to release the product. Consequently, it was expected that revenues from Gelclair and Xonrid in H1 2024, which were £0.2m (H1 23: £1.2m), would be much lower than in the prior period. Revenues for Pomi T were £0.0m (H1 23: £0.1m) as there are only a small number of partners for this product and they historically have taken their stock in the second half of the year. We expect revenues for these three products to be much higher in the second half of 2024.

Oral care

Overall Oral care revenues were the same as the prior period at £2.0m (H1 23: £2.0m), but the split between UltraDEX and Dentyl differs. UltraDEX continues to recover well from the reduction seen during COVID, when the revenues were hit as people were not going out, either socially or for work. UltraDEX is proving to be very responsive to promotional activity and is performing well both online and offline. Dentyl revenues are lower than the prior period as the product was delisted by Superdrug in the second half of 2023. However, initiatives in 2024 are driving growth from the brand, including advertising and promotion in Amazon and Boots, and the launch in Q2 of new labelling with additional claims around efficacy to compete better with the lead products in the space.

Digital

Revenues from Amazon continue to grow strongly in the first half, up 50% to £2.5m (H1 23: £1.6m), driven by strong advertising activities and increasing the number of our brands listed on the platform. Earol was listed on Amazon for the first time in the second half of 2023 and has contributed to Amazon revenues in the first half of 2024. We continue to see strong growth from Lift on the Amazon platform, where it is proving to be responsive to digital activation and the 'subscribe and save' model. We also listed Glucogel on Amazon for the first time in H1 2024 and have seen good traction for the product without cannibalising other channels.

Customer Brands

As expected, Customer Brands revenues were 9% lower in the first half at £9.6m (H1 23: £10.6m). Customer Brands had a stronger than usual performance in the first half of 2023 where revenues grew 20% over the prior period, as a number of larger customers bought stock ahead for the year after the general supply chain issues in H2 2022, and this evened out across the year with 2023 revenues in line with 2022 revenues. Within the Customer Brands business we are heavily reliant on our customers making a success of their brands, there is little we can do to influence this other than manufacture high quality products on time and deliver excellent service.

We do continue to attract new business into this division in order to build on the underlying revenue and customer base, and to seek to protect us when customers' brands do not perform. It is also normal for the products of our customers to have their own life cycles where the customer will want to refresh a brand or product range from time to time. We also use our internal expertise to develop new products for customers, existing and new. In the first half of the year, we generated revenues of £0.4m (H1 23: £1.2m) from new products we developed for customers in 2023. We have attracted a number of new customers into our business in 2023 and 2024, from whom we are starting to generate revenues. Continued investment in our development and manufacturing facilities has always been a feature of the business, enabling us to attract new business.

Operational developments

It is important that we continue to optimise our business operations to ensure we maximise profitability and efficiency by many means:

- Internalisation of manufacturing. During Q2 & Q3 2024 we have invested to internalise the manufacture of the Earol products we acquired late in 2022. We are pleased that this has been achieved with manufacture of product commencing in August and deliveries in September. This move will enhance our profitability and reduce our working capital requirement for this product.

- Warehouse rationalisation. At the start of 2024 we combined our UK third party warehousing into one supplier, which has helped to reduce stock levels, improve efficiency and benefit cashflows.

- Continual improvement and enhancement of reporting. As we have grown, the reporting requirements of the Group have grown, and we are now embarking on a project to improve and harmonise our systems across the Group with a new ERP system. Work has already begun on this project, and will continue into 2025, and we expect the new system to be fully operational by 2026.

Through acquisitions we have acquired a number of legal entities which through operational integration have become needless for the future. Over the coming months and years, we will seek to rationalise the number of entities within the Group in order to save unnecessary costs, simplify regulatory requirements and improve efficiency.

Innovation and the Medical device Directive

Innovation continues to sit at the heart of our new product development. As outlined in previous years, we continue to build revenues and brands with insightful innovation and new product development. In particular in the first half of 2024 we have:

- Developed new more sustainable packaging solution for a number of our products, including UltraDEX.

- Developed a menopause range of products and we are currently engaged in discussions with retailers to launch in early 2025.

- Developed a number of new products in the Customer Brands business.

We continue to progress our 30 technical files through the transition from regulation under the Medical Device Directive (MDD) to the new Medical Device Regulations (MDR). With the MDD extensions all in place, we can continue to sell our products registered under MDD until May 2028. This allows us more time to achieve the transition to MDR, thus spreading the cost. We have already successfully achieved approval on some of our products under the more rigorous MDR, including Gelclair, and there is no doubt that attaining this approval for products will make them more attractive and potentially more valuable as many products are likely to fail to get approval under the new regulations.

Sustainable Life

Sustainability is fundamental to the Group's business, and we continually work towards reducing the impact we have on the environment and improving the sustainability of our operations. In 2023 we focused on gathering data on our Biokosmes facilty in Italy in order to understand our carbon footprint at that site, and the life cycle analysis of our key brands. In 2024 we are utilising this data to work on our net zero plan for the facility, and at the same time gather the data for achieving this for the rest of the Group.

Post period-end the Biokosmes facility was again awarded the Silver Ecovadis sustainability rating based on its most recent assessment, which means the Group is in the top 15% of companies assessed. This is a tremendous achievement for the site, as the hurdle required to attain each level rises each year as the population of companies assessed improves its sustainability.

Profit and loss account

Revenues were in line with the previous period at £23.5m with a greater weight from VLG Brands which accounted for 59% of overall Group revenue in the period (H1 23: 55%). The greater sales composition of these higher margin VLG Brands supported a gross margin improvement of 90bp to 38.1% (H1 23: 37.2%) (H1 22: 40.6%) aided by customer price increases implemented in late 2023 and easing of inflationary pressures on supply.

Whilst the Group benefits of the above factors, marginality remains below the levels from a couple of years ago and getting back to these levels is restricted by the rapid growth in direct to consumer ("DTC") online revenue to £2.5m in H1 24 (H1 23: £1.6m) (H1 22: £0.9m). These revenues warrant a higher selling price per unit but deliver a lower percentage gross margin than equivalent B2B selling as there are additional fulfilment costs to realise each sale. Sales through the DTC channel achieve gross margins of approx. 1500bp lower than B2B selling, although the absolute profit after marketing costs derives similar EBITDA. The continued growth in online selling has strengthened the Group's ability to improve marginality of these sales at all levels of the P&L through offering multi-pack options which generate fulfilment cost efficiencies, organic sales improvement which drive advertising cost efficiencies plus tightly controlled pricing uplifts.

Operating expenditure increased to £6.6m (H1 23: £5.5m) including depreciation charges of £1.1m (H1 23: £1.0m). Net of depreciation charges, operating expenditure increased 21% to £5.5m (H1 23: £4.5m). As referred to in our July trading update, the Group has increased its marketing expenditure within the UK and this spend was up by more than 90% to £0.9m against the comparative period (H1 23: £0.5m). In relative terms the spend for the first six months of the current year represented 10.3% of VLG Brands revenue in the UK/EU retail channels (H1 23: 6.7%) although as this spend is weighted towards our core brands it can be as much as 15-17% of revenue on highest performing products. The marketing investment is delivering an accelerated growth rate on the VLG Brands in these channels (H1 24: 16%) (H1 23: 3%). The key areas of the additional investment are set out below:

- Fixed spend with retailers to run in-store promotions which provide better shelf placement for our brands and help to strengthen partnerships with mainstream retailers. This investment is already producing results with a significant number of new product listings confirmed to launch in UK retail throughout 2024 which will annualise next year.

- Brand awareness using smart digital marketing activities i.e. social media which provides reach to millions of potential consumers in cost effective ways.

- Online advertising enabling continuation of our roll-out of existing and new products across Amazon in the UK and more widely into the EU and US. VLG's model applies high up-front investment into these channels with an initial low sales return and break-even position achieved, after approx. 12 months we see this become profitable as sales grow quickly and advertising efficiencies are obtained.

Other administrative costs increased by £0.6m (15%) and included the annualisation of prior year investment into the Group's commercial function (£0.3m). Net R&D costs of £0.2m were in line with the prior period (H1 23: £0.2m).

The Group delivered Adjusted EBITDA of £3.6m for the six-month period, a decrease of 18.4% over the £4.4m reported in the previous year and at a reduced margin of 15.4% (H1 23: 18.9%).

Exceptional items amounted to £0.4m (H1 23: £0.2m) and comprised various operational restructure activities including redundancy costs associated with the closure of our offices in The Netherlands, plus external advisor fees in connection with entity consolidation projects and prospective M&A expenditure.

Amortisation of £2.3m (H1 23: £2.3m) was in line with the prior period and depreciation of £1.1m (H1 23: £1.0m) was slightly higher allowing additional right of use assets associated with extension of warehousing agreements in the UK.

Finance costs of £1.4m were lower than the prior period (H1 23: £1.7m) reflecting reduced interest charges on the Group's revolving credit facility ("RCF") which fell to £0.7m (H1 23: £0.8m) and a reduction in net exchange losses to £0.3m (H1 23: £0.7m). Other non-cash finance costs amounting to £0.4m (H1 23: £0.2m) were slightly higher than the prior period due to recognition of losses on modification of the RCF upon renewal on 9 April 2024 which has been extended for a further four years.

Net of the increase in amortisation, impairment, finance costs and reduction in exceptional costs, the loss before tax for the period increased to £1.6m (H1 23: £1.3m). Tax of £0.0m (H1 23: £0.2m) comprised a current income tax charge of £0.5m (H1 23: £0.6m) partial offset by unwind of deferred tax balances £0.4m (H1 23: £0.4m), resulting in a net loss of £1.7m (H1 23: £1.5m).

Cash and debt

Net cash from operating activities increased 58% to £5.8m (H1 23: £3.7m) and benefitted from a working capital improvement of £3.3m arising primarily on normalisation of trade payables. The comparative period had been adversely affected by significant supplier payments relating to inventory build-up at the end of the preceding year.

Free cash flow increased 69% to £4.3m (H1 23: £2.6m) and was used to drive a net debt reduction of £3.2m to £10.5m at 30 June 2024 (31-Dec-23: £13.7m) and for servicing debt. Finance costs payable during the period included RCF interest of £0.5m (H1 23: £0.7m) and one-off fees of £0.4m (H1 23: nil) for extending this facility out for a further four years.

Group net leverage[1] reduced to 1.09x at the period end (31-Dec-23: 1.30x).

Current trading and outlook

Performance of the VLG Brands has continued to gain momentum in the UK on the back of distribution gains and the Group's order book provides clear visibility over revenues of these products from our International partners. Significantly, the order book composition for the remainder of the current year is weighted further towards the higher margin VLG Brands than at the same point in previous years and supports an anticipated gross margin improvement over that delivered in the first half.

In the Customer Brands' business we have seen de-stocking evident from a small number of key customers, although it is not anticipated that this will have a material impact and the outlook for 2025 is becoming increasingly positive.

We are pleased to announce that an agreement in principle has been reached to license and supply products for a leading brand in Women's Health with a significant OTC player in Europe which will launch in Q1 2025. Further, our expertise in developing innovative products continues to achieve results and has led to a new collaboration with an existing blue chip customer, to exclusively develop a range of products which further extend the Group's growing prominence within Women's Health. Discussions over private label opportunities continue to gain good traction, although the timing of these launches will be slightly later than expected and impacting in 2025 not 2024.

As alluded to in the July trading update, the Group is also actively pursuing a number of margin enhancing and complimentary M&A opportunities which are progressing well.

The Board is pleased with the progress made in unlocking a number of significant opportunities which have extended VLG's footprint across UK distribution channels and new partners within Europe and the US. These developments, together with a tight control on operating costs underpin the Board's confidence in meeting management's expectations for the full year.

Jerry Randall	Daniel Wells
Chief Executive Officer	Chief Financial Officer
30 September 2024	30 September 2024

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended	Six months ended	Year ended
		30-Jun-24	30-Jun-23	31-Dec-23
		(Unaudited)	(Unaudited)	(Audited)
		£'000	£'000	£'000
Revenue	4	23,454	23,454	51,410
Cost of sales		(14,512)	(14,733)	(31,260)
Gross profit		**8,942**	**8,721**	**20,150**
Operating expenses		(6,603)	(5,496)	(11,189)
Impairment (loss)/gain of financial assets		(18)	1	101
Amortisation of intangible assets	5	(2,260)	(2,321)	(4,516)
Impairment of intangible assets		-	(389)	(760)
Total administrative expenses		**(8,881)**	**(8,205)**	**(16,364)**
Other income		40	84	142
Operating profit before exceptional items		**101**	**600**	**3,928**
Exceptional items	6	(357)	(217)	(639)
Operating (loss)/profit		**(256)**	**383**	**3,289**
Finance income		-	-	15
Finance costs	7	(1,385)	(1,716)	(2,181)
(Loss)/Profit before tax		**(1,641)**	**(1,333)**	**1,123**
Tax	8	(46)	(175)	(202)
(Loss)/Profit for the period attributable to the equity shareholders of the parent		**(1,687)**	**(1,508)**	**921**
Other comprehensive loss which may be subsequently reclassified to the income statement	9	(392)	(345)	(551)
Total comprehensive (loss)/profit for the period attributable to equity shareholders of the parent		**(2,079)**	**(1,853)**	**370**
Basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	10	(1.33)	(1.19)	0.73
Diluted basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	10	(1.33)	(1.19)	0.68

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30-Jun-24	30-Jun-23	31-Dec-23
		(Unaudited)	(Unaudited)	(Audited)
ASSETS		£'000	£'000	£'000
Non-current assets				
Intangible assets	11	72,567	75,846	74,612
Property, plant and equipment	12	9,781	9,006	10,194
Deferred tax	8	2,538	2,457	2,530

	Note			
		84,886	87,309	87,336
Current assets				
Inventories		10,571	12,666	10,332
Trade and other receivables		13,214	13,034	16,205
Cash and cash equivalents		5,575	3,658	5,622
		29,360	29,358	32,159
TOTAL ASSETS		114,246	116,667	119,495
EQUITY & LIABILITIES				
Capital and reserves				
Share capital	13	380	379	379
Share premium account	13	65,960	65,960	65,960
Merger reserve	13	7,656	7,656	7,656
Foreign currency translation reserve		622	1,220	1,014
Share-based payment reserve		1,151	932	1,034
Retained earnings		(1,436)	(2,221)	211
Total equity attributable to equity holders of the parent		74,333	73,926	76,254
LIABILITIES				
Current liabilities				
Trade and other payables		9,562	8,973	9,066
Taxation		183	1,055	269
Interest bearing borrowings - Invoice financing		-	-	616
Interest bearing borrowings - Leasing obligations		1,139	761	1,044
Interest bearing borrowings - Bank loans		-	-	16,467
Interest bearing borrowings - Subordinated loan note (Deferred consideration)		2,329	-	2,215
		13,213	10,789	29,677
Non-current liabilities				
Interest bearing borrowings - Bank loans		13,796	16,898	-
Interest bearing borrowings - Leasing obligations		3,882	3,257	4,050
Interest bearing borrowings - Subordinated loan (deferred consideration)		-	2,106	-
Statutory employment provision		1,495	1,413	1,544
Deferred tax liability	8	7,527	8,278	7,970
		26,700	31,952	13,564
TOTAL LIABILITIES		39,913	42,741	43,241
TOTAL EQUITY & LIABILITIES		114,246	116,667	119,495

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023 (Audited)	**379**	**65,960**	**7,656**	**1,565**	**812**	**(713)**	**75,659**
Loss for the period	-	-	-	-	-	(1,508)	(1,508)
Foreign exchange for period	-	-	-	(345)	-	-	(345)
Total comprehensive income	**-**	**-**	**-**	**(345)**	**-**	**(1,508)**	**(1,853)**
Share options charge	-	-	-	-	120	-	120
Transactions with					120		120

with Shareholders	-	-	-	-	120	-	120
Balance at 30 June 2023 (Unaudited)	**379**	**65,960**	**7,656**	**1,220**	**932**	**(2,221)**	**73,926**
Profit for the period	-	-	-	-	-	2,429	2,429
Foreign exchange for period	-	-	-	(206)	-	-	(206)
Total comprehensive income	-	-	-	**(206)**	-	**2,429**	**2,223**
Share options charge	-	-	-	-	105	-	105
Share options charge recycling	-	-	-	-	(3)	3	-
Transactions with Shareholders	-	-	-	-	**102**	**3**	**105**
Balance at 30 December 2023 (Audited)	**379**	**65,960**	**7,656**	**1,014**	**1,034**	**211**	**76,254**
Loss for the period	-	-	-	-	-	(1,687)	(1,687)
Foreign exchange for period	-	-	-	(392)	-	-	(392)
Total comprehensive income	-	-	-	**(392)**	-	**(1,687)**	**(2,079)**
Share options charge	-	-	-	-	157	-	157
Share options charge recycling	-	-	-	-	(40)	40	-
Contributions of equity, net of transaction costs	1	-	-	-	-	-	1
Transactions with Shareholders	**1**	-	-	-	**117**	**40**	**158**
Balance at 30 June 2024 (Unaudited)	**380**	**65,960**	**7,656**	**622**	**1,151**	**(1,436)**	**74,333**

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months 30-Jun-24 (Unaudited)	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Cash flow from operating activities:			
(Loss)/profit before tax	**(1,641)**	**(1,333)**	1,123
Finance cost	**1,385**	**1,716**	2,166
Operating (loss)/profit	**(256)**	**383**	**3,289**
Adjustments for:			
- Depreciation of property, plant and equipment	1,105	1,006	2,128
- Impairment losses of financial assets	18	(1)	(101)
- Amortisation of intangible assets	2,260	2,321	4,516
- Impairment of intangible assets	-	389	760
- (profit)/Loss on disposal of non-current assets	(7)	-	23
- Share-based payment expense	157	120	225
Operating cash flow before movements in working capital	**3,277**	**4,218**	**10,840**

(Increase)/decrease in inventories	(397)	(952)	1,481
Decrease in trade and other receivables	2,747	3,096	104
Increase/(decrease) in trade and other payables	824	(2,296)	(2,590)
Cash generated by operating activities	**6,451**	**4,066**	**9,835**
Tax paid	(622)	(370)	(1,615)
Tax receipt	-	-	-
Net cash from operating activities	**5,829**	**3,696**	**8,220**
Cash flow from investing activities:			
Acquisition of subsidiaries, net of cash acquired	-	(2,933)	(2,933)
Purchases of property, plant and equipment	(312)	(242)	(820)
Expenditure in respect of intangible assets	(622)	(414)	(1,587)
Net cash used by investing activities	**(934)**	**(3,589)**	**(5,340)**
Cash flow from financing activities:			
Net proceeds from issuance of ordinary shares	-	-	-
Drawdown in interest-bearing borrowings	-	1,838	3,165
Repayment of interest-bearing borrowings	(3,203)	(2,276)	(3,581)
Leasing obligation repayments	(579)	(479)	(999)
Interest paid	(1,069)	(755)	(1,391)
Net cash from financing activities	**(4,851)**	**(1,672)**	**(2,806)**
Net (decrease)/increase in cash and cash equivalents	**44**	**(1,565)**	**74**
Net foreign exchange difference	(91)	(408)	(83)
Cash and cash equivalents at beginning of period	5,622	5,631	5,631
Cash and cash equivalents at end of period	**5,575**	**3,658**	**5,622**

Notes to the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2024

1. Corporate information

The Interim Condensed Consolidated Financial Statements of Venture Life Group plc and its subsidiaries (collectively, the Group) for the six months ended 30 June 2024 ("the Interim Financial Statements") were approved and authorised for issue in accordance with a resolution of the directors on 30 September 2024.

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

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as adopted by the UK within the meaning of section 343 of the companies act 2006. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared based on IFRS that the Directors expect to be adopted by the UK and applicable as at 31 December 2024. The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

The financial information contained in the Interim Financial Statements, which are unaudited, does not constitute statutory accounts in accordance with the Companies Act 2006. The financial information for the year ended 31 December 2023 is extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor issued an unqualified opinion and did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act.

3. Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements for the year ended 31 December 2023.

Foreign currencies

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

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

Sterling/euro exchange rates	Six months	Six months	Year ended
	30-Jun-24	30-Jun-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Audited)
Average exchange rate for period	1.170	1.141	1.150
Exchange rate at the period end	1.180	1.163	1.153

Sterling/SEK exchange rates	Six months	Six months	Year ended
	30-Jun-24	30-Jun-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Audited)
Average exchange rate for period	13.324	12.926	13.187
Exchange rate at the period end	13.393	13.710	12.830

4. Segmental information

Management has determined the operating segments based on the reports reviewed by the Group Board of Directors (Chief Operating Decision Maker) that are used to make strategic decisions. The Board considers the business from a line-of-service perspective and uses operating profit/(loss) as its profit measure. The operating profit/(loss) of operating segments is prepared on the same basis as the Group's accounting operating profit/(loss) before exceptional items (see note 6). In line with the 2023 Consolidated Financial Statements, the operations of the Group are segmented as VLG Brands, which includes sales of healthcare and skin care products under distribution agreements and direct to UK retailers, and Customer Brands, which includes development and manufacturing.

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

	VLG Brands	Customer Brands	Eliminations	Consolidated Group
	£'000	£'000	£'000	£'000
Six months to 30 June 2024				
Revenue				
External Sales	13,819	9,635	-	23,454
Inter-segment sales	613	1,911	(2,524)	-
Total revenue	14,432	11,546	(2,524)	23,454
Results				
Operating (loss)/profit before exceptional items and excluding central administrative costs	1,401	1,195	-	2,596

	VLG Brands	Customer Brands	Eliminations	Consolidated Group
	£'000	£'000	£'000	£'000
Six months to 30 June 2023				
Revenue				
External Sales	12,875	10,579	-	23,454
Inter-segment sales	683	3,637	(4,320)	-
Total revenue	13,558	14,216	(4,320)	23,454
Results				
Operating (loss)/profit before exceptional items and excluding central administrative costs*	1,097	1,752	-	2,849

	VLG Brands	Customer Brands	Eliminations	Consolidated Group
	£'000	£'000	£'000	£'000
Twelve months to 31 December 2023				
Revenue				
External sales	30,727	20,684	-	51,411
Inter-segment sales	1,902	6,647	(8,549)	-
Total revenue	32,629	27,331	(8,549)	51,411
Results				

Operating profit before exceptional

Operating profit before exceptional items and excluding central administrative costs	5,316	3,502	-	8,818

**Prior year figures have been re-analysed for the six months ended 30 June 2023 due to an error.*

	Six months	Six months	Year ended
	30-Jun-24	30-Jun-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Operating profit before exceptional items and excluding central administrative costs	2,596	2,849	8,818
Central administrative costs	(2,495)	(2,249)	(4,890)
Exceptional expenses	(357)	(217)	(639)
Operating (loss)/profit	**(256)**	**383**	**3,289**
Net finance cost	(1,385)	(1,716)	(2,166)
(Loss)/profit before tax	**(1,641)**	**(1,333)**	**1,123**

5. Amortisation of intangible assets

	Six months	**Six months**	Year ended
	30-Jun-24	**30-Jun-23**	31-Dec-23
	(Unaudited)	**(Unaudited)**	(Audited)
Amortisation of:	**£'000**	**£'000**	£'000
Acquired intangible assets	(791)	(794)	(1,586)
Patents, trademarks and other intangible assets	(891)	(1,189)	(2,061)
Capitalised development costs	(578)	(338)	(869)
	(2,260)	(2,321)	(4,516)

6. Exceptional items

	Six months	**Six months**	Year ended
	30-Jun-24	**30-Jun-23**	31-Dec-23
	(Unaudited)	**(Unaudited)**	(Audited)
	£'000	**£'000**	£'000
Prospective M&A costs	(110)	-	(86)
Integration of acquisitions	(89)	(160)	(277)
Restructuring costs	(158)	(57)	(276)
	(357)	(217)	(639)

The Group treats costs as exceptional items where their frequency and nature warrant being separately classified. In the six-month period to 30 June 2024, the Group incurred restructuring costs of £158,000 primarily owing to redundancy costs and legal fees associated with the closure of the Group's offices in The Netherlands. Costs of £89,000 were incurred in relation to completing integration of prior year acquisitions including external advisor fees in respect of entity rationalisation activities. Other exceptional costs comprised £110,000 incurred in relation to ongoing prospective M&A activities.

7. Finance costs

	Six months	**Six months**	Year ended
	30-Jun-24	**30-Jun-23**	31-Dec-23
	(Unaudited)	**(Unaudited)**	(Audited)

	£'000	£'000	£'000
On loans and overdrafts	721	802	1,613
Loss on non-substantial modification of Revolving Credit Facility	151	-	-
Amortised finance issue costs	115	183	199
Interest on lease liabilities	100	34	72
Net exchange difference	298	697	297
	1,385	1,716	2,181

8. Taxation

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the earnings in the six months to 30 June 2024. The major components of income tax expense in the Interim Condensed Statement of Comprehensive Income are as follows:

	Six months 30-Jun-24 (Unaudited)	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Current income tax	(487)	(599)	(1,013)
Deferred income tax expense related to origination and reversal of timing differences	441	424	811
Income tax (expense)/credit recognised in statement of comprehensive income	(46)	(175)	(202)

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

At the period end, the estimated tax losses amounted to £9,469,000 (30 June 2023: £9,867,000; 31 December 2023: £9,469,000).

9. Other comprehensive income/(expense)

Other comprehensive income/(expense) represents the foreign exchange difference on the translation of the assets, liabilities and reserves of Biokosmes and PharmaSource which have functional currencies of Euros and the Swedish entities which have functional currencies in Swedish Krona (SEK). The movement is shown in the foreign currency translation reserve between the date of acquisition of Biokosmes, when the GBP/EUR rate was 1.193 and the balance sheet date rate at 30 June 2024 of 1.180 (at 31 December 2023 of 1.153 and at 30 June 2023 of 1.163) together with the same computation for PharmaSource BV between the date of acquisition when the GBP/EUR rate was 1.185 and the balance sheet date rate at 30 June 2024 of 1.180. The movement for Sweden is shown in the foreign currency translation reserve between the date of acquisition of BBI Healthcare, when the GBP/SEK rate was 11.742 and the balance sheet date rate at 30 June 2024 of 13.393 (at 31 December 2023 of 12.830 and at 30 June 2023 of 13.710). The result is an amount that may subsequently be reclassified to profit and loss.

10. Earnings per share

	Six months 30-Jun-24 (Unaudited)	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
Weighted average number of ordinary shares in issue	126,529,587	126,498,197	126,498,197
(Loss)/profit attributable to equity holders of the Company (£'000)	(1,687)	(1,508)	921
Basic (loss)/profit per share (pence)	(1.33)	(1.19)	0.73
Diluted (loss)/profit per share (pence)	(1.33)	(1.19)	0.68
Adjusted profit per share (pence)	0.40	0.91	5.58
Diluted adjusted profit per share (pence)	0.37	0.86	5.21

Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments. Diluted adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments, diluted by the inclusion of 10,194,015 stock options and 404,599 long-term incentive plan awards ("LTIP's"). Including this dilution, the weighted average number of ordinary shares for the diluted EPS calculation is 137,128,201 (30 June 2023: 133,506,827; 31 December 2023: 133,635,025) shares.

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

11. Intangible assets

At the reporting date the Goodwill generated from the acquisitions of Biokosmes Srl in March 2014, Periproducts Limited in March 2016, Dentyl in August 2018, PharmaSource BV in 2020, BBI Healthcare in June 2021, Helsinn in August 2021 and HL Healthcare in November 2022 accounted for £38.3m of the intangible assets of the Group (£38.6m at 31 December 2023). There was no impairment of Goodwill in the reporting period (6 months to June 2023: £389,000). There was a total impairment of Goodwill of £760,000 in the 12 months to 31 December 2023.

	Development Costs	Brands	Patents and Trademarks	Goodwill	Other Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 January 2023	5,119	29,375	1,059	39,652	13,523	88,728
Additions	411	-	3	-	-	414
Disposals	-	-	-	-	-	-
Foreign exchange	(182)	-	(20)	(428)	(94)	(724)
At 30 June 2023	5,348	29,375	1,042	39,224	13,429	88,418
Additions	966	-	207	-	-	1,173
Disposals	(22)	-	-	-	-	(22)
Foreign exchange	98	-	5	123	26	252
At 31 December 2023	6,390	29,375	1,254	39,347	13,455	89,821
Additions	611	-	11			622
Foreign exchange	(164)	-	(16)	(328)	(71)	(579)
At 30 June 2024	6,837	29,375	1,249	39,019	13,384	89,864
Amortisation:						
At 1 January 2023	2,780	2,344	693	-	4,217	10,034
Charge for the period	338	1,115	74	-	794	2,321
Impairment charge	-	-	-	389	-	389
Foreign exchange	(89)	-	(12)	-	(71)	(172)
At 30 June 2023	3,029	3,459	755	389	4,940	12,572
Charge for the period	531	802	70	-	792	2,195
Impairment charge	-	-	-	371	-	371
Foreign exchange	44		3	2	22	71
At 31 December 2023	3,604	4,261	828	762	5,754	15,209
Charge for the period	578	803	88		791	2,260
Foreign exchange	(91)	-	(11)	(9)	(61)	(172)
At 30 June 2024	4,091	5064	905	753	6,484	17,297
Carrying amount:						
At 31 December 2023	2,786	25,114	426	38,585	7,701	74,612
At 30 June 2023	2,319	25,916	287	38,835	8,489	75,846
At 30 June 2024	2,746	24,311	344	38,266	6,900	72,567

12. Property, Plant & Equipment

The carrying value of property, plant & equipment at 30 June 2024 increased to £9.8m compared to prior year (30 June 2023: £9.0m).

	Plant & Equipment	Other Equipment	Land & Buildings	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					

At 1 January 2023	**6,639**	**279**	**1,430**	**7,839**	**16,187**
Additions	215	12	15	34	276
Disposals	(202)	(2)	-	-	(204)
Foreign exchange	(456)	(8)	(97)	(207)	(768)
At 30 June 2023	**6,196**	**281**	**1,348**	**7,666**	**15,491**
Additions	550	28	-	1,568	2,146
Disposals	(9)	(2)	-	-	(11)
Foreign exchange	286	3	74	59	422
At 31 December 2023	**7,023**	**310**	**1,422**	**9,293**	**18,048**
Additions	299	13	-	774	1,086
Disposals	-	(12)	-	(481)	(493)
Foreign exchange	(281)	(7)	(48)	(195)	(531)
At 30 June 2024	**7,041**	**304**	**1,374**	**9,391**	**18,110**
Depreciation:					
At 1 January 2023	**2,565**	**175**	**132**	**3,225**	**6,097**
Charge for the period	420	16	49	521	1,006
Disposals	(202)	(2)	-	-	(204)
Foreign exchange	(271)	(4)	(40)	(99)	(414)
At 30 June 2023	**2,512**	**185**	**141**	**3,647**	**6,485**
Charge for the period	446	21	48	607	1,122
Disposals	(8)	(2)	-	-	(10)
Foreign exchange	191	1	33	32	257
At 31 December 2023	**3,141**	**205**	**222**	**4,286**	**7,854**
Charge for the period	428	23	43	611	1,105
Disposals	(12)	-	-	(323)	(335)
Foreign exchange	(174)	(4)	(23)	(94)	(295)
At 30 June 2024	**3,383**	**224**	**242**	**4,480**	**8,329**
Carrying amount:					
At 31 December 2023	**3,882**	**105**	**1,200**	**5,007**	**10,194**
At 30 June 2023	**3,684**	**96**	**1,207**	**4,019**	**9,006**
At 30 June 2024	**3,658**	**80**	**1,132**	**4,911**	**9,781**

13. Share capital, share premium and merger reserve

	Ordinary shares of 0.3p each	Ordinary shares	Share premium	Merger reserve
	No.	**£'000**	**£'000**	**£'000**
Audited at 31 December 2023	126,498,197	379	65,960	7,656
Unaudited at 30 June 2024	**126,647,713**	**380**	**65,960**	**7,656**

During the period 31 December 2023 to 30 June 2024 149,516 shares were issued for total consideration £449.

14. Related party transactions

The following transactions with related parties are considered by the Directors to be significant for the interpretation of the Interim Condensed Financial Statements for the six-month period to 30 June 2024 and the balances with related parties at 30 June 2024 and 30 June 2023:

Key transactions with other related parties:

Braguts' Real Estate Srl (formally known as Biokosmes Immobiliare Srl), a company 100% owned by Gianluca Braguti (a Director and shareholder of the Group) provided property lease services to the Development and Manufacturing business totalling £212,761 in the six months to 30 June 2024 (£218,964 in the six months to 30 June 2023). At 30 June 2024, the Group owed Braguts' Real Estate Srl £nil (£43,680 at 30 June 2023). Biokosmes Srl provided technical services to Braguts'Real Estate in the six months to 30 June 2024 in the amount of £80 (£243 in the six months to 30 June 2023). At 30 June 2024 Bragut's Real Estate owed to the Group £nil (£nil at 30 June 2023).

15. Financial instruments

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

	30-Jun-24	30-Jun-23	31-Dec-23

	Loans and receivables	Total financial assets	Loans and receivables	Total financial assets	Loans and receivables	Total financial assets
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**
Financial assets:						
Trade and other receivables (a)	12,993	**12,993**	12,785	**12,785**	15,615	**15,615**
Cash and cash equivalents	5,575	**5,575**	3,658	**3,658**	5,622	**5,622**
Total	**18,568**	**18,568**	**16,443**	**16,443**	**21,237**	**21,237**

	30-Jun-23		30-Jun-23		31-Dec-23	
	Liabilities (amortised cost)	**Total financial liabilities**	Liabilities (amortised cost)	**Total financial liabilities**	Liabilities (amortised cost)	**Total financial liabilities**
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**
Financial liabilities:						
Trade and other payables (b)	9,478	**9,478**	8,912	**8,912**	9,066	**9,066**
Lease obligations	5,021	**5,021**	4,018	**4,018**	5,094	**5,094**
Interest bearing	16,125	**16,125**	19,004	**19,004**	19,298	**19,298**
Total	**30,624**	**30,624**	**31,934**	**31,934**	**33,458**	**33,458**

(a) Trade and other receivables excludes prepayments.

(b) Trade and other payables excludes deferred revenue.

16. Alternative performance measures

The Group uses certain financial measures that are not defined or recognised under IFRS. The Directors believe that these non-GAAP measures supplement GAAP measures to help in providing a further understanding of the results of the Group and are used as key performance indicators within the business to aid in evaluating its current business performance. The measures can also aid in comparability with other companies who use similar metrics. However, as the measures are not defined by IFRS, other companies may calculate them differently or may use such measures for different purposes to the Group.

Measure	**Definition**	**Reconciliation to GAAP measure**
EBITDA and Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) and Adjusted EBITDA which is defined as EBITDA excluding share-based payment charges and exceptional items.	Note a below
Operating profit before amortisation and exceptional items	Operating profit before amortisation and exceptional items.	Note b below
Free cash flow	Free cash flow is defined as net cash generated from operations less cash payments made for leases and capital expenditure.	Note c below
Net debt	Net debt is defined as the Group's gross bank debt position net of cash.	Note d below
Net leverage	Net leverage calculated as net debt (excl. finance leases) and Adjusted EBITDA on a trailing 12-month basis.	Note e below
Adjusted earnings per share	Adjusted earnings per share is profit after tax excluding amortisation (excluding charged on Development costs), exceptional items and share based payments. Diluted adjusted earnings per share is profit after tax excluding amortisation (excluding charged on Development costs), exceptional items and share based payments, diluted by the inclusion of stock options and long-term incentive plan awards	Note f below

a) EBITDA and Adjusted EBITDA	**Six months**	Six months	Year ended
	30-Jun-24	30-Jun-23	31-Dec-23
	(Unaudited)	(Unaudited)	(Audited)

	£'000	£'000	£'000
Operating (loss)/profit	**(256)**	**383**	**3,289**
Add back:			
Depreciation	1,105	1,006	2,128
Amortisation	2,260	2,321	4,516
Impairment charge	-	389	760
EBITDA	**3,109**	**4,099**	**10,693**
Add back:			
Share-based payment charge	157	120	225
Exceptional costs	357	217	639
Adjusted EBITDA	**3,623**	**4,436**	**11,557**

b) **Operating profit before amortisation and exceptional items**	**Six months 30-Jun-24 (Unaudited)**	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Operating (loss)/profit	**(256)**	**383**	**3,289**
Add back:			
Amortisation	2,260	2,321	4,516
Impairment charge	-	389	760
Exceptional costs	357	217	639
Operating profit before amortisation and exceptional items	**2,361**	**3,310**	**9,204**

c) **Reconciliation of free cash flow**	**Six months 30-Jun-24 (Unaudited)**	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Net cash generated by operating activities	**5,829**	**3,696**	**8,220**
Capital expenditure	(934)	(656)	(2,407)
Lease payments	(579)	(479)	(999)
Free cash flow	**4,316**	**2,561**	**4,814**

d) **Net debt / (cash)**	**Six months 30-Jun-24 (Unaudited)**	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Cash and cash equivalents	**(5,575)**	**(3,658)**	**(5,622)**
Interest bearing borrowings - Invoice financing - current	-	-	616
Interest bearing borrowings - Bank Loans - current	-	-	16,467
Interest bearing borrowings - Subordinated Loan (deferred consideration) - current	2,329	-	2,215
Interest bearing borrowings - Bank Loans - non-current	13,796	16,898	-
Interest bearing borrowings - Subordinated Loan (deferred consideration) - non-current	-	2,106	-
Net debt (excl finance leases)	**10,550**	**15,346**	**13,676**
Interest bearing borrowings - Leasing obligations - current	1,139	761	1,044
Interest bearing borrowings - Leasing obligations - non-current	3,882	3,257	4,050
Net debt (incl finance leases)	**15,571**	**19,364**	**18,770**

e) **Net leverage**	**Six months 30-Jun-24 (Unaudited)**	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
Net debt (excl finance leases)	**10,550**	**15,346**	**13,676**
Adjusted EBITDA	**3,623**	**4,436**	**11,557**
Adjustment to increase adjusted EBITDA to trailing 12 month basis - as reported	7,121	5,637	-

Adjustment to include mid year acquisition on trailing 12 month basis	-	1,391	-
12 month trailing adjusted EBITDA	10,744	11,464	11,557
deduct:			
Lease payments for 12 month period	(1,099)	(1,041)	(999)
Adjusted EBITDA for net leverage	9,645	10,423	10,558
Net leverage	1.09x	1.47x	1.30x

f) **Adjusted earnings per share**	**Six months 30-Jun-24 (Unaudited)**	Six months 30-Jun-23 (Unaudited)	Year ended 31-Dec-23 (Audited)
	£'000	£'000	£'000
(Loss)/Profit for the period attributable to the equity shareholders of the parent	**(1,687)**	**(1,508)**	**921**
Amortisation (excluding charged on Development costs)	1,682	1,983	3,647
Exceptional costs	357	217	639
Share-based payment charge	157	120	225
Adjusted Earnings	509	812	5,432
Weighted average number of ordinary shares in issue	126,529,587	126,498,197	126,498,197
Adjusted profit per share (pence)	0.40	0.64	4.29
Weighted average number of ordinary shares for the diluted EPS	137,128,201	133,506,827	133,635,025
Diluted adjusted profit per share (pence)	0.37	0.61	4.06

17. Post Balance Sheet Event

There are no post balance sheet events.