VENTURE LIFE GROUP
ANNUAL REPORT & ACCOUNTS 2021

DELIVERING CONSUMER SELF-CARE GLOBALLY

Venture Life

OUR MISSION

We are committed to providing innovative and efficacious products for the global self-care market, for people who want to lead a healthier life.

OUR VISION

To become a key trusted global leader in self-care products through our knowledge, expertise and capability.

STRATEGIC REPORT

For more information visit
https://www.venture-life.com

GOVERNANCE

FINANCIAL STATEMENTS

Our Highlights

The Group delivered another year of revenue & profit growth despite global challenges and has completed its largest ever acquisition

FINANCIAL

8.9%

REVENUE
Revenue increased 8.9% to £32.8 million (2020: £30.1 million)

+0.9%

GROSS PROFIT
Gross profit increased 0.9% to £13 million (2020: £12.8 million)

8.2%

ADJUSTED EBITDA[1]
Adjusted EBITDA increased 8.2% to £6.6 million (2020: £6.1 million)

+1.4%

PROFIT AFTER TAX
Profit after tax increased 1.4% to £2.4 million (2020: £2.4 million)

10.8%

ADJUSTED EARNINGS PER SHARE[2]
Adjusted earnings per share increased 10.8% to 4.94 pence (2020: 4.46 pence)

3.1ppts

GROSS MARGIN
Percentage gross margin decrease 3.1ppts cx ed to 39.6% (2020: 42.7%)

1 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments (see note 31 of financial statements)
2 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments (see note 31 of financial statements)

COMMERCIAL

- Two immediately earnings enhancing acquisitions, expected to bring significant growth in revenues and profitability; fully deploying funds raised in late 2020; now integrated
- Revolving Credit Facility (RCF) in place for up to £50 million, giving significant firepower for further earnings accretive M&A: deployed £9.0 million at 31 December 2021
- Extended agreement with Bayer Consumer Care AG for BV gel, a women's intimate healthcare product
- 11 new long-term distribution agreements signed
- 18 in-market product launches through our international partners
- 7 approved product registrations, with 12 on-going

Against a challenging backdrop, 2021 was again, another pivotal year

ACQUISITION OF BBI HEALTHCARE LIMITED

BBI Healthcare Limited (BBI) was acquired on 4 June 2021. This profitable UK based consumer healthcare business, with manufacturing operations in Gnesta, Sweden, brought with it new products in the area of women's health and diabetes management, along with a fast-growing presence in the UK and internationally for its products.

Its innovative **Balance Activ®** brand for bacterial vaginosis is sold primarily in the UK under this brand, but is also sold internationally through Bayer Consumer Care AG, where **Lift™**, a measured dose glucose supplement is the fastest growing product of the acquired portfolio, providing a measured dose of glucose by either chewable tablets or a liquid shot.

This acquisition satisfied a number of our key acquisition criteria, bringing an immediately earnings enhancing transaction, along with immediate cost synergies, and the opportunity for revenue expansion and manufacturing synergies. Already fully integrated into the Group, this business significantly increased the size of the Venture Life Group and brought us into two key therapy areas.

- Purchase consideration £35 million, plus £1 million deferred.
- Reported revenues from 4 June 2021 to 31 December 2021 were £6.5 million (full year revenues were £10.3 million, growth of 8.4% over previous year)
- Gross margin for 4 June 2021 to 31 December 2021 of 48.1% (full year gross margin was 47.9%)
- Immediate post-acquisition cost synergies of £0.9 million (on an annualised basis) already achieved
- Full year 2021 revenues: 80.5% in the UK, 19.5% internationally

ACQUISITION OF HELSINN INTEGRATIVE CARE PORTFOLIO (HCIP)

The Helsinn Integrative Care Portfolio (HICP) was acquired on 6 August 2021. This provided a profitable portfolio of products in the area of oncology support.

These oncology market products provide symptomatic relief for some of the side effects associated with cancer or its treatment. The revenues from these products were affected during the Covid pandemic, when cancer treatments were reduced, but now have significant potential for growth, coming out of that period:

- Gelclair, for the treatment of oral mucositis, a common side effect of head and neck radiotherapy. Distributed into 34 countries including the UK, and launched in Japan in late 2021.
- Pomi-T, a polyphenol rich food supplement that reduces the inflammation and thus PSA levels in patients with prostate cancer.

Our facility in Italy already manufactured Gelclair for many years, so the acquisition of this brand allowed us to increase the margin capture on this product. Pomi -T has been on the market for much less time than Gelclair, but has already achieved good traction in a short period of time. These products are now fully integrated into the Group, and include good upside opportunities including Gelclair in the USA, Brazil and Canada.

- Purchase consideration £4.8 million
- Reported revenues from 7 August 2021 to 31 December 2021 were £1.9 million (full year revenues were £2.9 million, growth of 10.8% over previous year)
- Full year 2021 revenues: 24.2% in the UK, 75.8% internationally

The Year in Review continued

NEW CHINESE DISTRIBUTOR APPOINTED FOR ORAL CARE BRANDS, POST PERIOD END

On 6 January 2022, we announced our new partner for our oral care brands (Dentyl® and UltraDEX®) in China was Samarkand Group Plc ("Samarkand"), for an exclusive period of 5 years.

Samarkand is a UK based, publicly listed company with expertise in connecting UK brands to the Chinese consumer representing large brands such as Omorovicza, Temple Spa and Philip Kingsley. With operations in Shanghai and London, Samarkand is well placed to emulate the success achieved by both Dentyl® and UltraDEX® in the UK, and the success achieved by the previous partner in the Chinese market before the pandemic.

Based in London, they have a solid infrastructure in China with over 140 employees and are highly committed to making this partnership work between us.

David Hampstead, CEO Samarkand Group Plc, commented, "We are delighted that Venture Life Group Plc has chosen Samarkand as their new go to market partner for China. Dentyl® and UltraDEX® are market leading brands with established recognition and sales in the China market. Samarkand's on the ground capability in China, combined with our transparent and collaborative approach to working with our brand partners, has once again made us the winning choice for brands."

SAMARKAND
GLOBAL

Ben Colman Director of Corporate Development talks M&A Strategy

Ben Colman
Director of Corporate Development

Q&A with our Director of Corporate Development continued

Q

1. WHAT IS THE GROUPS M&A STRATEGY?

A

We look to purchase immediately earnings enhancing consumer healthcare businesses or assets to which we can apply our operational leverage to increase revenues and profitability. The three key operating levers we apply to achieve this comprise geographic expansion, internalising manufacture, and new product development.

Q

2. IS THE STRUCTURE OF THE BUSINESS NOW RIGHT TO DRIVE FUTURE GROWTH?

A

Absolutely, over the last few years, we have made significant investment to both our manufacturing and operating capacity, this gives us a strong platform for acquisitions and efficient integration post completion.

A key strength of VLG is our strong relationships with retailers and partners worldwide. When assessing acquisition targets, having this network of relationships provides us with instant growth opportunities to explore under our ownership.

The M&A market in consumer health is very active right now, and critical to success in M&A is having resources ready and available on the balance sheet to move quickly. Without the equity raised at the end of 2020 we would have been unable to make the acquisition of BBI, as vendors will not accept financing risk as a condition of a sale. Having deployed the equity raised in 2020, the subsequent £50 million revolving credit facility secured this year provides us with readily available capital for acquisitions. This availability means we can be agile and move quickly to successfully execute opportunities as they become available.

Q

3. HOW WOULD YOU VIEW THIS YEAR'S PROGRESS AGAINST YOUR STRATEGIC OBJECTIVES?

A

This year has been an exceptionally strong year for us in M&A, completing two acquisitions and one disposal (The BBI Healthcare acquisition in June 2021; the oncology support asset portfolio from Helsinn in August 2021 and disposal of a Hair Care trademark portfolio in December 2021).

Coming into the role as Head of M&A in early 2021 from PwC, my key objective was to develop and formalise our overall deal approach from origination, to Board investment approval, due diligence and deal execution allowing us to compete successfully with other acquirers in the market.

We have a transparent and clear approach to the deal process, and I believe this provides a simple process and overall better experience to the seller.

Q

4. WHAT ARE THE GROUP'S GREATEST OPPORTUNITIES? FOR ME IT CENTRES AROUND IN-HOUSE MANUFACTURING AND OPERATING LEVERAGE.

A

A key opportunity is the ability to utilise our inhouse manufacturing capability and benefit from costs synergies associated with this, delivering an increase in profitability.

The strong people and operating model we have at VLG means we are well positioned for asset only transactions, and sale of businesses where shareholders are looking to exit post completion. We can absorb a large amount of the acquired operational costs into our current cost base, achieving significant synergies day one post completion.

Q

5. WHAT'S YOUR 5-YEAR M&A STRATEGY?

A

This year we have proven VLG can deliver both acquisitions and the successful integration of those acquisitions at pace. Over the next 5 years we will use this momentum to continue being a strong and active player in Consumer Healthcare M&A.

Our focus through acquisitions is to strengthen our current product portfolio offering across Women's Health, Diabetes, Oncology support, Dermatology and Oral Healthcare whilst also being opportunistic on other business and assets that become available.

As we continue to grow both organically and through acquisitions it will be important for us to re-assess our portfolio and look to capitalise on investments, through the divestment of our non-core products, allowing us to re-allocate our capital to areas of strategic focus to generate organic growth.

Significant growth potential in the self-care market

WHAT WE DO

Venture Life develops, manufactures and distributes regulated products for the consumer self-care market. These are non-drug products that consumers buy without prescription, to help lead a healthier life.

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

Based on a vertically integrated approach, we either acquire self-care brands and products, or develop (in-house) self-care brands and products. We manufacture our own brands and customer brands in our factory; we then distribute these products to retail pharmacies and grocery multiples, either directly in the UK, The Netherlands and Italy, or through distribution partners elsewhere.

VENTURE LIFE BRANDS

Venture Life has its own portfolio of self-care brands, which are sold without prescription through pharmacies and other retailers in the UK and internationally. They address a wide range of healthcare issues, including oral care, women's intimate health, onychomycosis and dermatology.

Many of our products have intellectual property, which can include trademarks, patents and clinical evidence proving efficacy as well as formulation and manufacturing expertise. Being a non-drug company means faster regulatory routes to market and lower regulatory costs.

WHERE WE OPERATE

International

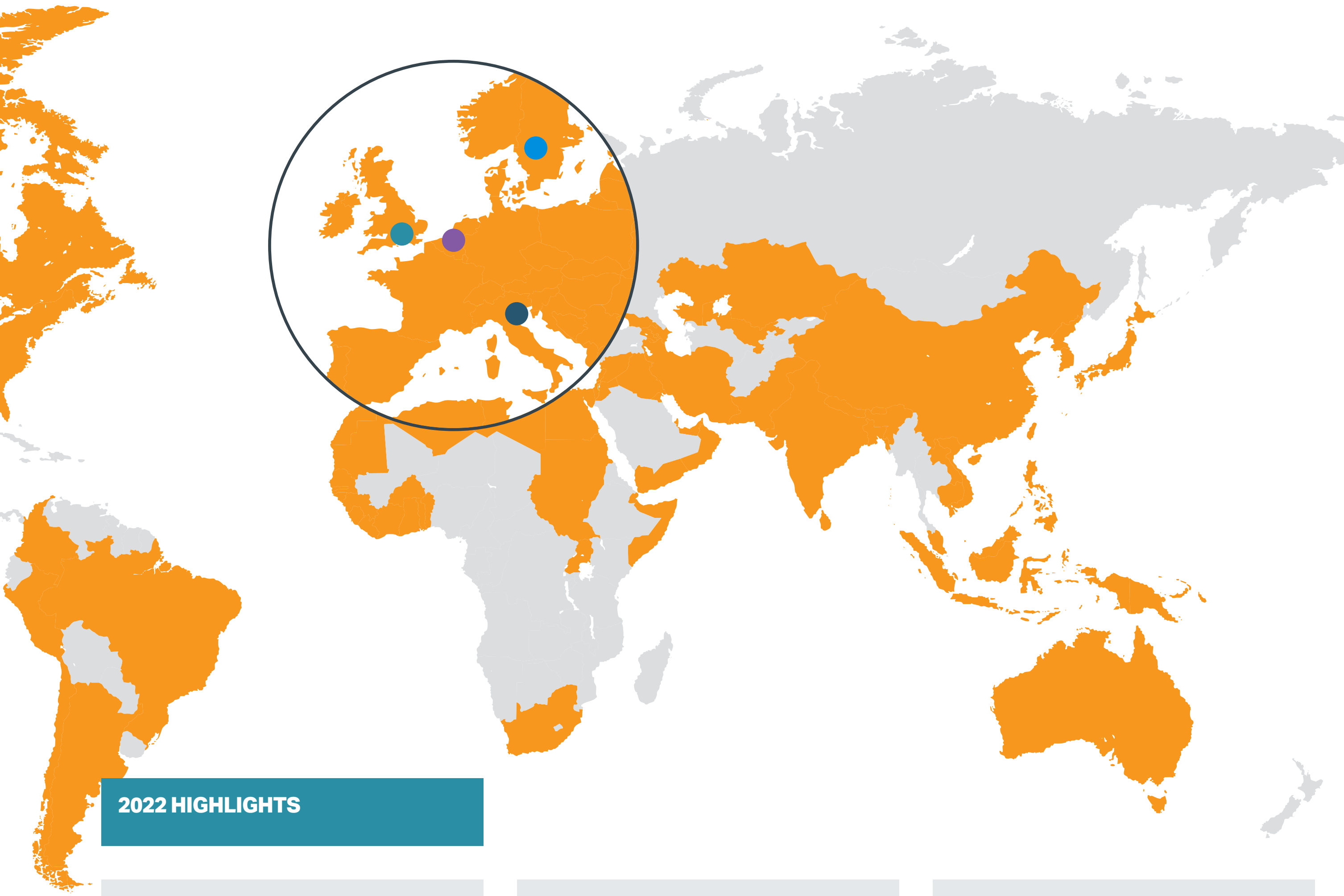
Our international business follows a B2B model. We partner our own brands around the world, focusing on key markets. Our partners have local market expertise and they cover all in-market costs, so we have no exposure to funding sales, marketing and distribution costs in international markets.

UK, Italy, The Netherlands & Sweden

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

- UK Commercial and Head Office
- The Netherlands Office
- Italian Development and Manufacturing Facility
- Swedish Manufacturing Facility
- Countries where products are sold or partnered
- Countries where no products are sold or partnered

At a Glance continued



2022 HIGHLIGHTS

4
OPERATIONAL LOCATIONS

145
NUMBER OF PEOPLE IN GROUP

215
PARTNERS WORLDWIDE

11
NEW INTERNATIONAL AGREEMENTS

7
KEY BRANDS

90+
MARKETS WORLDWIDE

ORAL HEALTHCARE

UltraDEX® and Dentyl® Dual Action oral care brands are both effective and clinically proven to ensure good oral hygiene, on a daily basis.

£5.0m
NET REVENUE

16
COUNTRIES SOLD IN

16%
SHARE OF GROUP REVENUE

Our Products continued

WOMEN'S HEALTH

Balance Activ® provides an effective yet discreet product offering within the Women's Intimate Health category. Clinically proven, it provides effective relief, helping thousands of woman globally.

£3.5m

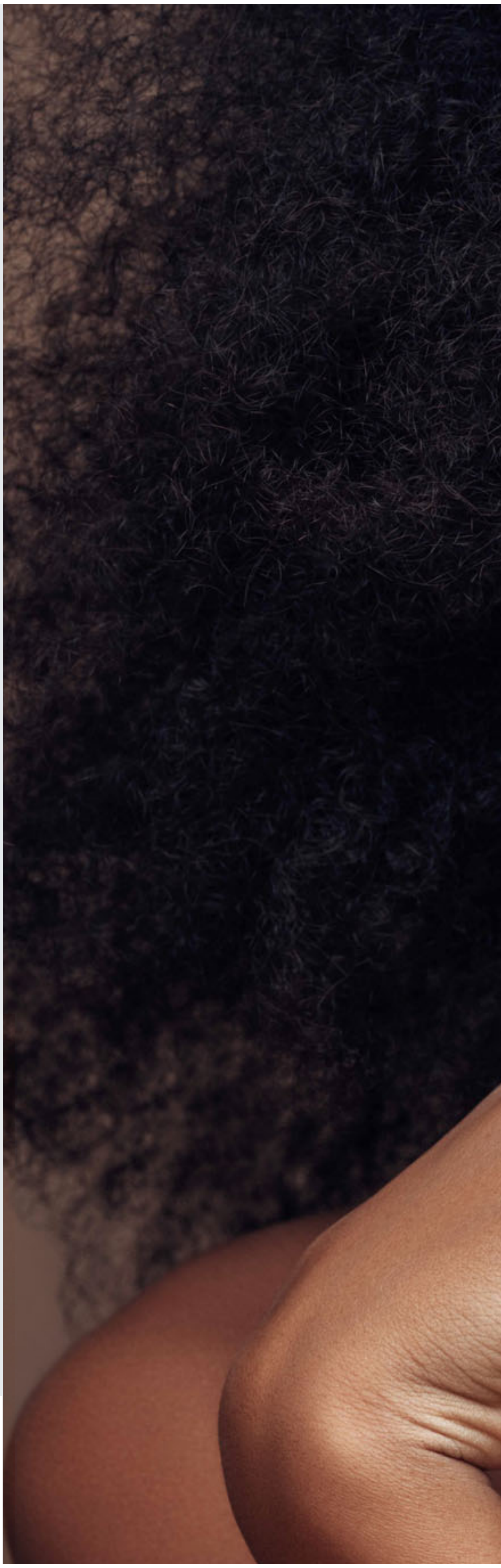
NET REVENUE
For the period 4 June to 31 December only

15

COUNTRIES SOLD IN

11%

SHARE OF GROUP REVENUE



Our Products continued

DIABETES MANAGEMENT

Glucogel® is the No.1 prescription product for the management of hypoglycaemia, recommended by HCP's and NICE (The National Institute for Health & Care Excellence).

Lift™ is an OTC product for the management of hypoglycaemia, sold in key retailers across the UK.

£3.0m

NET REVENUE
For the period 4 June to 31 December only

15

COUNTRIES SOLD IN

9%

SHARE OF GROUP REVENUE

Our Products continued

ONCOLOGY SUPPORT

Gelclair, Pomi-T and Xonrid are key oncological support products, helping to improve a person's quality of life during cancer treatment.

£2.0m

NET REVENUE
For the period 4 June to 31 December only

24

COUNTRIES SOLD IN

6%

SHARE OF GROUP REVENUE

Our Products continued

NAIL & FOOT CARE

A range of nail fungal and wart/verruca treatments, offered to partners under an own brand/private label option. Key markets include UK, The Netherlands and Germany.

£2.5m
NET REVENUE

14
COUNTRIES SOLD IN

8%
SHARE OF GROUP REVENUE

Our Products continued

Chair's Statement

2021 has seen a year of continued progress despite the impact of many COVID related factors

HIGHLIGHTS

- **Revenues of £32.8 million, +8.9%**
- **Adjusted EBITDA[1] £6.6 million, +8.2%**
- **Profit after tax of £2.4 million, +1.4%**

1 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments (see note 31 of financial statements)

2021 has seen a year of continued progress in the Venture Life Group, despite the impact of many COVID related factors. Whilst we experienced our customers feeling the impact of COVID, affecting revenues and product mix, and input costs rising significantly, we still saw growth in revenues and adjusted EBITDA. Input costs and product mix negatively affected gross margin, but the two acquisitions we made during the year carried higher gross margins which went some way to mitigate these negative gross margin impacts of input costs.

The Group proved to be resilient in these difficult times and continued to build its presence with two immediately earnings enhancing acquisitions in the year. I must give my congratulations and thanks to the whole team who both acquired and integrated these businesses in the year yet at the same time, ensuring business continuity - a substantial achievement against the backdrop of the continuing challenges of COVID.

BBI Healthcare Limited (BBI) was acquired in June 2021 and brought an immediately earnings enhancing business and three exciting new brands. At the time of raising the funds in late 2020 from shareholders, this opportunity was not even in play for us, but within 6 months of closing the fund raise we had executed and won a tough competitive auction process for this valued asset. With exciting growing brands, only at the start of their geographic exploitation, and in two of the most interesting self-care categories (women's health and diabetes), I am certain this will prove to be a very valuable acquisition for the Group.

The Helsinn Integrative Care Portfolio (HICP) that we acquired in August also brought some interesting brands ready for further exploitation. This immediately earnings enhancing opportunistic acquisition has brought us into another interesting and underserved self-care category, that of oncology support where products will be acquired primarily by the patient to deal with the very difficult side effects of oncology treatment through pharmacies and grocery multiples.

Dr Lynn Drummond
Non-Executive Chair

Chair's Statement continued

These acquisitions have now been successfully integrated into the Group, and we have already seen the benefit of expected synergies and the higher gross margins within the Group. Related to the BBIH acquisition, the extremely high-quality manufacturing operations at the Gnesta site in Sweden are now under the umbrella of our technical team in Italy, working to deliver synergies between and harmonisation of the two facilities. During the year, we also put in place a £50 million revolving credit facility with our main banker, Santander Group, alongside Silicon Valley Bank. This facility will enable us to continue with our acquisition strategy without recourse to additional equity from shareholders and was largely undeployed as at the end of the financial year (£9.0 million funds drawn). With projects under review, we are confident that this will allow us to add more immediately earnings enhancing brands to our business in 2022 and beyond, as there continues to be interesting opportunities available.

During the first year of the pandemic (2020), the Group benefitted from some significant revenue items that did not repeat in 2021. The initiation of the hand sanitiser gel (HSG) manufacture, whilst helping the Lombardy health authorities as COVID hit hard in 2020, also provided significant one-off opportunistic revenues and margin to the Group, showing how the business can be reactive as well as proactive. Our Chinese partner performed very well at the back end of 2019 and early in 2020, but was impacted by the pandemic to such an extent, that in late December 2020 we had to take the step to terminate the relationship with them and appoint a new partner for China, Samarkand Global plc. Our previous partner in China proved that our products sell very well in China when marketed properly, and we are confident our new partner will succeed in China with our oral care brands. As a UK based business with operations in China, our interactions with them are much more straightforward than dealing directly with a Chinese partner.

Our Venture Life Brands (VLG Brands) continued to be resilient in 2021, and in particular oral care brands performing well in the UK market in relation to their peers in the recovery from the COVID pandemic. The new brands recently acquired are also performing extremely well and already our team have increased the presence of these products through extending existing partnerships and striking new partner distribution agreements. Also, our Customer Brands revenues remained resilient during the period: weaker performance from some of our partners being negatively affected by COVID was mitigated by new business from both new and existing partners. The challenges of operating manufacturing facilities under COVID lockdowns have been managed superbly by the teams at Biokosmes and Gnesta, and I give particular thanks to the teams there which ensured we had no interruption to production at any time.

The challenges presented in 2021 by COVID caused us to deliver weaker performance than we had expected to at the outset. Despite the weak first half of the year, we generated revenues in the second half of the year of £18.9 million (36% increase over H1) and adjusted EBITDA of £4.7 million (147% increase over H1), reflecting the positive impact of the acquisitions on our trading and showing the scale of the business going forward into 2022, where we will see a full year impact of these acquisitions. We ended the year with full year revenue and adjusted EBITDA growth of 9% and 8% respectively, a much broader brand portfolio, and increased manufacturing operations and capacity. On a proforma basis (assuming BBI and HICP had been part of the business for the whole year) our revenues would have been £37.8 million. Looking into 2022, we expect to see continued organic growth within the portfolio, a significant part of which will be coming from our 2021 acquisitions, which we also expect to supplement with immediately earnings enhancing acquisitions, giving the Board every confidence for the year ahead.

I would like to take this opportunity to thank our fantastic team at Venture Life, who have again proven to be diligent, resilient, hardworking and creative in the face of challenging times. It has been a pleasure to welcome the BBI team into the Group, and they have already made a significant contribution to the business, including Danny Wells, who is now our new Chief Financial Officer. The Board offers its thanks to Andrew Waters, our outgoing CFO, for his time at Venture Life, and wish him every success for the future.

Finally, I would like thank the shareholders who have continued to support us through this challenging year, and we look forward to sharing the progress of 2022 with you all as we move through this year.

Lynn Drummond

Dr Lynn Drummond
Non-Executive Chair
16 May 2022

Our Business Model and Strategy

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

OUR KEY ACTIVITIES

Based on a vertically integrated approach, we either acquire or develop self-care products and brands. These products are then manufactured in-house and sold to a network of international partners and to key retailers in the UK, The Netherlands and Italian markets.

OUR COMPANY

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

- Experienced management team
- Committed and dynamic team of 145 people
- Vertically integrated business model
- Head office in the UK
- Commercial operations in the UK, Italy and The Netherlands
- 5,500m^2 in-house manufacturing and development facility in Italy
- 2,600m^2 in-house manufacturing and development facility in Sweden
- Expertise in product development, manufacturing and distribution
- Experience in acquiring products /brands and reinvigorating them
- Fostering and nurturing partnerships – strong relationships with 215 partners

OUR RESOURCES

OUR PEOPLE
Our dedicated and talented team have a "can-do" attitude, combined with the ability to adapt to fast-changing environments. They work with a strong collaborative spirit as demonstrated in the COVID-19 pandemic.

KNOWLEDGE & EXPERTISE
Combined with an experienced management team, our R&D team has been developing healthcare products for over 35 years, registered as Medical Devices and Cosmetics.

OUR BRANDS
We have a concise range of self-care brands in areas including oral health, women's intimate health and dermatology. Many of these brands have intellectual property and clinical supporting efficacy.

R&D AND MANUFACTURING
Our manufacturing facilities differentiate us from our peers. With a strong technical team in place with regulatory experience, we are agile in responding to market demand.

ACQUISITION SUCCESS
We have a proven track record of quickly and effectively integrating acquired products and/or companies, by utilising our manufacturing resources and invigorating acquired brands through dynamic marketing and selling strategies.

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

Our Business Model and Strategy continued

FULLY INTEGRATED FOR GROWTH

2021 has seen our strategy deliver another year of growth, with the Group increasing both revenues and profit.

INVESTMENTS

We invested significant capital in 2021 to continue to develop the manufacturing capacity and capability of our Development and Manufacturing facilities and have increased operational leverage to exploit revenue growth.

- Investment totalled £1.3 million during the year
- Daily production capacity 250,000 units per day

ACQUISITION

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

- M&A transactions have built up a portfolio of leading brands and products, including UltraDEX® in 2016, Dentyl® in 2018, PharmaSource BV in 2020, and both BBI Healthcare Limited and the Helsinn Integrative Care Portfolio in 2021
- Proven track record in acquiring and integrating businesses and reinvigorating brands

PROFITABILITY

Since entering the public market in 2014, the Group has achieved compound annual revenue growth 24.1% (up to and including 2021), which comes from a combination of organic and acquired growth. We continue to be sustainably profitable through:

- Investment in the manufacturing facility to support the Group's overall revenue growth and increase manufacturing capabilities
- Focusing on our own brands, which provide opportunity for margin expansion and shareholder return
- Growing in-market revenues through existing and new partners

KEY ACHIEVEMENTS

With growth through our organic and acquisitive strategy, Venture Life brands now represent 54.5% of the groups revenues (2020: 48.8%). The synergies from the BBI and Helsinn acquisitions are coming to fruition, and the Revolving Credit Facility of up to £50 million will facilitate further selective earnings enhancing acquisitions.

- 11 new distribution agreements signed on VLG brands
- 7 registration approvals gained
- 18 product launches – 11 in H1 and 7 in H2
- 54 new partners gained mostly through acquisitions

We create value for shareholders by commercialising products and brands for the self-care market

RECOGNISED EXPERTISE

- Experienced leadership team
- Expertise in product development, manufacturing and distribution
- Over 35 years in developing and manufacturing healthcare products
- Strong in-house technical team with regulatory expertise
- Experienced commercial team in home and international markets

Read more on pages 8 and 9

CLEAR STRATEGY AND PROVEN BUSINESS MODEL

- Strategy of building a strong portfolio of key brands through market penetration and international expansion
- Establishing itself as a key partner in the development and manufacturing of consumer self-care products
- Supported by a vertically integrated model – Venture Life innovates, develops, manufactures, and markets self-care products globally

Read more on pages 8 and 9

GEARED FOR GROWTH

- Organic growth from existing and new distribution partners globally
- Growth from developing innovative products and line extensions
- Additional growth from further acquisitions
- Revenue and profit growth through increased manufacturing throughput

Read more on pages 8 and 9

PROFITABLE AND CASH GENERATIVE

- Adjusted EBITDA* of £6.6 million, +8% over 2020
- Operating cash generative

* Before exceptional items and share based payments

Read more on pages 24 and 25

OPERATIONAL LEVERAGE

- Capacity of 65 million units per annum, current utilisation (2021) 27 million units
- Significant capacity for growth and the ability to accommodate both organic and acquired growth

Read more on pages 12 and 13

PROVEN TRACK RECORD IN ACQUISITIONS

- M&A transactions to build a portfolio of leading brands/products, including UltraDEX® in 2016, Dentyl® in 2018, PharmaSource BV in 2020, and both BBI Healthcare Limited and the Helsinn Integrative Care Portfolio in 2021
- Experience in reinvigorating acquired brands and turning them to growth
- Experience in internationalising brands to help drive growth

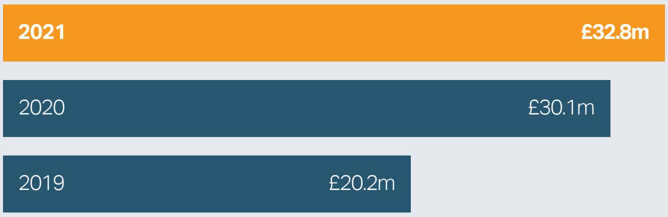
Read more on page 15

Key Performance Indicators

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

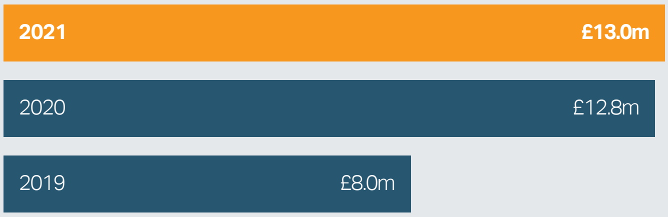
£32.8m

REVENUE (£M)
(2020: £30.1 million) +8.9%



£13.0m

GROSS PROFIT (£M)
(2020: £12.8 million)

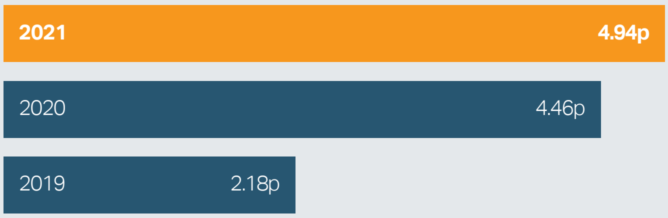


£6.6m

ADJUSTED EBITDA (£M)[1]
(2020: £6.1 million) +8.2%

4.94p

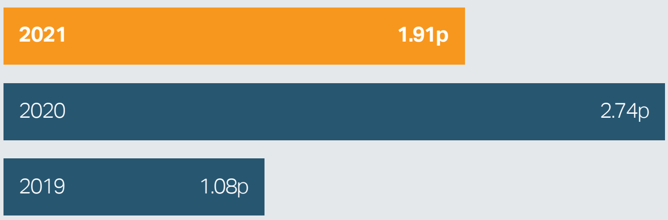
ADJUSTED EARNINGS PER SHARE (P)[2]
(2020: 4.46p) +10.8%



1 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments (see note 31 of financial statements)
2 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments (see note 31 of financial statements)

1.91p

EARNINGS PER SHARE (P)
(2020: 4.46p) +10.8%



Our manufacturing facilities in Italy (5,500m^2) and Sweden (2,600m^2) are key differentiating factors from our peers

INVESTMENT FOR GROWTH

Our 5,500m^2 facility is located in northern Italy, near Milan. This facility manufactures both our wholly owned Venture Life Brands and Customer Brands, which are sold under the customers' brand names.

Our 2,600m^2 Swedish facility is in Gnesta, south of Stockholm, and manufactures the bacterial vaginosis gel under our own brand of Balance Activ®, but also under customer brand names. It contains a state of the art fully automated filling line that can produce 270 long neck tubes per minutes, and currently runs at under 20% capacity.

We have over 35 years of experience in developing consumer healthcare products (registered as Medical Devices or Cosmetics), and a strong technical team in place with regulatory expertise. This in-house ability to develop and manufacture allows us to be agile in responding to market demand.

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

55m UNITS
PRODUCTION CAPACITY (ITALY)

10m UNITS
PRODUCTION CAPACITY (SWEDEN)

INCREASED FACTORY SPACE TO INCREASE PRODUCTION

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

ITALY
13 FILLING LINES

250,000
DAILY UNIT CAPACITY PER DAY

SWEDEN
1 FILLING LINE

45,000
DAILY UNIT CAPACITY PER DAY

Development and Manufacturing continued

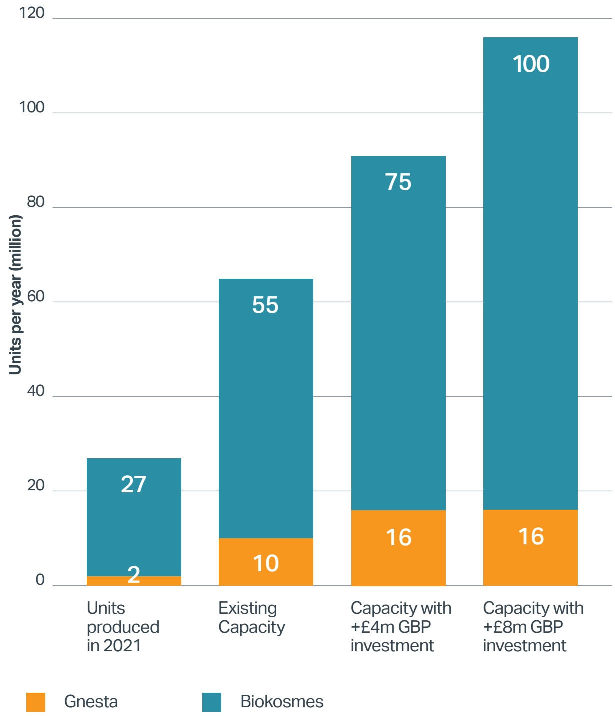
OPERATIONAL LEVERAGE

The manufacturing and development facility has plenty of scope for additional revenue generation, with an estimated spare capacity of 55% at the end of 2021.

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

OUR MANUFACTURING SCALABILITY

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



Chief Executive Officer's Statement

This year saw significant growth as we made two immediately earnings enhancing acquisitions in the summer

HIGHLIGHTS

- Continued growth at both a revenue and adjusted EBITDA level
- Second half gross margin of 41.1% (including acquired businesses) vs first half 35.6%
- Acquisition of BBI Healthcare Limited on 4 June 2021 for £35 million[1]
- Acquisition of Helsinn Integrative Care Portfolio on 6 August 2021 for £4.8 million
- Positive operating cash flow
- New revolving credit facility of £50 million put in place

1 Price agreed with vendor based on normalised level of working capital (see note 14a of financial statements)

OPERATING REVIEW

This year saw significant growth in the Group as we made two immediately earnings enhancing acquisitions in the summer, fully utilising the cash we raised from shareholders within an 8-month timeframe. The target of both acquisitions was to bring in interesting, complementary brands and products that could successfully leverage the operational capacity and distribution capability of the Group.
The integration of these two businesses has proceeded to plan in the second half of the year, with the products and the BBI team/operations now fully integrated within the Group. These two acquisitions have contributed £8.4 million of partial year revenues into the total Group revenues of £32.8 million for 2021, and will contribute a full year of revenues in 2022.
The team has already locked in the anticipated cost synergies and made significant progress in the further commercialisation of the brands.

Against this strong acquisitive growth, the Group saw a reduction in legacy revenues, substantially driven by COVID; despite this, the Group delivered 9% growth in revenues to £32.8 million (2020: £30.1 million) in the year, +11% on a constant currency basis. The reductions in revenue came from a reduction in sales to partners who were impacted by COVID (either through lower sell out in 2021 or due to running down higher than normal inventory levels at the start of 2021), and from a reduced level of hand sanitiser gel (HSG) sales, which had given us a significant one-off benefit in 2020.

Due to the acquisition of BBI and HICP, the second half of the year saw revenues from VLG brands exceed 50% of the overall revenue of the Group for the first time. Full year revenues from VLG Brands were £17.9 million (2020: £14.9 million), and from Customer Brands £14.8 million (2020: £15.2 million).

Jerry Randall
Chief Executive Officer

Chief Executive Officer's Statement continued

Revenues from VLG Brands represented 66% of overall revenues in the second half of 2021 (vs. 42% in the second half of 2020), reflecting the impact of the acquisitions, delivering an overall share of 54% for the whole of 2021, compared to 49% in 2020, which included a significant amount for HSG. With organic growth on the higher margin VLG Brands expected to exceed that of our Customer Brands, coupled with continued selective brand acquisitions, we would expect the higher margin VLG Brand revenues to continue to increase as a percentage of overall revenues, which would precipitate a continued improvement in the gross margin going forward.

A large contributor of the reduction in VLG Brand revenues was our Chinese partner, which covers both Dentyl® and UltraDEX®. Sales to this partner totalled £0.3 million in 2021, compared to £2.4 million in 2020. Due to the underperformance seen in 2021 and their failure to recover, we terminated with this agreement late December 2021 and signed a new agreement with Samarkand Global plc early January 2022.

Gross margin for the year of £13.0 million was at a very similar level to the previous year (2020: £12.8 million). The gross margin percentage was lower at 39.6% (2020: 42.7%) due to a combination of factors:

- Increased supply prices
- Increased inbound transportation costs
- Non-repeat of high margin Hand Sanitizer Gel (HSG)
- Product mix

The overall impact of these factors contributed a reduction of 6.1% in the gross margin for the Group, compared to that seen in 2020. Increased supply prices represented 1.2% of the reduction, increased inbound transport costs caused a reduction of 0.4%, non-repeated highly profitable HSG sales attributed 3.5% and the balance coming from other product mix sales.

The increased supply prices and transport costs have been widely reported globally and have affected our business, as with many. We experienced these issues in 2021 and they are persisting in 2022. There are challenges around price, availability and delivery lead times of raw materials and packaging, that our team have to manage daily. Significant increased energy prices affect operational costs and supplier component and material costs, with inflationary pressure and logistic challenges. The Group is using mitigation strategies, passing on price increases where possible, securing continuity of supply and fixing prices within the supply base as well as sourcing alternative suppliers. The recent Ukraine crisis has also affected supplies of some raw materials from those impacted territories directly and in secondary derivatives.

The previous financial year benefitted from £3.6 million of HSG sales, compared to only £0.2 million in 2021. These revenues in 2020 were at a high margin as it was completely demand driven; we witnessed very significant immediate demand as there was a significant shortage of supply. The gross margin earned on these revenues in 2020 amounted to £2.1 million (representing 58%) which included the positive impact on other products arising from increased throughput. Without the revenue and margin from HSG in 2020, the Group gross margin for 2020 would have been 40.4%.

In the second half of the year however, the impact of the acquired businesses and growth in revenues lifted gross margin to 42.4%, being more representative of the business going forward. The overall 3.1% reduction in gross margin to 39.6% (2020: 42.7%) reflects the adverse impact of supply chain pressures and product mix as outlined (6.1%) offset by the positive impact of M&A activity (3.0%).

The Group generated adjusted EBITDA of £6.6 million for the year (2020: £6.1 million), an increase of 8% over the previous year. Despite higher revenues, the challenges on gross margin percentage meant minimal increase in the gross margin earned in the year compared to 2020, and tight cost control has helped to deliver adjusted EBITDA margin of 20%. It is expected that this percentage margin will increase in 2022 and beyond as we see the full year effect of the BBI and HHIC acquisitions alongside organic growth.

ACQUISITIONS

During the year, the Group made two immediately earnings enhancing acquisitions, utilising the funds raised (£34.1 million) from shareholders in December 2020, which have positively impacted the results of the Group in 2022.

BBI Healthcare Limited

BBI was acquired for £35 million[1] (with a possible additional deferred payment of £1 million), on 4 June 2021. Headquartered in the UK, the business also had its own dedicated manufacturing facility in Gnesta, Sweden, which manufactures its Balance Activ® product for bacterial vaginosis. The acquisition was immediately earnings enhancing for the Group, and brought strong brands, products and customers in the areas of women's intimate health and diabetes support. In the year ended 31 December 2020, the business produced revenues of £10.3 million and adjusted EBITDA of £2.5 million. The business experienced strong growth in 2020 and this continued in 2021 and is set to continue into 2022.

In the area of women's intimate health, the key brand of the business is Balance Activ® for the treatment of bacterial vaginosis – the Balance Activ® brand is sold in the UK, The Netherlands and Austria only, mainly in the gel form, and is the number one brand on Amazon for the treatment of bacterial vaginosis. The product is also sold under partner brands in some international territories, the most notable of which is through the partner Bayer Consumer Care AG. This agreement covers both the gel and pessary format, spans 51 countries and extends until 2030.

The acquisition also brought two brands in the area of diabetes support. Glucogel® is a thick gel, sold mainly under prescription, to support diabetics when they experience low blood sugar. This product has been on the market almost 40 years and is sold only in the UK to date. Lift™ is a more consumer facing product to again provide glucose supplementation. Sold as chewable tablets or a juice shot, this provides a measured dose of glucose to support diabetic patients with low blood sugar. The product was launched in 2008 and is sold mainly in the UK/Ireland and through some smaller distributors across Europe.

1 Price agreed with vendor based on normalised level of working capital (see note 14a of financial statements)

CASE STUDY:

Dentyl FRESH PROTECT

Through its R&D facility in Italy, and by working in partnership with its customer – Sainsbury's – in the UK, Venture Life has developed, tested, and launched a new Dentyl® sub-brand called Dentyl® Fresh Protect in the UK market.

The concept for Fresh Protect came about from an insight that showed penetration within the Dental category growing fastest around an everyday low price-point.

Fresh Protect is an adaptation of Dual Action, which is the core Dentyl® franchise. By removing the oil-phase from the formulation, Venture Life was able to develop a low-cost yet efficacious antibacterial mouthwash that would appeal to a new, value-conscious demographic.

Fresh Protect launched in Sainsbury's in November 2020. The range consists of three variants – Mint, Lemon, Strawberry – and is merchandised alongside Dual Action in approximately 400 Sainsbury's stores across the UK.

The time taken from initial concept through to manufacturing and to being on sale was just 9 months.

The results so far have been impressive with revenue in excess of £200k.

Moreover, a consumer insight study conducted with Sainsbury's after the launch found that Fresh Protect attracts a different shopper compared to Dual Action, and that overall the sales of Fresh Protect are incremental both to the Dentyl® brand and to the Dental category at Sainsbury's.

Importantly, the project has demonstrated to Sainsbury's and to other strategic partners the operational capabilities possessed by the Venture Life Group. Not only did Fresh Protect unlock additional revenue, it allowed Venture Life to forge closer strategic relationships with its partners.

ACQUISITIONS CONTINUED

Helsinn Integrative Care Portfolio (HICP)

The HICP was acquired on 6 August 2021 for a total price of CHF6.0 million (£4.8 million), 50% was paid on 6 August 2021, and the balance is due on 6 August 2022. There are no performance criteria attached to the second payment, it is merely deferred for 12 months after completion. In the year ended 31 December 2020, the portfolio produced revenues of CHF3.6 million (£2.9 million). The trading for 2020 was impacted by Covid and the reduction of cancer treatments being administered, but there is significant potential for growth from this point, which we saw in 2021.

The portfolio comprised three on-market products in the area of oncology support:

- **Gelclair** - a muco-adhesive oral rinse gel used for the management of painful symptoms of oral mucositis (side effect of some cancer therapies). Gelclair is a registered medical device and is currently partnered in 34 countries;
- **Pomi-T** - a Polyphenol rich mix of wholefoods used for the management of prostate specific antigen (PSA) levels in prostate cancer. Pomi-T is a registered food supplement and is currently partnered in 22 markets; and
- **Xonrid** - a Hyaluronic acid based topical gel used for the prevention and treatment of radiation induced dermatitis. Xonrid is a registered medical device and currently partnered in 22 countries.

Chief Executive Officer's Statement continued

VENTURE LIFE GROUP (VLG) BRANDS

Oral Care – UltraDEX® and Dentyl®

Revenues for UltraDEX® fell 20% to £2.5 million (2020: £3.1 million) throughout 2021, which was mainly due to the underperformance in China and the continuation of the pandemic. The decline was not as steep in the UK, with a 7%/£0.2 million decline year-on-year. Across all retailers in the UK, UltraDEX® saw a 7% growth year-on-year in EPOS sell out, despite our revenues into retailers being in decline by 7%, due to high stock levels in retailers at the end of 2020.

Despite the oral care market declining in the UK by 3.4%/£5 million[1], UltraDEX® improved its position from number 7 in the total oral care market to number 6, ahead of AquaFresh. 2022, UltraDEX® also became the market leader within the halitosis sub-category, taking 4% market share from its nearest rival CB12 (Mylan owned). As we move into 2022, we feel confident the brand has stabilised and we should see signs of recovery as we move through 2022.

Revenues for Dentyl® in the UK were slightly ahead of previous year at £2.5 million (2020: £2.4 million). Dentyl® is now the number 4 in the UK market, with only Listerine, Colgate and Corsodyl ahead of it. Due to the increased costs affecting this brand in particular throughout H2 2021, a cost price increase was introduced and became effective 1 January 2022. This will help to mitigate the escalating costs seen in 2021.

Including China, overall revenues for Dentyl® fell by 33% to £2.8 million (2020: £4.2 million), our Chinese partner being responsible for the vast majority of this reduction; the underperformance of our Chinese partner has been well-documented, and this partner was terminated in December 2021. In January 2022, we appointed a new partner - Samarkand Global plc.

Cardiff University completed their clinical study on Dentyl® and it was published as a pre-print on the Medrxiv website; we announced this to the market on 21 February 2022. Further to this, on 19 April 2022, it was finally independently peer-reviewed and published in the Journal of Lipid Research, concluding that the CPC based mouthwash tested showed the inactivation of SARS-CoV-2 in the saliva for up to 1 hour.

Women's Intimate Health - Balance Activ®

On a proforma basis (that is considering the full year revenues for 2021, not just those since acquisition), revenues for Balance Activ® in the UK grew by 33% to £2.2 million (2020: £1.7 million), which was largely driven by Amazon sales. The UK Women's Intimate Health market saw a +2% growth with a retail market value of £45.6 million in 2021 vs. 2020[2]. Of this, the BV sub-category is worth £5.4 million and Balance Activ® currently holds 35% market share of this sub-category.

On a global basis, the product/brand grew by 0.8% to £5.1 million (2020: £5.1 million). Outside the UK, the product is partnered in 64 countries, although only sold currently in 34 countries, and its largest partner is Bayer Consumer Care AG. In July 2021, the BV gel received registration approval in Brazil from ANVISA, its regulatory body and the product will launch in H2 2022. In addition, there were 11 partner launches of the product in 2021, with 8 more expected in Q1 2022.

We believe there are growth opportunities not only within the UK under the Balance Activ® brand, but also geographic expansion opportunities across key markets globally, and the team remain focussed on these opportunities moving into 2022.

Women's Health - Fertility Gel

A newly developed Fertility Gel was acquired as part of BBI Healthcare and this gel launched in the UK market in Q3 2021 under our partners' brand. Launch into other markets such as France and Germany will be dependent on sales progression and success seen in the UK.

Diabetes Management – Glucogel® and Lift™

We acquired two brands within the diabetic management category – Glucogel® and Lift™. On a proforma basis, revenue for both brands together grew by 19% to £5.2 million (2020: £4.3 million), which was largely driven by Lift™. Available in UK pharmacies, health and beauty and grocery channels as well as online, this provides a convenient solution for those patients experiencing hypoglycaemia. There are almost 5 million diabetic patients in the UK[3], with 850,000 people currently living with undiagnosed type 2 diabetes, and this figure is only set to grow.

In addition, Glucogel® is currently the number 1 prescribed product for treating hypoglycaemia and is positioned towards more serious attacks. Revenues grew by 6% in 2021 on a proforma basis to £2.1 million, and this business is expected to remain steady as we move into 2022.

Oncology Support – Gelclair and Pomi-T

As part of the HICP acquisition, we now have 2 key brands that sit within oncology support – Gelclair and Pomi-T. On a proforma basis, Gelclair revenues grew by 27% to £1.4 million (2020: £1.1 million) and this growth was helped by the recovery of some cancer treatments as COVID receded somewhat in 2021. It is partnered in 34 markets globally, with some key markets to be targeted, e.g., USA, Brazil and Canada, as well as key EU markets in 2022. Q4 2021 saw the launch of Gelclair in Japan through our partner Terumo.

On a proforma basis, Pomi-T revenues stayed flat at £1.4 million (2020: £1.4 million). In 2021, with only active partners in 5 markets, we see an opportunity for geographic expansion. In Q4 2021, a new long-term distribution agreement was concluded for Pomi-T in Germany, with other discussions underway.

Nail & Foot Care Portfolio

Revenues for the full year 2021 were £2.5 million (2020: £2.5 million), so consistent with the prior year on a constant currency basis. This part of the business was impacted by lockdowns early in 2021 and then again in December 2021, as The Netherlands re-entered lockdown. In 2021, the manufacturing transfer of all the ex-PharmaSource liquid products to our own manufacturing facility completed, which has meant greater control over the whole purchasing and manufacturing process. We saw a number of new launches in 2021, however, these were offset by a slightly weaker performance in Europe with some key partners, mainly down due to COVID.

Across the whole VLG brands portfolio, there were 11 new, long-term distribution agreements signed in 2021 (including those of Bayer Consumer Care AG previously announced), some of which impacted in 2021, and some that will impact positively in 2022. We saw 18 in-market product launches by our partners in various countries throughout 2021, with 7 approved registrations and a further 12 on-going registrations at present.

1 Source: Nielsen, Retail Value Sales, All Outlets, MAT Dec 21 vs. Prior Year
2 Source: Nielsen, Retail Value Sales, All Outlets, MAT Dec 21 vs. Prior Year
3 Source: https://www.diabetes.org.uk/professionals/position-statements-reports/statistics

CASE STUDY: A YEAR OF ACQUISITIONS AND GROWTH

Venture Life Group made two immediately earnings enhancing's acquisitions in 2021, adding three new therapy areas to its portfolio, a state-of-the-art manufacturing facility and more than 54 new partners globally, and fully utilised the equity funds raised in late 2020. Access to these acquisitions was only possible through having the cash available on our balance sheet beforehand, and fully vindicated our decision to raise funds from the market in advance.

The first acquisition was BBI Healthcare (BBI), acquired in June 2021; this brought long-established products within the women's intimate healthcare and diabetes management categories, both in the UK and international markets, as well as a state-of-the-art manufacturing facility in Gnesta, Sweden.

The first product is Balance Activ®, a range of products to treat Bacterial Vaginosis (BV), a very common condition amongst women and one that is often misdiagnosed for Thrush. Launched in 2009 in the UK, Balance Activ® is now partnered in 64 markets, either as Balance Activ® or under our partners' own brand. The other products within the BBI portfolio are Glucogel® and Lift™, both for the management of Hypoglycaemia. Glucogel® has been in the market for almost 40 years and is the No. 1 prescribed product for diabetics suffering with hypoglycaemia in the UK. Lift™ launched in 2008 and enjoys a very good position within the UK retailers, such as Tesco and Boots.

The second acquisition was assets from Helsinn's Integrative Care Portfolio, acquired August 2021; this brought a range of 3 products within the oncology support category; these products help to alleviate the very difficult side effects of certain cancer treatments.

Both acquisitions were successfully integrated into the Group in the second half of 2021, and we have already seen the benefit of expected cost and revenue synergies, together with higher gross margins across the Group. The Group has now successfully undertaken and integrated 6 acquisitions since 2014, across the UK and the EU, and has built meaningful capacity in its operating structure. The Group is therefore well positioned to continue to complement its organic growth with further selective earnings enhancing acquisitions, which will further grow revenues and profitability.

CUSTOMER BRANDS

Revenues from Customer Brands slightly reduced by 2.6% to £14.8 million (2020: £15.2 million) due to the reclassification of revenues on the HICP assets post-acquisition from Customer Brands to VLG Brands. Aside from this factor, the customer revenues remained flat year-on-year. We saw revenue growth from some new and existing partners, but also some revenue reductions from some partners underperforming for us in the year, either as a result of reduced sell out or due to de-stocking higher than normal inventory levels at the start of the year. In 2020, we saw partners generally continuing to buy from us at the same level as in previous years, as despite lower sell out (due to lockdowns), they wanted to ensure they would not run out of inventory due to supply chain interruptions that were seen in the first COVID pandemic. This left a number of partners with higher-than-normal inventory levels at the end of 2020, and given the on-going lockdowns seen at the start of 2021 across Europe in particular, it meant some of our partners did not purchase as much from us in 2021.

OPERATING LEVERAGE AND CAPACITY

84% of the revenues delivered by the Group are manufactured at our own development and manufacturing facilities that we have within the Group. The newly acquired Lift™ and Glucogel® products (from the BBI acquisition) and a handful of smaller products are currently made externally. Our expertise as a Group is in the manufacture of liquids, creams and gels, from 3ml to 1 litre capacity. One of the Group's very valuable areas of expertise is in the manufacture of the medical devices, a regulatory category below that of drugs – it is, however, still subject to rigorous regulation. In addition we also manufacture products registered as a cosmetic. The facilities have been frequently inspected by regulatory authorities internationally , and products made at the Group's facilities are approved to ship into over 90 countries worldwide.

Our Italian facility, Biokosmes Srl, based in Bosisio Parini, north of Milan, develops and manufactures most of the internally manufactured products, and our second site at Gnesta, Sweden, which was part of the BBI acquisition, manufactures the bacterial vaginosis gel. Both of these facilities are certified to ISO 13485 for medical devices, a key part of the Group's expertise. We invested significantly during 2020 to materially increase the manufacturing capacity at Biokosmes, and this increased our approximate capacity for production to 55 million units per annum – in 2021, we manufactured 25 million units, leaving 55% spare capacity.

Chief Executive Officer's Statement continued

At the Gnesta site, we produced 13 million tubes of BV out of a total capacity of 75 million tubes. There is significant capacity available to utilise the highly automated, efficient equipment at Gnesta for manufacturing other products in the same format (long neck tubes), and we are currently evaluating with a number of potential new customers for this.

The Group now has significant capacity for growth, which accommodates both organic and acquired growth. Beyond this, the Group has the opportunity to expand production further through:

- increasing the footprint of the current factory in Italy and leasing further nearby buildings to continue capacity expansion if required, beyond the current 55 million pieces per annum, and
- utilising the significant free space at the Gnesta plant to provide additional capacity for manufacturing liquid products, on top of the 75 million capacity of the existing equipment.

Increasing the volumes through the facilities will generate additional revenues, which is not expected to require significant additional indirect costs to produce, and so the majority of incremental gross margin generated would fall through to the bottom line.

REVOLVING CREDIT FACILITY (RCF)

In August 2021, the Group entered into a RCF with its main bank, Santander Group, alongside Silicon Valley Bank. This facility has an initial approval for £30 million draw, with an accordion facility for a further £20 million subject to the banks' ratification. The facility runs for an initial term of three years and attracts interest of 2.5% above SONIA. There are no capital repayments required during the term. The facility drawdown is limited to a gross amount 2.5 times the trailing adjusted EBITDA of the Group (also adjusted for IFRS16 charges), plus 2.5 times the trailing adjusted EBITDA of any target we are using the facility to acquire. With net £9.0 million drawn at 31 December 2021 and an outstanding liability of £8.5 million, which has been used to pay down all other debt in the Group (Italian debt) and the first payment for HICP, we expect this facility to reduce as we go forward through cash generation, before any further acquisitions.

We put the facility in place to utilise the cash generative nature of the business to help fund future acquisitions without the dilutive effect of an equity raise. The Group is actively reviewing a number of immediately earnings enhancing acquisitions that it could make utilising this facility.

FOCUS ON SUSTAINABILITY

As a business that has already undertaken many initiatives to improve its sustainability and reduce the impact of its operations on the environment, during the year we formed an ESG Committee to focus and develop our drive towards increased sustainability. The committee includes members from the Group Board and employees from the business, and will engage with all key stakeholders in this process - our aim is to become a trusted, responsible and sustainable business.

Our 5 step approach over the next twelve months will be:

- Form and develop our ESG leadership team from a diverse and accurate representation of our stakeholders.
- Consult with stakeholders to understand and align expectations in being a trusted, responsible and sustainable business.
- Following the stakeholder consultation, identify our priority goals and ensure alignment to the SDGs.
- Creating our KPIs, their baseline and measurement methods against which to track progress.
- Regular reporting and transparency of progress to all our stakeholders.

As outlined within our ESG strategy, as a business we already undertake many initiatives towards our goal to become a trusted, responsible and sustainable business, and we look forward to engaging with and informing all our stakeholders on our progress against this objective in the future.

SUMMARY & OUTLOOK

As already highlighted, 2021 presented challenges to the Group, due to the impact of Covid. This pandemic impacted the performance of certain partners as well as our own customers, and caused severe disruption to supply chain and logistics, in terms of both time and money. The whole team has worked tirelessly to minimise the impact of these on the business during the year. The two earnings enhancing acquisitions in the Summer contributed significantly to the second half revenues, which were 36% ahead of the first half revenues, and which had a commensurate impact on gross margin and adjusted EBITDA in the second half, with adjusted EBITDA being 147% higher in the second half compared to the first half. The operational leverage of the Group and the great concentration of higher margin VLG Brands in the Group have contributed to higher gross margins in the second half, to mitigate some of the impact on gross margin seen through the year.

We have seen an encouraging start to 2022, with the current order book comfortably ahead of the same time last year on a like for like basis, including the acquired businesses. This reflects growth in the underlying business plus the effect of customers supporting us by ordering further forward to help manage supply chain disruption and secure stock, which gives us greater visibility of revenues. Good commercial progress has already been made in 2022 to date, including the appointment of our new partner for the Chinese market, and customer price increases being put in place to further mitigate the cost increases seen in 2021. The supply chain issues experienced in 2021 are expected to continue for some time for all businesses, and we have put in place strategies and procedures with both our suppliers and customers to address these. However, the current level of supply chain disruption is unprecedented and cannot be underestimated; our supply chain team is reacting daily to its changes. I would like to thank the whole team at Venture Life for all their hard work and dedication through this very difficult year, and also those shareholders who continued to support us despite the challenges we faced.

Having made some very good immediately earnings enhancing acquisitions and worked hard to mitigate difficult trading factors seen in 2021, we have a much stronger consolidated business going into 2022, evidenced by the stronger order book, with a much higher proportion of high margin VLG Brands, and the significantly increased revenues and profit in the second half. This growth in size, along with plenty of internal manufacturing capacity available, and coupled with our partners' growing confidence coming out of Covid, gives us a solid foundation for future organic growth. The operational priorities for the Group in 2022 are:

- To invest in and drive organic growth of our VLG Brands, with our partners and through innovation;
- To continue to manage the supply chain disruption to minimise impact on our customers and our profitability;
- To develop and progress our ESG agenda towards becoming a more trusted, responsible and sustainable business; and
- To consider opportunities for selective earnings enhancing acquisitions, utilising the substantially undeployed RCF.

Jerry Randall
Chief Executive Officer
16 May 2022

Our ESG Strategy

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

SUSTAINABLE DEVELOPMENT GOALS

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

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

Quote from Jerry Randall (CEO)
"As the world continues to recover following the Covid-19 pandemic and we complete the integration of acquisitions made in 2021 (BBIH and Helsinn oncology product portfolio) it's a great time for us to re-assess our ESG responsibility and ongoing commitments. Our goal is to be a trusted responsible and sustainable business, focusing on Our Planet, Our Business and Our Community".

OUR ESG STRATEGY: THE 5 STEP APPROACH WE ARE TAKING...

ESG LEADERSHIP TEAM

1. **ESG Leadership Team**
   Our leadership team will be formed from a diverse and accurate representation of our stakeholders

STAKEHOLDER CONSULTATION

2. **Stakeholder Consultation**
   We will consult with our stakeholders to understand the expectations of us, in being a trusted, responsible, and sustainable business

PRIORITY GOALS

3. **Priority Goals**
   Learning from our stakeholder's views and expectations, identify our priority goals and ensure alignment to the SDGs

MEASUREMENT METHOD

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

REPORTING

5. **Reporting**
   Regular reporting and transparency of progress to our stakeholders

Our ESG Strategy continued

A SNAPSHOT OF WHAT WE ARE ALREADY DOING

OUR PEOPLE

Healthy nutrition
- A leadership team member attended a nutrition and wellbeing course at Milano University; the learnings were rolled out across 61 people at our Italian facility promoting a healthy lifestyle whilst at the place of work.

Fitness
- A fully funded online fitness coach provided to all 31-production workforce to help protect against repetitive injuries and increase overall wellbeing whilst being in a Covid-19 safe environment.
- At our Sweden facility, all employees are supported with a wellbeing program with individual funding for a choice of wellness activities including gym memberships amongst others.

Recognition
- In the UK, to reward our people for their hard work throughout 2021 and the Covid-19 pandemic, all staff received an additional 3 days annual leave over the Christmas holiday period.

Diversity
- We are committed to providing equal opportunities in employment. All job applicants and employees receive equal treatment regardless of sex, race, colour, age, nationality or ethnic origin. We employ 31% more women than men.

Workplace safety
- We continue to prioritise the safety of our people in everyday work situations – from using mechanical equipment to staying safe throughout the pandemic.

OUR BUSINESS

Resource efficiency
- In 2021 we set up a team of 10 individuals in the business focusing on lean improvements and opportunities to increase resource efficiencies.
- The team have analysed our critical production activities, culminating in approximately 1,030 hours additional production capacity.

Resource efficiency
- Our Eco Head Office provides cross ventilation during summer nights, cooling the heavy structure to provide comfortable working conditions throughout the year minimising overall energy consumption.

Water consumption
- In 2021 we invested in our osmotic plant; this closed-cycle has created significant water savings of between 30%-40%. Further to this, new technology implementation in our resin filtering we have reduced water consumption for this process by 77%.

Energy consumption
- We have maximised the use of rail transport rather than road transport for our products between the UK and Italy, culminating in a 77% reduction in carbon emissions, and we continue to measure this alike organisations in our field.
- Photovoltaic plant - In 2011 we installed solar panels to our production facility, over the last 12 years the solar energy captured has been on average 20% of our total usage.
- In 2020 our manufacturing facility in Sweden invested in an increased efficiency air system which has reduced overall energy consumption on the site by 8%

Waste management
- The team have focused on optimising the use of materials and reducing overall waste, since 2020 we have reduced our overall waste by 35%.
- Continue to work with our suppliers to reduce plastic packaging ahead of UK tax changes

OUR COMMUNITY

Responsible Consumption
- Educating our customers and community in sustainable behaviours through:
  - Social media – providing examples of how to make our products last longer
  - Product packaging – promoting sustainable educational messages on our products
  - Learning and developing ESG solutions with our customers and partners
  - Through collaboration, we have been maximising the use of recycled packaging in customers own brand products

Creating quality outcomes by managing risk

NON-FINANCIAL RISKS

REDUCTION IN DEMAND FOR PRODUCTS

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

CUSTOMER-SPECIFIC RISK

A significant proportion of revenue from our Development and Manufacturing business is derived from a relatively small number of customers. The percentage of this segment's total revenue generated by its top five customers in the years ended 31 December 2018, 2019, 2020 and 2021 was, 50%, 40%, 64% and 37% respectively as we diversify our customer base through growth. The loss of any customer or group of customers which represents a significant proportion of revenue could have a negative impact on the Group's operating results and cash flow.

DELAY IN REGULATORY APPROVAL

The Group's products are primarily approved for use as medical devices, functional cosmetics and food supplements that, in certain regions including Europe, require pre-market notification but not pre-market authorisation or approval by the relevant authorities. Certain changes in Medical Device Regulations (MDR) are taking effect in 2022.

In other regions of the world where the Group either has distribution agreements in place or is actively seeking to establish them, the procedure for registering and having products authorised may differ from that in Europe. Other jurisdictions may require more lengthy registration and authorisation processes and the Group will be relying on its distribution partners to carry out this work in a timely manner. This in turn may lead to delays in product launches in certain territories but the Group works closely with its partners to support them through the process.

No change in risk

Increase in risk

Decrease in risk

Principal Risks and Uncertainties continued

SUPPLY CHAIN RISK

The Group relies extensively on third parties for many of its activities, including raw material supply, logistics, distribution and sales of its products. The Group is therefore at risk of under-performance by third parties, exploitation by third parties of the Group's commercial dependence and by unforeseen interruptions to third parties' businesses. To mitigate this risk, the Group works with a variety of vendors and aims not to be over-reliant on any one particular vendor.

The Group is reliant on its Development and Manufacturing business for supply of products and there is a risk of supply chain interruption as a consequence of events such as fire, flooding or Brexit-related issues. The Group mitigates this risk by observing its own health and safety policies, as well as by taking practical measures such as the installation and maintenance of a fire alert and fire prevention system in its factory and ensuring a plentiful stock position in the UK through Brexit.

ADVERSE FOREIGN EXCHANGE MOVEMENTS AFFECTING PROFITABILITY

The Group's revenues are denominated in euros and sterling. However, the Group's presentational currency is sterling and therefore the reported revenues will depend on exchange rates prevailing during the relevant financial period.

The majority of the Group's cost of sales are denominated in euros and 68% of the Group's revenues are denominated in euros. The Group is therefore not unduly exposed to adverse movements in the euro/sterling exchange rate in relation to its gross profit. The Group's administrative expenses arising in Italy represent a material component of overall Group administrative expenses. These expenses are denominated in euros and when reported on a consolidated basis, they will be reported in the Group's presentational currency of sterling. Consequently, there may be variability in the presented expenses caused by variability in the sterling/euro exchange rate.

The Group actively monitors the principal foreign exchange rates and will adopt hedging strategies when it is felt to be appropriate.

FINANCIAL RISKS

FINANCIAL RISK MANAGEMENT

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

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management under policies approved by the Directors. Management identifies and evaluates financial risks in close cooperation with the Group's operating segments. The Directors provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, non-derivative financial instruments and investment of excess liquidity.

MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. The Group monitors market risk factors and regularly reviews business forecasts to assess the impact of changes in market conditions.

→ No change in risk

↗ Increase in risk

↘ Decrease in risk

Principal Risks and Uncertainties continued

CREDIT RISK

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances. The Group mitigates this risk by requiring upfront payments from new orders with new customers and monitoring the composition of the Group's monthly debtor book.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash reserves. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow.

CAPITAL RISK MANAGEMENT

The Group's capital structure is comprised of shareholders' equity, invoice financing and secured commercial debt.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders equity and loan arrangements. There are no externally imposed capital requirements.

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

COVID-19

As at 16 May 2022 the Group's business units in the UK, The Netherlands and Italy are operational. The Group's Italian manufacturing facility is considered an essential business. Shipments of finished goods to customers are continuing as are invoicing and cash collection processes. The majority of the Group's customers are large organisations and it is the opinion of the Directors that bad debts will remain a relatively low risk. Accordingly, the Directors have evaluated a range of scenarios all representing varying months of closure of the business and associated losses of marginal gross profits and forsee the company has sufficient resources to continue in operational existence for the foreseeable future and to comfortably make scheduled loan repayments as they fall due.

Our Section 172(1) Statement

OUR KEY STAKEHOLDERS

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

OUR KEY STAKEHOLDERS	THEIR IMPORTANCE TO OUR LONG-TERM SUCCESS	THE METHODS WE USE TO ENGAGE AND UNDERSTAND AND THEIR ISSUES
The Company's key stakeholders include the following parties: • Our many Shareholders • Our dedicated workforce of 145 • The sell-side analysts of the market in which we are listed • Our many dedicated Suppliers of raw materials, packaging, other products and services • Our portfolio of Customers across the world • The local communities in territories in which we operate • The environment • The national and international regulators applicable to our products • Our NOMAD brokers, auditors, legal counsel and other professional advisors	Key Stakeholders play a major role in the continuing operation of the business in many forms: **Strategic decision making,** including providing input and advice in relation to prospective activities which can include fundraising, M&A activities, allocation of cash across business segments and other activities. **Operational matters,** aimed at ensuring the business operates with maximum efficiency as well as adopting a pragmatic approach to planning, forecasting and prioritisation. **Compliance,** ensuring the company complies fully with regulatory, legal and other legislative requirements.	Our CEO leads the interactions with shareholders, NOMAD brokers, and other professional advisors, supported by other Executives. Individual executives operate openly with their teams to ensure a united and coordinated effort by the workforce to meet Group objectives. These executives plus their teams of Directors and Managers also interact with the portfolio of Customers and Suppliers to maximise the achievement of company operating performance. Our CFO leads the interactions with sell-side market analysts to ensure forward looking market forecasts are appropriate. The interaction with national and international regulatory bodies is lead from our Head of R&D and Technical in consultation with the executives. All Executives are experienced, qualified individuals and act with skill and integrity. Board papers are prepared with diligence and are issued ahead of each Board meeting to enable attendees to thoroughly pre-read. Training is undertaken as required in specific areas to supplement skills and experience.

Our Section 172(1) Statement continued

OUR PRINCIPAL DECISIONS

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

PRINCIPAL DECISIONS INCLUDED:	THE GROUP'S STRATEGIC DRIVERS INCLUDE:	MORE INFORMATION
a) The decision to focus on increasing revenue through the business from all sources to maximise the operational leverage we have and hence maximise profit and cash flow; b) The decision to progress and ultimately acquire BBI Healthcare Limited (completed 4 June 2021) and the Helsinn Integrative Healthcare Portfolio (completed 6 August 2021) following a substantial due diligence exercise. In making this decision the Directors carefully considered the conflicting interests expressed by some shareholders of the short-term merits of maintaining excess cash in the balance sheet versus the longer-term merits of making the acquisition.	a) Sustainable revenue and profit growth, and b) "Buy & Build", in which the Directors are continually exploring business targets that fit against a number of set criteria, and c) "Maximise automation and factory throughput" in order to continuously improve cost-of-goods, and d) "Care for the environment" which includes a range of measures associated with the selection of ethical and safe product ingredients, the efficient consumption of energy and the fair treatment of waste.	The acquisitions in the year are addressed in the CEO report and also in Note 14 Business Combinations.

The Group delivered positive results for the year as the execution of the Buy and Build strategy continued

HIGHLIGHTS

- **Momentum in business demonstrated by Q4 revenue +59% over Q3, reflective of the newly enlarged Group and underlying market rebound**
- **Second half gross margin of 42.4% (versus first half 35.6%) driven by accretive impact of M&A and increased factory throughput**
- **Integration of the Group's largest ever acquisition in that of BBI Healthcare for £35 million[1] on 4 June 2021**
- **New revolving credit facility of £50 million put in place, of which £9.0 million drawn-down at 31 December 2021**
- **Adjusted earnings per share[2] increased +10.8% to 4.94 pence**

1 Price agreed with vendor based on normalised level of working capital (see note 14a of financial statements)

2 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments (see note 31 of financial statements)

CHIEF FINANCIAL OFFICER'S STATEMENT

The Group delivered another year of revenue and EBITDA growth as it continued to execute its Buy and Build strategy through the acquisition of the BBI Healthcare business and the HICP assets plus growth in the core business (excluding sales of hand sanitiser gel and sales to China). The impact of the acquisitions has seen revenues from higher margin generating VLG Brands exceed 50% of overall revenue of the Group for the first time and a gross margin % improvement of 2.0ppts in the second half of the year (excluding HSG). Momentum is building post acquisitions as demonstrated by Q4 revenues 59% above that in Q3 driven by a full quarter of revenues from the newly enlarged Group.

STATEMENT OF COMPREHENSIVE INCOME

The Group reported 2021 revenues of £32.8 million, an increase of 9% over the £30.1 million reported in 2020. The Group comprises of two segments: Venture Life Brands and Customer Brands. The Venture Life Brands business reported strong growth of 21.6% to £18.0 million (2020: £14.9 million) driven by the in-year impact of new acquisitions. The BBI Healthcare business acquired on 4 June 2021 and Helsinn Healthcare assets acquired on 6 August 2021 delivered £6.5 million and £1.9 million of revenue respectively for the period post-acquisition.

Sales of the Group's other branded products reduced to £9.4 million (2020: £14.7 million), which was largely attributable to non-repeated hand sanitizer gel sales (£3.4 million net impact) and under-performance of the previous partner for China (£2.1 million net impact). As such, excluding these adverse impacts, the underlying performance of the rest of the portfolio achieved growth of £0.2 million / 1.4%.

Daniel Wells
Chief Financial Officer

Financial Review continued

The Customer Brands business reported revenues (excluding intercompany sales) of £14.8 million, a reduction of 2.5% versus 2020. The reported revenue excludes sales of £0.5 million related to Helsinn Healthcare, which were accounted for as intercompany sales post acquisition. On a like for like basis, the Customer Brands business remained flat year-on-year. As well as developing and manufacturing the majority of the Venture Life brands, this part of the business is also focused on the development and manufacture of products on behalf of third parties, sold under their brands.

Gross margin for the year of £13.0 million was at a very similar level to the previous year (2020: £12.8 million) although the gross margin percentage was lower at 39.6% (2020: 42.7%) due to a combination of increased supply prices, increased inbound transportation costs, product mix and non-repeat of high margin hand sanitiser gel sales. The overall impact of these factors contributed a reduction of 6.1% in the gross margin for the Group, compared to that seen in 2020 which was partially mitigated by the positive in-year impact from margin accretive M&A activity of 3.0%.

RESULTS FOR THE YEAR

	2021 £000s	2020 £000s	Change %
Revenue	**32,762**	30,076	8.9%
Gross profit	**12,958**	12,847	0.9%
Gross profit margin	**39.6%**	42.7%	
Amortisation	**(2,287)**	(909)	
Other income	**338**	169	
Exceptional costs	**(1,331)**	(167)	
Operating profit	**1,371**	3,555	(61.4%)
Operating profit margin	**4.2%**	11.8%	
Net Finance expense	**(425)**	(279)	
Profit before tax	**946**	3,276	(71.1%)
Tax	**1,456**	(908)	
Profit for the year	**2,402**	2,368	1.4%
Earnings Per Share			
Basic / pence	**1.91**	2.74	
Diluted / pence	**1.79**	2.53	
Adjusted / pence [1]	**4.94**	4.46	
Annual dividend per share / pence	**-**	-	
Net cash at end of period / £000s	**(7,494)**	30,917	

1 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments (see note 31 of financial statements)

The Euro weakened against Sterling by 3.1% during 2021 (based on average FX rate), which had an overall negative impact on the reported revenue and operating profit of the Group as most of the Group's gross margins continue to be Euro denominated.

Administrative expenses increased in the period to £10.6 million from £9.3 million in 2020, an increase of £1.3 million. Of this increase, £1.0 million related to the inclusion of the BBI Healthcare operation, £1.7 million comprised higher non-cash costs of amortisation and depreciation arising from new acquisitions, offset by a reduction in net R&D expenditure of £0.3 million and a favourable movement in the required level of debtor provisions being £0.5 million. The remaining reduction of £0.6 million reduction was due to the non-repeat of bonus payments made in 2020.

Adjusted EBITDA (as defined by EBITDA excluding share based payments and exceptional items) increased 8.2% to £6.6 million (2020: £6.1 million) at a margin of 20.2% (2020: 20.3%). Second half adjusted EBITDA of £4.7 million (margin 24.9%) was 147% up on that achieved in the first half of the year and 79% up on the second half of the previous year.

Exceptional costs of £1.3 million (2020: £0.2 million) significantly increased due to the incurrence of legal and professional fees plus stamp duty and warranty insurance associated with the completion of the acquisition of BBI Healthcare (acquired on 4 June 2021) and to a much lesser extent, the Helsinn brands (acquired on 6 August 2021), as well as subsequent integration costs post completion.

Operating profit was £1.4 million (2020: £3.6 million) with the profit before tax for the Group of £0.9 million (2020: £3.3 million). The decline in operating profit compared to the growth in adjusted EBITDA is as a result of higher amortisation and depreciation charges plus the significant increase in exceptional costs as outlined above.

The Group reported profit after tax of £2.4 million (2020: profit of £2.4 million). Finance costs were £0.5 million (2020: £0.3 million) and comprised interest payable on the portfolio of euro loans up until closure, coupled with interest on the Group's new revolving credit facility entered in June 2021.

Financial Review continued

HIGHLIGHTS

8.9%

REVENUE
Revenue increased 8.9% to £32.8 million (2020: £30.1 million)

8.2%

ADJUSTED EBITDA[1]
Adjusted EBITDA increased 8.2% to £6.6 million (2020: £6.1 million)

- **Profit after tax increased 1.4% to £2.4 million (2020: £2.4 million)**
- **Post BREXIT inventory reduction achieved (before impact of BBIH and Helsinn acquisitions)**

1 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments (see note 31 of financial statements)

RESULTS FOR THE YEAR CONTINUED

These translated into adjusted earnings per share (defined as earnings per share before amortisation, share based payments and exceptional items) of 4.94 pence (2020: 4.46 pence), with the improvement in business performance generating enhanced shareholder value. The number of shares in issue as at 31 December 2021 was 125,831,530. (31 December 2020: 125,831,530) and the weighted average number during 2021 was 125,831,530 (2019: 86,402,007).

The ongoing growth of the business and strong levels of Q4 customer billing resulted in a negative flux to working capital in the amount of £3.2 million (2020: £3.3) million). Cash generated from operations was £2.0 million (2020: £3.7 million). Cash used in investing activities amounted to £39.2 million (2020: £7.5 million) and comprised the purchase consideration for the acquisition of BBI Healthcare of £35.9 million and Helsinn Healthcare £2.4 million, £2.9 million of capital investment into the manufacturing facilities in Italy and Sweden, plus £0.4 million of capitalised development costs. Net cash from financing activities was £1.5 million (2020: £36.2 million) and comprised the drawdown of interest bearing borrowings from the Group's new revolving credit facility, less repayments which included the settlement of euro loans in Italy. Overall cash and cash equivalents reduced during the year by £36.9 million (2020 an increase of £31.4 million).

STATEMENT OF FINANCIAL POSITION

Non-current assets including goodwill increased by £43.1 million during the year to £77.2 million. Intangible non-current assets increased by £38.1 million in the year and comprised the acquisition of BBI Healthcare (£36.0 million) and the Helsinn Healthcare assets (£5.0 million) plus capitalised development costs of £0.5 million, partially offset by ongoing amortisation and FX losses arising as a result of retranslating intangible assets of the foreign operations at the closing spot rate. Capitalised development costs are carried in the amount of £1.9 million (2020: £2.0 million) and reflect workflows related to assisting our customers with formulation upgrades and changes to the Medical Device regulations.

Property, plant and equipment increased by £2.7 million being the investment in factory equipment of £1.2 million as part of the Biokosmes expansion programme, plus the new production facility and machinery in Gnesta which were acquired with BBI Healthcare £1.5 million, offset by ongoing depreciation and FX losses on euro denominated assets.

Inventory increased by 1.5% versus 2020, which includes inventory from the acquisition of BBI Healthcare (£1.2 million) which was offset by the expected favourable flux from unwinding of raw materials and finished goods in the UK and Italy following the stock build in the previous year as part of the Group's contingency plan for BREXIT and Covid-19. Trade receivables increased to £10.7 million (2020: £6.7 million) reflecting strong Q4 billing which included the full impact of new acquisitions. Trade payables grew 7.6% again driven by the impact of new acquisitions.

Financial Review continued

CASH AND DEBT

Cash and cash equivalents at the year-end totalled £5.2 million (2020: £42.1 million) with significant funds used during the year for investing activities. Net cash outflow during 2021 amounted to £36.9 million with the decrease in cash balances accounted for as follows:

- Operating cash flow before tax and movements in working capital – inflow of £5.1 million
- Changes in working capital driven by debtor build post acquisition – outflow of £3.2 million
- Tax payments– outflow of £1.4 million
- Acquisition of BBIH and HICP – outflow of £35.9 million (excluding PPE)
- Investment in PPE (£0.4 million), intangible development assets (£0.5 million) and intangibles acquired through business combination (£2.4 million) – outflow of £3.3 million
- Drawdown of Financing (£16.3 million) less repayments and Finance lease repayments (£14.8 million) – inflow of £1.5 million

CASH FLOW AND NET CASH

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating cash flow before movements in working capital	**5,135**	6,704
Change in working capital	**(3,179)**	(3,052)
Cash generated from operations	**1,956**	3,652
Income taxes paid	**(1,355)**	(896)
Net cash from operating activities	**601**	2,756
Cash outflow from investing activities – acquisitions	**(35,917)**	(5,465)
Cash outflow from investing activities – additions	**(3,262)**	(2,069)
Cash inflow from financing activities – equity raise	**-**	35,040
Cash inflow from financing activities – other financing	**1,502**	1,181
Increase in cash and cash equivalents	**(37,076)**	31,443
Cash and cash equivalents at beginning of year	**42,095**	10,710
Effect of foreign exchange rates	**216**	(58)
Cash and cash equivalents at end of year	**5,235**	42,095

Net debt, excluding finance lease obligations was £3.2 million as at 31 December 2021 (2020: Net cash £35.5 million). The Group is financed by a revolving credit facility, secured against the assets and profits of most subsidiaries within the group and with expiry in June 2024. This facility was established during 2021 in the committed sum of £30.0 million of which £4.0 million and €6.0 million has been drawn at 31 December 2021. The revolving credit facility bears interest at a fixed rate of 2.5% plus SONIA on drawn funds as well as commitment interest at the rate of 1.0% plus SONIA on the balance of undrawn funds up to the facility limit.

The balance sheet remains strong and the Group has access to low cost debt finance to progress the development of its business, continue to invest in its manufacturing capability and further deliver on its acquisition strategy. The Directors have prepared detailed forecasts looking beyond 12 months from the date of these financial statements which have been stress tested and show that the Group can continue to operate profitably in the foreseeable future with positive cashflow generation. The Directors therefore conclude that the Going Concern basis remains the appropriate basis upon which to prepare the Group's financial statements.

Against a challenging backdrop from global supply chain pressures and the Covid-19 pandemic, 2021 has been an important year for the business which saw the Group deliver another year of revenue and profit growth as well as the successful integration of two acquisitions including its largest ever acquisition in that of BBI Healthcare. Whilst the current level of supply chain disruption is unprecedented and creates uncertainty, the Group looks forward to the year ahead with a greater platform established from a wider product portfolio, additional manufacturing capability and a strengthened operating team. The momentum in the second half of the year is a strong indicator of the run-rate from the newly enlarged Group, reflecting the full year impact of acquisitions and cost synergies realised.

Daniel Wells
Chief Financial Officer
16 May 2022

Leading with an experienced team

DR LYNN DRUMMOND
Non-Executive Chair

APPOINTED
November 2013

BACKGROUND
Lynn joined Venture Life as Non-Executive Chair in November 2013. Lynn has been Non-Executive Chairman of Infirst Healthcare Limited since early 2013 and is also a Non-Executive Director of RPC Group plc. Previously Lynn spent 16 years at Rothschild in London, most recently as a Managing Director within the investment banking division, with a particular focus on transactions within the healthcare sector.

Prior to Rothschild, Lynn worked in the Cabinet Office in London as Private Secretary to the Chief Scientific Adviser.

Lynn holds a Bachelor of Science Degree in Chemistry from the University of Glasgow and a PhD in Biochemistry from the University of London. She is also a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Edinburgh.

Committee memberships
Lynn chairs the Group's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

JERRY RANDALL
Chief Executive Officer

APPOINTED
March 2010

BACKGROUND
Jerry co-founded Venture Life in 2010. From 2000 to 2009, Jerry was CFO and co-founder of Sinclair Pharma, an international specialty pharma business, now listed on the AIM market in London. Sinclair was founded in August 2000 when Jerry completed the management buy-in. Jerry was also on the Board of Silence Therapeutics plc, an AIM listed biotech development business, from 2008 to 2013. Initially a Non-Executive Director, Jerry became a Non-Executive Chairman in 2010 and moved to Executive Chairman in 2012.

Jerry enjoyed a career initially in corporate finance and was involved in buy-ins and acted as adviser to both private and quoted companies between 1993 and 2000, in capacities as nominated adviser and in practice with KPMG. Jerry has been involved in a number of flotations and transactions on the Official List, Unlisted Securities Market and AIM, as well as raising private equity. He qualified as a chartered accountant with KPMG in 1990.

SHARON DALY (NÉE COLLINS)
Chief Commercial Officer

APPOINTED
March 2010

BACKGROUND
Sharon co-founded Venture Life in 2010. Sharon has over 20 years' experience within the healthcare industry, predominantly in marketing, international sales and business development roles. She worked for a leading dental manufacturer for seven years and launched many products during this time. Sharon worked for Sinclair Pharmaceuticals for five years within the International Business Development field. She qualified from Lancaster University in 1996 with a degree in Marketing and gained her MBA (with Distinction) in 2005.

GIANLUCA BRAGUTI
Chief Manufacturing Officer

APPOINTED
March 2014

BACKGROUND
Gianluca joined the Board in March 2014 following the acquisition by Venture Life of Biokosmes, the company he founded.

Gianluca began his career working in his father's pharmacy and then, after he graduated as a pharmacist, continued working for several years in the Milano University cosmetic research and development department researching cosmetic applications for raw materials used in different fields. In 1990 he started developing formulations for Italian cosmetic brands mainly in the perfumery and pharmacy area and started his experience in contract manufacturing business, Biokosmes. In 1999 Biokosmes started developing and manufacturing medical devices, selling predominantly in Europe. In 2002 Biokosmes passed its first FDA inspection, and started exporting its products to the US.

Board of Directors continued

CARL DEMPSEY
Non-Executive Director

APPOINTED
September 2018

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

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

Committee memberships
Carl chairs the Group's Remuneration Committee and is a member of the Audit and Risk and Nomination Committees.

PETER BREAM
Non-Executive Director

APPOINTED
February 2016

BACKGROUND
Peter Bream joined Venture Life in February 2016. Formerly the Group Finance Director of Alcontrol Laboratories, Peter has over 20 years in international business including as a CFO of public companies in the pharmaceuticals, engineering and chemical sectors.

Peter has a degree in Engineering and Management from Cambridge University and is a Chartered Accountant.

Committee memberships
Peter chairs the Group's Audit and Risk Committee and is a member of the Remuneration and Nomination Committees.

DANIEL WELLS
Chief Financial Officer

APPOINTED
December 2021

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

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

GIUSEPPE GIOFFRÈ
Group Financial Controller and Company Secretary

APPOINTED
January 2019

BACKGROUND
Giuseppe manages the operational finances as Group Financial Controller and provides Company secretarial support to the Board and assists with finance matters as required.

Giuseppe started his career as a business management and fiscal adviser before joining Biokosmes, the manufacturing facility of Venture Life Group in 2014.

Giuseppe has a Master of Science in public administration and international institutions management obtained at Bocconi University in Milan. He is a Certified Chartered Accountant and certified registered auditor.

Statement of Corporate Governance

INTRODUCTION

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

THE BOARD

During the year, the Board of Venture Life Group plc comprised of three Non-Executive Directors, one of whom chaired the Board, and four Executive Directors. The roles of Chairman and Chief Executive Officer are distinct and are held by different people to ensure a clear division of responsibility. The role of the Non-Executive Directors is to bring valuable judgement and insight to Board deliberations and decisions. The Non-Executive Directors are experienced and influential individuals whose blend of skills and business experience contributes to the proper functioning of the Board and its Committees, ensuring that matters are fully debated and that no individual or group dominates the Board's decision-making processes.

All Directors have access to the advice and services of the Company Secretary and are able in the course of their duties, if necessary, to take independent professional advice at the Company's expense. Committees have access to such resources as they are required to fulfil their duties.

The Board receives regular reports detailing the progress of the Group's business, the Group's financial position and projections, as well as business development activities and operational issues, together with any other material deemed necessary for the Board to discharge its duties. The Chairman is primarily responsible for the effective operation and chairing of the Board and for ensuring that it receives appropriate information to make informed judgements.

The Board has a formal schedule of matters reserved to it for decision, but otherwise delegates specific responsibilities to Committees, as described below. The terms of reference of the Committees are available on request from the Company Secretary. The Board is responsible for decisions, and the review and approval of key policies and decisions in respect of business strategy and operations, Board appointments, budgets, items of substantial investment and acquisitions.

BOARD COMMITTEES

The Board has established an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee with written terms of delegated responsibilities for each.

The Audit and Risk Committee

The Audit and Risk Committee is chaired by Peter Bream. The other members of the Committee are Carl Dempsey and Dr Lynn Drummond.

The Committee has responsibility for considering all matters relating to financial controls and reporting, internal and external audits, the scope and results of the audits, the independence and objectivity of the auditor, and keeping under review the effectiveness of the Company's internal controls and risk management. The Audit and Risk Committee is expected to meet at least twice a year.

During 2021 the Audit and Risk Committee reviewed the outcome of the 2020 external audit and the outcome of the 2021 half-year review. The committee was satisfied with the objectivity and performance and elected to reappoint the current auditors for the full year 2021 audit. The committee considered the control environment in the light of the on-going Covid-19 situation which included assessing the extent to which the existing internal controls would continue to operate with multiple staff now working from a home setting. The committee also developed guidance to the level of trade debtor exposure that would be permissible in this environment including guidance on the principles to consider when determining the maximum exposure to China.

The Remuneration Committee

The Remuneration Committee is chaired by Carl Dempsey. Lynn Drummond and Peter Bream are the other members of the Committee.

The Committee has responsibility for making recommendations to the Board on the Company's policy for remuneration of Senior Executives, for reviewing the performance of Executive Directors and senior management and for determining, within agreed terms of reference, specific remuneration packages for each of the Executive Directors and members of senior management, including pensions rights, any compensation payments and the implementation of executive incentive schemes.

The Remuneration Committee meets at least once a year. Further details of Directors' remuneration are disclosed in the Directors' Remuneration Report.

The Nomination Committee

The Nomination Committee is chaired by Lynn Drummond, with Carl Dempsey and Peter Bream as the other members of the Committee.

The Committee has responsibility for considering the size, structure and composition of the Board, and the retirement and appointment of Directors, and will make appropriate recommendations to the Board about these matters.

The Nomination Committee is expected to meet at least once a year.

Statement of Corporate Governance continued

BOARD COMMITTEES CONTINUED

Internal control and risk management

The Board has ultimate responsibility for the systems of risk management and internal control maintained by the Group and for reviewing their effectiveness.

The Board's approach is designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss. It operates with principles and procedures designed to achieve the accountability and control appropriate to the business.

The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead there is a detailed Director review and authorisation of agreements and transactions. A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a regular basis and discussed in detail.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The principal features of the Group's internal control system are as follows:

- an organisational structure is in place with clearly drawn lines of accountability and delegation of authority;
- Group employees are required to adhere to specified codes of conduct, policies and procedures;
- financial results and key operational and financial performance indicators are reported regularly throughout the year and variances from plans and budgets are investigated by Chief Financial Officer and reported to board of directors;
- financial control protocols are in place to safeguard the assets and maintain proper accounting records; and
- risk management is monitored on an ongoing basis to identify, quantify and manage material risks facing the Group.

SHAREHOLDER RELATIONS

Venture Life aims to ensure a timely, open, comprehensive and consistent flow of information to investors and the financial community as a whole. By this approach we aim to help investors understand the Group's strategic objectives, its activities and the progress it makes.

Shareholders are welcome to attend the Group's Annual General Meeting ("AGM"), where they have the opportunity to meet the Board. All shareholders will have at least 21 days' notice of the AGM at which the Directors will be available to discuss aspects of the Group's performance and answer questions from shareholders. The Company also meets with its institutional shareholders and analysts as appropriate and uses the AGM to further encourage communication with shareholders. In addition, the Company uses the Annual Report and Accounts, Interim Statement and website to disseminate information to shareholders.

The 2022 AGM will be held on 20 June 2022 and a Notice of Annual General Meeting can be found enclosed with this report.

Dr Lynn Drummond
Non-Executive Chair
16 May 2022

ATTENDANCE AT BOARD MEETINGS AND COMMITTEES

The Directors attended the following Board meetings and Committee meetings during the year. Note that due to the Covid-19 setting in place for much of 2021, the majority of these meetings were held remotely:

Director	Board	Audit	Remuneration
Dr Lynn Drummond	5/5	2/2	2/2
Peter Bream	5/5	2/2	2/2
Jerry Randall	5/5	-	-
Sharon Daly (née Collins)	5/5	-	-
Carl Dempsey	5/5	2/2	2/2
Gianluca Braguti	5/5	-	-
Andrew Waters (resigned December 2021)	5/5	2/2	2/2
Daniel Wells (appointed December 2021)	0/0	0/0	0/0
Total meetings held in the year	**5**	**2**	**2**

Under the Articles of Association all Directors must offer themselves for re-election at least once every three years. One-third of the Directors shall retire by rotation at every Annual General Meeting. All Directors who retire by rotation are eligible for re-appointment..

Directors' Report

GENERAL MATTERS

The Directors submit their report and the financial statements of Venture Life Group plc for the year ended 31 December 2020. Venture Life Group plc is a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom with registered office at Venture House, 2 Arlington Square, Bracknell, Berkshire. RG12 1WA.

It has subsidiary companies in the United Kingdom, Italy, The Netherlands and Switzerland and a branch located in Italy.

RESULTS

The profit before tax for the year ended 31 December 2021 was £0.9 million (2020: £3.3 million). The detailed results for the year and the financial position at 31 December 2021 are shown in the Consolidated Statement of Comprehensive Income on page 40 and the Consolidated Statement of Financial Position on page 41. The Directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The principal activities of Venture Life Group plc and its subsidiaries are the development and commercialisation of healthcare products, including oral care products, food supplements, medical devices and dermo-cosmetics for the ageing population; the development and commercialisation of cosmetic products; and the manufacturing of a range of topical products for the healthcare and cosmetic sectors.

Business review and future developments
There are a number of items required to be included in the Directors' Report, which are covered elsewhere in this report. The following are covered in the Strategic Report:

- Financial risk and management objectives and policies.
- Business outlook.

GOING CONCERN

The Group made a profit after tax during the year of £0.1 million and generated in excess of £2.0 million in operating cash flow, all arising from transactions of an on-going nature and in the ordinary course of business. The order book at 31 December 2021 remains strong. Business operations are cash generative and significantly exceed investing and financing outflows.

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

As described in Note 3, the company has been managing the impact of the Covid-19 pandemic on its business for much of 2021. Specifically in Italy the company has continued to implement three main activities:

a) Introduction of stringent procedures to protect staff including the provision of masks and handwashes, the physical separation of employees and restrictions to meeting sizes, the control of attendees and visitors to the premises and other measures including regular staff testing and extensive deep cleaning of the facilities. The administrative workforce continued to work partly from home and partly onsite subject to social distancing, and the on-site production workforce has been broken into smaller operating teams;
b) Procurement of critical raw materials to not only meet customer demand for existing production but to enable additional manufacture of handwashes and anti-microbial products;
c) Strategic prioritisation of customer orders to ensure that the existing inventory of finished goods (and work-in-progress as it becomes completed) is allocated appropriately to those parties based upon need, continuity of supply and other factors in order to ensure the demand is met.

Specifically in the UK and Netherlands the administrative workforce continued to work partly from home and partly onsite subject to social distancing and regular cleaning and sanitising activities.

As a direct result of these measures, the Italian factory has remained open throughout the pandemic and is producing high volumes of product. Shipments of finished goods to customers are continuing as are invoicing and cash collection processes. The majority of VLG's customers are large organisations and it is the opinion of the Directors that bad debts will remain a relatively low risk. The UK and Netherlands functions have remained fully functional from a new operating norm comprising a blend of office attendance and remote working.

In addition, following the acquisition of BBI Healthcare Limited on 4 June 2021 and the Helsinn brands on 6 August 2021, the company has a far greater hedging capacity against risk since there are now two manufacturing facilities, more customers, more brands and more diversification i.e. less reliance on any one given customer or product. The company has been, and will continue to, manage the short term spike in commodities pricing and secure supply of key raw materials as demonstrated by past tactical agility such as the rapid launch of hand sanitizer gel and through the strong and longstanding relationships held with third parties.

In spite of maintaining all business functions throughout 2021 and expanding operations through new acquisitions, the Directors have as a prudent exercise evaluated a range of scenarios all depicting varying months of closure of the Italian and Sweden factories and associated losses of marginal gross profits. An additional scenario to previous year has also been considered whereby revenue has been stress tested against a 20% reduction versus budget 2022.

GOING CONCERN CONTINUED

The evaluation considers the availability of funds arising from a new agreement entered during 2021 for a revolving credit facility (RCF) which grants the Group access to drawdown up to £50.0 million subject to a maximum of 2.5 times EBITDA. At 31 December 2021 there was only £9.0 million drawn down against the facility, leaving a large amount of undeployed funds available to the company in the event of any difficulty. The key findings of this evaluation are:

a) Management does not expect either factory to close, but acknowledges that there is a risk that it could face the need to close for a short period in the event that the Covid-19 situation significantly worsened. The impact of this one-month closure would be minor in terms of 2022/2023 performance and expected net cash of £2.5 million and total available funds as at 30 June 2023 are expected to be in excess of £23.0 million. Given the strong inventory that the company holds, there is an expectation that such a short closure would in practice be managed with £nil impact on 2022 and 2023 performance;
b) A scenario with a more extensive closure to the factories of 3 months yields a significantly reduced PBT for 2022 improving in 2023 and expected net cash of £nil and total available funds as at 30 June 2023 are expected to be in excess of £21.0 million; and
c) A dramatically more pessimistic scenario with an extensive closure to the factories of 6 months yields a significantly reduced PBT for 2022 improving into 2023 and expected net debt of £5.5 million and total available funds as at 30 June 2023 are expected to be in excess of £15.0 million. The Directors consider this scenario as extremely unlikely in practice.
d) A revenue sensitivity of 20% against budget 2022 and a suppression of the gross margin by 5.0ppts would still generate at least £5.0 million EBITDA.

Based upon these financial forecasts, the Directors believe that:

a) The procedures in place in Italy and Sweden have been effective to date and the company has established a pattern of operating through periods of lockdown to ensure continuity of business, as well as attainment of local authority acclaim; and
b) The procedures in place in the UK and Netherlands have been effective to date and the company has established a pattern of operating through periods of lockdown to ensure continuity of business, and
c) Under a scenario where the factories were to shut for up to three months, the evaluation shows that the company would at least maintain its current level of net cash/debt; and
d) The business has sufficient available funds and balance sheet strength to weather even an unrealistically long stoppage and remain liquid.

Further, a series of cost price increases (CPI) have been applied by the company onto its customers during 2021/22 and the Directors remain confident that customers would stay on board as the products supplied have clear ability to sell and generate margin, as evidenced by longstanding relationships with majority of the customer base.

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

NEW PRODUCT DEVELOPMENT

Details of the Group's new product development programmes can be found on page 15. The accounting treatment in respect of costs incurred in carrying out the new product development programmes can be found in Note 3.8 to the financial statements and the costs of new product development that have been expensed in the year are shown in Note 7 under the caption "research and development costs included in operating expenses".

POLITICAL DONATIONS

The Group made no political donations in the year under review (2020: £nil).

DIRECTORS

The following Directors held office during the year and up to the date of this report:

Name	Title
Dr Lynn Drummond	Non-Executive Chair
Jerry Randall	Chief Executive Officer
Sharon Daly (née Collins)	Chief Commercial Officer
Gianluca Braguti	Chief Manufacturing Officer
Carl Dempsey	Non-Executive Director
Peter Bream	Non-Executive Director
Daniel Wells	Chief Financial Officer (appointed December 2021)
Andrew Waters	Chief Financial Officer (resigned December 2021)

Information on Directors' remuneration, share options, long-term executive plans, pension contributions and benefits is set out in the Remuneration Report on pages 52 to 56.

Qualifying third-party indemnity provision is in place for the benefit of each of the Directors of the Company.

EXTERNAL DIRECTORSHIPS

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

Jerry Randall is a Director of Avantis UK Limited.

Gianluca Braguti is a Director of Immobiliare Cremasca di Parati Lucia e C. S.a.s. ("socio accomandante"), Farmacia S. Francesco dei dott. Braguti A. – L.G. S.n.c. ("socio amministratore"), Biogenico Worldwide Srl, Biokosmes Immobiliare Srl, and Grafco2 Srl.

Peter Bream is a Director of Abramis Limited.

Carl Dempsey is a Director of Big Blue Bear Limited.

Daniel Wells is a Director of Susandan Limited.

Directors' Report continued

DIRECTORS' SHARE INTERESTS

The Directors in office at 31 December 2021 and their interests in the shares of the Company were as follows:

Director	Title	**Number of ordinary 0.3p shares held at 31 December 2021**	**% of issued share capital**	Number of ordinary 0.3p shares held at 31 December 2020	% of issued share capital
Jerry Randall [1]	Chief Executive Officer	**2,084,865**	**1.7%**	1,884,865	1.5%
Gianluca Braguti [1]	Chief Manufacturing Director	**3,742,730**	**3.0%**	3,542,730	2.8%
Sharon Daly (née Collins)	Chief Commercial Director	**1,209,977**	**1.0%**	1,009,977	0.8%
Daniel Wells [2]	Chief Financial Officer	**-**	**-**	-	-
Andrew Waters [3]	Chief Financial Officer	**-**	**-**	-	-
Lynn Drummond	Non-Executive Chair	**18,365**	**0.01%**	18,365	0.01%
Carl Dempsey	Non-Executive Director	**48,500**	**0.04%**	20,000	0.01%
Peter Bream	Non-Executive Director	**25,000**	**0.02%**	25,000	0.02%

1 Includes indirect holdings.
2 Appointed December 2021
3 Resigned December 2021

SHARE CAPITAL

As at 31 December 2021, the authorised and issued share capital of the Company was:

	Number of ordinary 0.3p shares	**Amount £**
Issued and fully paid up	125,831,530	377,495

The average market price of the Company's ordinary shares at close of business on 31 December 2021 was 32.00 pence. The maximum share price during the period was 115.00 pence and the minimum price was 29.0 pence per share.

SUBSTANTIAL SHARE INTERESTS

At 22 March 2022, the Company had been advised or is aware of the following interests, held directly or indirectly, of 3% or more in the Company's issued share capital:

	Number of shares	**% holding**
Slater Investments	19,621,431	15.59%
JO Hambro Capital Management	10,450,000	8.30%
River and Merchantile Asset Management LLP	10,015,695	7.96%
BGF	9,581,824	7.61%
Chelverton Asset Management	7,350,442	5.84%
Stoneage Fleming	7,158,893	5.69%
Close Brothers Asset Management	5,811,953	4.62%
Octopus Investments	3,957,000	3.14%

Directors' Report continued

EMPLOYEES

The Group is committed to providing equal opportunities in employment. All job applicants and employees receive equal treatment regardless of sex, race, colour, age, nationality, physical disability or ethnic origin. The Board is extremely mindful of, and regularly discusses, human rights and reviews the potential issues which may arise from time to time to ensure that appropriate investments or changes in operating practices are made to address these impacts. The Group has an anti-bribery and anti-corruption framework in place to not tolerate any form of bribery or inducements for any purpose nor the acceptance or giving of gifts or hospitality from or to any other party that has, could have or might be perceived to have a business relationship or potential business relationship with the Group unless the value of the gift or hospitality is clearly insignificant.

The motivation of staff and the maintenance of an environment where innovation and team working is encouraged are seen as key objectives by the Board and all employees are given the opportunity to participate in the Company's share option scheme. We promote internal communication of the Group's progress by means of regular meetings held with staff where issues are discussed in an open manner.

The Board also recognises that a safe, secure and healthy working environment contributes to productivity and improved performance.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Board recognises that the growth in performance of the Group is dependent not only on the recruitment, development and motivation of its employees but also upon strong and congruent relationships with its customers, suppliers and other stakeholders. These relationships are fostered through the discipline of maintaining regular communication across a variety of media and by creating an internal employee culture of rapid and professional responsiveness and flexibility to the needs and enquiries presented to the Group by these parties. The effects of this during 2021 have been a significant factor in keeping the Group's business operations fully functional during some months of high uncertainty arising during periods of national lockdown. The strengths of the Group's supplier relationships have enabled raw materials supply to be maintained in full despite many challenges across the industrial supply chain.

ENVIRONMENT

The Group is conscious of its responsibilities in respect of the environment and follows a Group-wide environmental policy (further details on our ESG strategy can be found on page 32). The Group disposes of its waste products through regulated channels using reputable agents.

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the principal risks and uncertainties and financial risk management objectives and policies are set out on pages 34 to 37.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Grant Thornton UK LLP has expressed its willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006, a resolution to re-appoint Grant Thornton UK LLP as auditor will be proposed at the forthcoming AGM.

2022 ANNUAL GENERAL MEETING

The 2022 AGM will be held on 20 June 2022 the business of which is set out in the Notice of Annual General Meeting enclosed with this report.

On behalf of the Board,

Jerry Randall
Director
16 May 2022

Remuneration Report

REMUNERATION COMMITTEE

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

The Company's Remuneration Committee consists of the Chair and the other two Non-Executive Directors. The Chief Financial Officer is invited to attend meetings of the Committee but no Director is involved in any decisions relating to their own remuneration.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross directorships, or day-to-day involvement in running the business.

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

The Committee keeps itself informed of all relevant developments and best practice in the field of remuneration and seeks advice from external advisers when it considers it is appropriate. New Bridge Street were engaged during the financial year to provide independent advice to the Executive Directors in respect of the new Long-Term Incentive Plan.

REMUNERATION POLICY

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

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

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

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

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

SALARY

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

ANNUAL BONUSES

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

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

Remuneration Report continued

LONG-TERM INCENTIVE PLAN

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

	Share option scheme	Options as at 31 December 2020	Options granted during the year	Options exercised during the year	**Options as at 31 December 2021**	Date from which first exercisable	Expiry date	Exercise price	Performance conditions
Jerry Randall	Unapproved	483,333	-	-	**483,333**	1 Jul 2014	4 Nov 2023	41p	Non-market
Jerry Randall	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market
Sharon Daly (née Collins)	Unapproved	483,333	-	-	**483,333**	1 Jul 2014	4 Nov 2023	41p	Non-market
Sharon Daly (nee Collins)	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market
Gianluca Braguti	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market
Daniel Wells	Unapproved	-	145,349	-	**145,349**	1 Sep 2024	1 Sep 2031	68.8p	Non-market
Andrew Waters	Unapproved	1,000,000	-	-	**1,000,000**	31 Mar 2022	31 Mar 2029	33.7p	Non-market

None of the Directors exercised any options during 2021. (2020: Two of the Directors exercised a total of 1,735,774 options in total during the year).

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

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

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

LONG-TERM INCENTIVE PLAN CONTINUED

No awards were made during 2021. A summary of the awards made in previous years that have not yet lapsed are set out below:

Name	Award Four (date of grant: 23 March 2018)
Jerry Randall	224,274
Gianluca Braguti	180,325
Sharon Daly (née Collins)	149,516
	554,115

A full summary of the performance conditions attached to outstanding awards can be found in Note 24. To the extent that these performance conditions are not met at the end of the vesting period, the options will lapse.

PENSIONS

The Group contributes to the personal pension plans of certain Executive Directors and employees. Under the scheme, the Group will make direct contributions. The Group recently reached its "auto-enrolment staging date" and is complying with its auto-enrolment obligations in respect of eligible employees.

DIRECTORS' LETTERS OF APPOINTMENT AND CONTRACTS

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

Executive Directors	Date of contract	Notice period
Jerry Randall	12 December 2013	Six months' notice to be given by the Executive Director and 30 days' by the Company. In the event that the Company terminates the Executive's employment without cause, then an amount equal to 50% of the employee's salary is payable by the Company.
Sharon Daly (née Collins)	12 December 2013	
Gianluca Braguti	19 March 2019	
Daniel Wells	1 December 2021	

Executive Directors	Date of contract	Notice period
Lynn Drummond	22 November 2013	Three months
Peter Bream	13 February 2016	Three months
Carl Dempsey	20 September 2018	Three months

Remuneration Report continued

DIRECTORS' REMUNERATION 2021

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social security contributions £	Total £
Executive Directors							
Jerry Randall	279,691	100,000	3,753	383,445	10,500	51,179	445,123
Sharon Daly (née Collins)	201,429	100,000	2,573	304,002	8,507	40,378	352,888
Gianluca Braguti [1]	225,230	-	5,660	230,890	43,046	20,292	294,228
Daniel Wells [2]	12,500	-	-	12,500	1,875	561	14,936
Andrew Waters [3]	149,971	50,000	2,579	202,550	22,496	26,377	251,422
Non-Executive Directors							
Lynn Drummond	60,000	-	-	60,000	-	7,061	67,061
Peter Bream	30,000	-	-	30,000	-	2,921	32,291
Carl Dempsey	30,000	-	-	30,000	-	2,921	32,921
Total	**988,821**	**250,000**	**14,565**	**1,253,387**	**86,424**	**151,690**	**1,490,870**

1 Gianluca Braguti's salary and fees equate to €250,000 in respect of his role as Managing Director of Biokosmes and €10,000 in respect of his role as a Director of Venture Life Group plc (2019: €250,000 and €10,000 respectively), translated at average exchange rate over the period.
2 Appointed December 2021
3 Resigned December 2021

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

DIRECTORS' REMUNERATION 2020

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social Security Contributions £	Total £
Executive Directors							
Jerry Randall	278,903	-	3,406	282,309	7,000	37,281	326,590
Sharon Daly (née Collins)	191,096	-	2,268	193,364	15,737	25,164	234,265
Gianluca Braguti [1]	222,420	-	-	222,420	44,484	22,242	289,146
Andrew Waters [2]	147,755	-	2,267	150,022	22,163	19,152	191,337
Non-Executive Directors							
Lynn Drummond	55,000	-	-	55,000	-	6,383	61,383
Peter Bream	27,000	-	-	27,000	-	2,519	29,519
Carl Dempsey	27,000	-	-	27,000	-	2,519	29,519
Total	**949,174**	**-**	**7,941**	**957,115**	**89,385**	**115,259**	**1,161,759**

1 Gianluca Braguti's salary and fees equate to €250,000 in respect of his role as Managing Director of Biokosmes and €10,000 in respect of his role as a Director of Venture Life Group plc (2018: €250,000 and €10,000 respectively), translated at average exchange rate over the period.
2 Resigned December 2021

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

Remuneration Report continued

SHARE OPTIONS

The Company currently issues share options to staff to reward performance, to encourage loyalty and to enable valued employees to share in the success of the Company.

In setting up the share option schemes, the Remuneration Committee took into account the recommendations of shareholder bodies on the number of options to issue, the criteria for vesting and the desirability of granting share options to Executive and Non-Executive Directors.

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

OTHER BENEFITS

Some benefits, such as private medical insurance, are available to all Executive Directors and certain other employees. Death in service benefit is provided to all Executive Directors and employees.

NON-EXECUTIVE DIRECTORS

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

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

On behalf of the Board,

Carl Dempsey
Chairman of the Remuneration Committee
16 May 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Under that law, the Directors have elected to prepare the Group financial statements in accordance with these standards. The Group transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. Under company law, 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 and profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed with respect to the Group financial statements and whether applicable UK accounting standards have been followed with respect to the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Venture Life Group plc website (www.venture-life.com).

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

to the members of Venture Life Group plc

OPINION

Our opinion on the financial statements is unmodified
We have audited the financial statements of Venture Life Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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 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.

CONCLUSIONS RELATING TO GOING CONCERN

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:
- obtaining confirmation for the relevant financing facilities including the nature of those facilities and the associated repayment terms;
- obtaining management's assessment for the period to June 2023, which included a base case forecast, and obtaining an understanding of how these forecasts were compiled;
- testing the reliability of management's forecasting by comparing the accuracy of the actual financial performance with forecast information obtained in the prior period;
- assessing the reasonableness of the assumptions used in management's forecasts approved by the board, such as the assumptions in respect of revenue, and considering whether they are consistent with other evidence obtained during the audit;
- challenging the assumptions used within the going concern forecasts;
- performing sensitivity analysis on the key assumptions and estimates to determine the impact of reasonably possible movements; and
- assessing the adequacy of the going concern disclosures included within the strategic report and accounting policies for compliance with the requirements of IAS 1 'Presentation of financial statements' (IAS 1).

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent Auditor's Report continued

to the members of Venture Life Group plc

OUR APPROACH TO THE AUDIT

Overview of our audit approach
Overall materiality:
Group: £400,000, which represents approximately 1.2% of the group's revenue.

Parent company: £300,000, which represents approximately 0.4% of the parent company's total assets, which is capped due to the group audit materiality.

Key audit matters were identified as:

- The revenue cycle includes fraudulent transactions (occurrence of revenue) (consistent with the prior year)
- Valuation of goodwill and other acquired intangible assets brought forward (consistent with the prior year)
- Valuation of assets recognised on business combination completed during the year (new for the current year)
- Valuation of investments in subsidiary undertakings (parent company only) (consistent with the prior year).

Our auditor's report for the year ended 31 December 2020 included one key audit matter that has not been reported as a key audit matter in our current year's report. This related to the directors' use of the going concern assumption (the risk of the going concern assumption being inappropriate). This is based on the performance of the group in the year and an increased understanding of how the group was impacted by Covid-19 resulting in these matters being determined as less significant in the context of the audit.

We performed an audit of the financial information of the parent company, Venture Life Group plc, and of the component financial information of Venture Life Limited, Periproducts Limited, Venture Life Healthcare Limited, and Biokosmes S.r.l using component materiality ('full scope audit'). The Biokosmes S.r.l component was audited by component auditors.

We performed an audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements of the component financial information of Nelie BV, PharmaSource BV, Lubatti Limited, MD Manufacturing BV, Rolf Kullgren AB, Kullgren Holdings AB and Venture Life Manufacturing AB ('specific scope procedures').

We performed analytical procedures on the component financial information of PermaPharm AG.

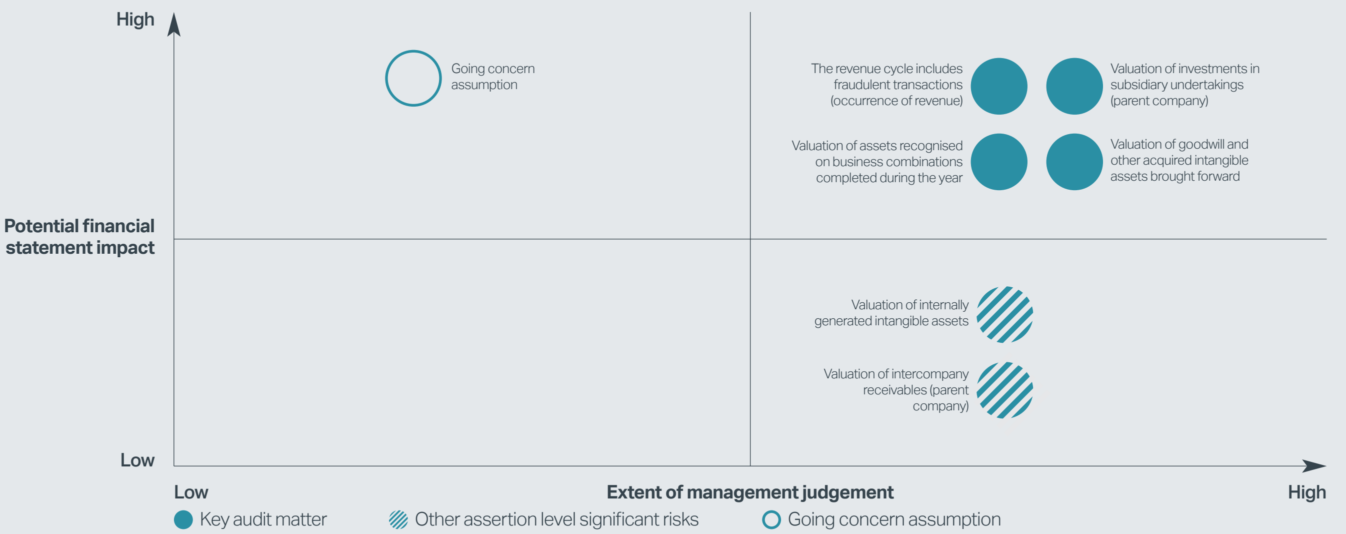
The components of Venture Life Healthcare Limited, Rolf Kullgren AB, Kullgren Holdings AB and Venture Life Manufacturing AB were newly acquired during the year.

Our full scope and specific-scope audit procedures provided coverage of 100% of the group's consolidated revenue and 99.9% of the group's consolidated total assets.

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 that 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.

In the graph below, we have presented the key audit matters, the other assertion level significant risks and the risk of the going concern assumption being inappropriate. We also identified a significant financial statement level risk due to management override of controls.



Independent Auditor's Report continued

to the members of Venture Life Group plc

KEY AUDIT MATTERS CONTINUED

Key Audit Matter – Group	How our scope addressed the matter – Group
The revenue cycle includes fraudulent transactions (occurrence of revenue) We identified the risk that the revenue cycle includes fraudulent transactions (occurrence of revenue) as one of the most significant assessed risks of material misstatement due to fraud. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumed risk that there are risks of fraud in recognition of revenue. Revenue is one of the most significant items in the group statement of comprehensive income and impacts several key performance indicators, and key strategic indicators, as set out in the Strategic Report. Revenue of £32.8m has been recognised in the year ended 31 December 2021 arising substantially from the sale of products. We have determined that, due to pressure to meet market expectations, there is a significant risk that management may record revenue fictitiously or in advance of the criteria for revenue recognition being satisfied. For revenue recognised in Periproducts Limited, Venture Life Limited and Venture Life Healthcare Limited the significant risk has been assigned to transactions which do not follow the standard pattern observed for revenue ('outliers') within these components as identified by our data analytics software. For revenue recognised in other components we have assessed the significant risk of material misstatement over the full revenue population, where material to the group.	In responding to the key audit matter, we performed the following audit procedures : • obtaining an understanding of the relevant controls that management has implemented over the process for evaluating the occurrence of revenue; • assessing whether the revenue recognition accounting policies are in accordance with the requirements of International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and whether management are accounting for revenue in accordance with the accounting policies; • performing analytical procedures through comparing revenue earned in the year to the prior year, corroborating management's explanation for significant or unusual variances outside of our expectation; • using data analytics software to determine 'outliers' in the revenue population and agree all 'outliers' identified to supporting documentation; • performing tests of controls over bank reconciliations to support the use of data analytics; • performing substantive testing across material revenue streams by agreeing a sample of transactions to supporting documentation and vouching that income has been appropriately recognised; • obtaining an understanding of the identified manual journals posted to revenue to confirm revenue recognised was appropriate against supporting documentation and appropriate business rationale; • obtaining an understanding of credit notes raised post year end and confirming that the associated revenue was appropriately recognised; and • obtaining the pre and post year end nominal ledgers and agreeing a sample of invoices raised to delivery notes to determine whether revenue is being recognised in the appropriate period.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Accounting policies, Revenue Recognition.	**Our results** Based on our procedures performed, we have not identified any material misstatement relating to the occurrence of revenue.
Valuation of goodwill and other acquired intangible assets brought forward We identified the valuation of goodwill and other acquired intangible assets brought forward as one of the most significant assessed risks of material misstatement due to error. For goodwill and other indefinite lived intangible assets, the directors are required to perform an annual impairment review. The directors are also required to assess impairment indicators to determine whether the group's other intangible assets might be impaired. Where such indicators exist, the directors are required to perform an impairment review. The process for assessing whether indicators of impairment exists or undertaking impairment reviews under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex. The process used by management in determining the value in use, through forecasting cash flows (revenue growth and long-term growth rates) related to cash generating units (CGUs) and the determination of the appropriate discount rate and other assumptions is judgemental and changes to the judgements and estimates applied could significantly impact the results of the impairment review.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of the relevant controls that management has implemented over the process for evaluating the valuation of goodwill and other intangible assets brought forward • obtaining and challenging management's assessment of impairment indicators and, where appropriate, impairment review calculations, including challenging and assessing the key assumptions, including the revenue and long term growth rates and discount rate applied by management, and assessing whether managements methodology is in accordance with the requirements of IAS 36. • performing a sensitivity analysis in respect of the key assumptions, including the discount and growth rates, to consider the level of headroom in management's calculation • considering management's historic forecasts against actual results as part of other audit testing to obtain an indicator of the reliability and reasonability of management's forecasts • challenging whether the CGUs identified are appropriate and evaluating whether the goodwill and intangible assets are allocated to the CGUs appropriately; and • assessing the adequacy of the accounting disclosures made in the financial statements to determine compliance with the requirements of IAS 36.

Independent Auditor's Report continued

to the members of Venture Life Group plc

KEY AUDIT MATTERS CONTINUED

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 3.22 Critical Accounting Estimates and Judgements • Financial statements: Note 15, Intangible Assets	**Our results** Based on our procedures performed we have not identified any material misstatement relating to the valuation of goodwill and other intangible assets brought forward.
Valuation of assets recognised on business combinations completed during the year We identified the valuation of assets recognised on business combinations completed during the year as one of the most significant assessed risks of material misstatement due to error. The group acquired BBI Healthcare Limited group and the Helsinn Brand assets in the year resulting in additions of £41.1m to intangible assets, of which £25.9m is allocated across customer relationships, distribution agreements and trademarks intangibles and £15.2m allocated to goodwill. International Financial Reporting Standard (IFRS) 3 'Business Combinations' requires certain newly acquired assets and liabilities to be recorded at fair value. There is significant management judgement involved in determining the fair value of the assets and liabilities acquired, including the determination of the fair value of acquired intangible assets, including brands, distribution agreements and customer relationships. Management judgement is involved in the application of, the discount rate and growth rates used in the valuation.	In responding to the key audit matter, we performed the following audit procedures: • utilising our valuation experts to assist in assessing the work performed by management's valuation expert in relation to the valuation of acquired intangible assets. This included challenging whether the methodology used in the valuation is in line with acceptable valuation methods and whether inputs such as future profits, attrition rates and discount rates used are appropriate; • assessing the competence of management's expert through reference to their qualifications and experience; • assessing the acquisition balance sheet by agreeing material balances to supporting evidence, including cash balances on acquisition; • reperforming the calculation of goodwill and comparing to the amount determined by management to gain assurance over the mathematical accuracy of the calculation; • agreeing the consideration paid, by reference to acquisition agreements and to bank statements; and • assessing the adequacy of the accounting policy and relevant disclosures made in the financial statements with respect to the acquisition to determine whether they are complete, accurate and in line with IFRS 3.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 3.22 Critical Accounting Estimates and Judgements • Financial statements: Note 14, Business combinations	**Our results** Based on our procedures performed we have not identified any material misstatement relating to the valuation of assets recognised on business combinations completed during the year.

Key Audit Matter – Parent company	How our scope addressed the matter – Parent company
Valuation of investments in subsidiary undertakings We identified valuation of investments in subsidiary undertakings as one of the most significant assessed risks of material misstatement due to error. Investments in subsidiary undertakings are carried at cost less necessary impairments and valued on an individual basis. Investments in subsidiary undertakings are included within the company only statement of financial position of Venture Life Group plc and recorded at £53.3m as at 31 December 2021. Management performs an annual assessment to determine whether there are indicators that the balances may be impaired. The determination of whether there are indicators of impairment under Section 27 of FRS 102 'Impairment of Assets' includes the consideration of internal and external factors such as changes in markets; below expected economic performance; and a consideration of the carrying amount of the investment compared with the subsidiaries' assets. Where indicators of impairment are identified, in order to determine if these balances are impaired, management prepare discounted cash flow forecasts. Assumptions to be applied can be highly judgemental and can significantly impact the results of the impairment review.	In responding to the key audit matter, we performed the following audit procedures: • obtaining an understanding of the relevant controls that management has implemented over the process for evaluating the valuation of investments in subsidiary undertakings • obtaining and challenging management's assessment of whether impairment indicators exist; • where indicators of potential impairment were noted, or where management have based their primary consideration of impairment indicators on an assessment of future economic performance, obtaining and challenging management's impairment calculation, discounted cash flows, and key assumptions supporting the carrying value of investments in subsidiary undertakings; • performing a sensitivity analysis in respect of the key assumptions, including the removal of elements of more uncertain revenue and reductions to future growth rates to consider the level of headroom in management's assessment; • considering management's historic forecasts against actual results as part of other audit testing, to obtain an indicator of the reliability and reasonability of management's forecasts; and • assessing the adequacy of the accounting disclosures made in the financial statements to determine compliance with the requirements of Section 27 of FRS 102.
Relevant disclosures in the Annual Report and Accounts 2021 • Parent Company Financial statements: Note 5, Investments	**Our results** Based on our procedures performed we have not identified any material misstatement relating to the valuation of investments in subsidiary undertakings.

Independent Auditor's Report continued

to the members of Venture Life Group plc

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£400,000, which is approximately 1.2% of the group's revenue.	£300,000, which is approximately 0.4% of the parent company's total assets, which is capped due to the group audit materiality.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • Revenue is considered to be the most appropriate benchmark because there is volatility in profit before tax, along with revenue being a key performance measure used by the directors. • Materiality for the current year is the same as the level that we determined for the year ended 31 December 2020 reflecting that there has been minimal movement in revenue.	In determining materiality, we made the following significant judgements • Total assets is considered the most appropriate benchmark based on the parent company being a holding company with the intention of realising its assets through the underlying performance of investments held. • Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 based on the level of total assets. • The parent company does not have a significant level of trading activity and has returned to being predominantly a holding company and therefore total assets is considered to be the most appropriate benchmark.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£300,000, which is 75% of financial statement materiality.	£225,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we considered the following significant matters in forming our judgements: • whether there were any significant adjustments made to the financial statements in prior years; • whether there were any significant control deficiencies identified in prior years; • whether there were any significant changes in business objectives and strategy.	In determining performance materiality, we considered the following significant matters in forming our judgements: • whether there were any significant adjustments made to the financial statements in prior years; • whether there were any significant control deficiencies identified in prior years; • whether there were any significant changes in business objectives and strategy.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions outside of the normal course of the business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions outside of the normal course of the business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£20,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£15,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

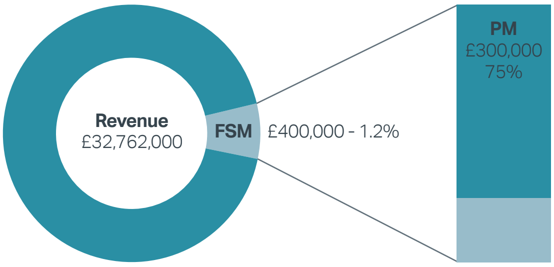
Independent Auditor's Report continued

to the members of Venture Life Group plc

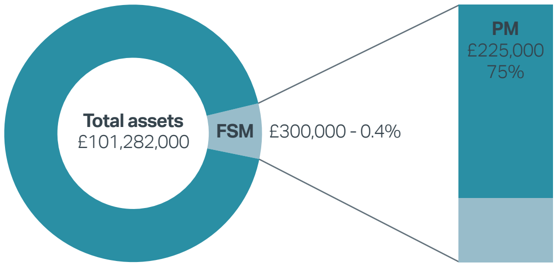
OUR APPLICATION OF MATERIALITY CONTINUED

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality
PM: Performance materiality

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, parent company, its components, and their environments, including group-wide controls

- Our audit approach was a risk-based approach founded on a thorough understanding of the group's and parent company's business, its environment and risk profile. The group's accounting process is primarily resourced through a central function within the UK, with local finance functions in the Netherlands, Sweden and Italy. Each local finance function reports into the central group finance function based at the group's head office in the UK. The engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level.

Identifying significant components

- We determined the scope of the group audit based on our understanding of the group structure, materiality and the relative contribution of revenue, profit before tax and total assets of each component to the group.
- We have performed a full scope audit of the financial information using component materiality for the parent company, Venture Life Group plc, and of the component financial information of Venture Life Limited, Periproducts Limited, Venture Life Healthcare Limited, and Biokosmes S.r.l. Other components were not considered to be significant components within the scope of our audit.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We identified the risk of fraud in the revenue cycle (occurrence of revenue); the valuation of goodwill and other acquired intangible assets brought forward; the valuation of assets recognised on business combinations completed during the year; and the valuation of investments in subsidiary undertakings (parent company only) as the key audit matters and the procedures performed in respect of these have been included in the key audit matters section of our report.
- Based on our assessment of the group as above, we focused our group audit scope primarily on the components assessed as significant, performing a full scope audit on these components.
- We performed an audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements of the component financial information of Nelie BV, PharmaSource BV, Lubatti Limited, MD Manufacturing BV, Rolf Kullgren AB, Kullgren Holdings AB and Venture Life Manufacturing AB ('specific scope procedures').
- At group level, we also tested the consolidation process and carried out analytical procedures on the component financial information of the other non-significant components to confirm our conclusion that there were no significant risks of material misstatement to the group financial statements arising from those remaining components.

Performance of our audit

- The Group engagement team was unable to visit all of the locations due to travel restrictions imposed, and therefore some of the audit procedures were performed virtually.
- Our full-scope and specific-scope audit procedures provided coverage of 100% of the group's consolidated revenue and 99.9% of the group's consolidated total assets.
- The group engagement team undertook the majority of the audit work to support the group audit opinion. The Biokosmes S.r.l component was audited by component auditors.

Audit approach	Number of components	% coverage of revenue	% coverage of total assets
Full-scope audit	5	76.5%	94.4%
Specific-scope audit	7	23.5%	5.5%
Analytical procedures	1	0%	0.1%

Independent Auditor's Report continued

to the members of Venture Life Group plc

AN OVERVIEW OF THE SCOPE OF OUR AUDIT CONTINUED

Communications with component auditors

Detailed audit instructions were issued to the component auditors of the reporting components where a full scope approach had been identified. The instructions highlighted the significant risks to be addressed through the audit procedures and detailed the information that we required to be reported to the group audit team. The group audit team conducted a review of the work performed by the component auditors, and communicated with all component auditors throughout the planning, fieldwork and concluding stages of the group audit. Key working papers were prepared by the group team summarising the group team's review of component auditor files, except for those components where the component audit engagement leader was also part of the group audit team, in which situation, the group audit engagement leader reviewed key component audit working papers directly.

Due to the restrictions imposed by Covid 19 our work was performed remotely. Due to the travel restrictions in place, we held detailed discussions with the component audit teams, including remote reviews of the work performed, update calls on the progress of their fieldwork and by attending the component audit clearance meetings with component management via video call.

Changes in approach from previous year

The scope of the current year audit was similar to that in the prior year other than the changes resulting from having one key audit matter included in the prior year that was not included in the current year and one key audit matter included in the current year that was not included in the prior year.

Furthermore, the acquisitions made by the group during the year have been considered in terms of their significance to the group.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report continued

to the members of Venture Life Group plc

EXPLANATION AS TO WHAT EXTENT 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and the group and sector in which they operate through our commercial and sector experience, making enquiries of management and those charged with governance; and inspection of the parent company's and the group's key external correspondence. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.
- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks, including United Kingdom Generally Accepted Accounting Practice (the parent company), UK-adopted international accounting standards (the group), AIM Rules for Companies; the Companies Act 2006 and the relevant taxation regulations in the jurisdictions in which the parent company and group operates.
- We assessed the susceptibility of the parent company's and the group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas with a risk of fraud, including potential management bias, of revenue occurrence and through management override of controls.
- Our audit procedures included:
  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business;
  - Gaining an understanding of and testing significant identified related party transactions; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the parent company and the group operates; and
  - Understanding of the legal and regulatory requirements specific to the parent company and the group including; the provisions of the applicable legislation, the regulators rules and the applicable statutory provisions.
- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the estimation and judgemental areas with a risk of fraud, including potential management bias, of revenue occurrence and through management override of controls in the preparation of the financial statements.

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.

Paul Holland BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

16 May 2022

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021
Company number 05651130

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	5	**32,762**	30,076
Cost of sales		**(19,804)**	(17,229)
Gross profit		**12,958**	12,847
Administrative expenses			
Operating expenses		**(8,441)**	(7,980)
Impairment losses of financial assets	18	**134**	(405)
Amortisation of intangible assets	15	**(2,287)**	(909)
Total administrative expenses		**(10,594)**	(9,294)
Other income		**338**	169
Operating profit before exceptional items		**2,702**	3,722
Exceptional costs	6	**(1,331)**	(167)
Operating profit	7	**1,371**	3,555
Finance income		**89**	54
Finance costs		**(514)**	(333)
Profit before tax		**946**	3,276
Tax	10	**1,456**	(908)
Profit for the year		**2,402**	2,368
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange gain / (loss) on translation of subsidiaries		**(1,543)**	1,284
Total comprehensive profit for the year attributable to equity holders of the parent		**859**	3,652

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

		Year ended 31 December 2021	Year ended 31 December 2020
Profit per share			
Basic profit per share (pence)	12	**1.91**	2.74
Diluted profit per share (pence)	12	**1.79**	2.53

Consolidated Statement of Financial Position

at 31 December 2021

Company number 05651130

	Notes	At 31 December 2021 £'000	At 31 December 2020 £'000
Assets			
Non-current assets			
Intangible assets	14, 15	**65,079**	27,024
Property, plant and equipment	16	**9,737**	7,018
Deferred Tax		**2,349**	
		77,165	34,042
Current assets			
Inventories	17	**9,019**	8,886
Trade and other receivables	18	**12,212**	7,653
Cash and cash equivalents	19	**5,235**	42,095
		26,466	58,634
Total assets		**103,631**	92,676
Equity and liabilities			
Capital and reserves			
Share capital	20	**377**	377
Share premium account	20	**65,738**	65,738
Merger reserve	21	**7,656**	7,656
Foreign currency translation reserve	22	**(114)**	1,429
Share-based payments reserve	23	**856**	660
Retained earnings	24	**(1,349)**	(3,751)
Total equity attributable to equity holders of the parent		**73,164**	72,109
Liabilities			
Current liabilities			
Trade and other payables	25	**9,717**	7,108
Taxation		**188**	433
Interest-bearing borrowings	26	**620**	2,457
		10,525	9,998
Non-current liabilities			
Interest-bearing borrowings	26	**12,109**	8,721
Statutory employment provision	27	**1,236**	1,201
Deferred tax liability	11	**6,597**	647
		19,942	10,569
Total liabilities		**30,467**	20,567
Total equity and liabilities		**103,631**	92,676

The financial statements on pages 58 to 114 were approved and authorised for issue by the Board on 16 May 2022 and signed on its behalf by:

Jerry Randall
Director
16 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share Premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	251	30,824	7,656	145	624	(6,492)	33,008
Profit for the year	-	-	-	-	-	2,368	2,368
Foreign exchange on translation	-	-	-	1,284	-	-	1,284
Total comprehensive income	-	-	-	1,284	-	2,368	3,652
Share-based payments charge	-	-	-	-	409	-	409
Share-based payments charge recycling	-	-	-	-	(373)	373	-
Contributions of equity, net of transaction costs	126	34,914	-	-	-	-	35,040
Transactions with Shareholders	126	34,914	-	-	36	373	35,449
Balance at 1 January 2021	377	65,738	7,656	1,429	660	(3,751)	72,109
Profit for the year	-	-	-	-	-	2,402	2,402
Foreign exchange on translation	-	-	-	(1,543)	-	-	(1,543)
Total comprehensive income	**-**	**-**	**-**	**(1,543)**	**-**	**2,402**	**859**
Share-based payments charge	-	-	-	-	196	-	196
Transactions with Shareholders	-	-	-	-	196	-	196
Balance at 31 December 2021	**377**	**65,738**	**7,656**	**(114)**	**856**	**(1,349)**	**73,164**

As at 31 December 2021 the parent entity has lacked distributable reserves and is accordingly not in a position to declare any dividend.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flow from operating activities			
Profit before tax		**946**	3,276
Finance (income)/expense		**425**	279
Operating profit		**1,371**	3,555
Adjustments for:			
– Depreciation of property, plant and equipment	16	**1,415**	1,081
– Impairment losses of financial assets	18	**(134)**	405
– Amortisation of intangible assets	15	**2,287**	909
– Loss on disposal of non-current assets	15	**-**	345
– Share-based payment expense		**196**	409
Operating cash flow before movements in working capital		**5,135**	6,704
Decrease / (increase) in inventories		**718**	(3,294)
(Increase) in trade and other receivables		**(2,989)**	(1,161)
(Decrease) / increase in trade and other payables		**(908)**	1,403
Cash generated from operations		**1,956**	3,652
– Tax paid		**(1,472)**	(896)
– Tax receipt		**117**	-
Net cash from operating activities		**601**	2,756
Cash flow from investing activities:			
Acquisition of subsidiaries, net of cash acquired	14	**(35,917)**	(5,465)
Purchases of property, plant and equipment	16	**(371)**	(1,248)
Expenditure in respect of intangible assets	15	**(2,891)**	(821)
Net cash used in investing activities		**(39,179)**	(7,534)
Cash flow from financing activities:			
Proceeds from issuance of ordinary shares	20	**-**	36,997
Transaction costs incurred from issue of ordinary shares	20	**-**	(1,957)
Drawdown of interest-bearing borrowings	26	**16,336**	5,428
Repayment of interest-bearing borrowings	26	**(13,614)**	(3,433)
Leasing obligation repayments	26	**(728)**	(764)
Interest paid		**(492)**	(50)
Net cash from financing activities		**1,502**	36,221
Net (decrease) / increase in cash and cash equivalents		**(37,076)**	31,443
Net foreign exchange difference		**216**	(58)
Cash and cash equivalents at beginning of period		**42,095**	10,710
Cash and cash equivalents at end of period	19	**5,235**	42,095

Notes to the Consolidated Statement

for the year ended 31 December 2021

1. GENERAL INFORMATION

Venture Life Group plc ("the Company") was incorporated on 12 December 2005 and is domiciled in the UK, with its registered office located at Venture House, 2 Arlington Square, Downshire Way, Bracknell, RG12 1WA. The Company is the holding company for one wholly-owned UK group, Venture Life Healthcare Ltd (formerly known as BBI Healthcare Ltd which wholly owns three Swedish companies), three wholly-owned UK subsidiaries, one wholly-owned Irish subsidiary (Venture Life Consumer Healthcare Europe Ltd), one wholly-owned Italian subsidiary, Biokosmes Srl, one wholly-owned Netherlands group, Nelie BV (which wholly-owns PharmaSource BV and MD Manufacturing BV) and one wholly-owned Swiss subsidiary, PermaPharm AG. These seven subsidiaries including the two subsidiaries of Nelie BV and the Company are together referred to as "the Group". The three Netherlands entities collectively trade under the trading name of 'PharmaSource' and are hence referred to hereinafter as the PharmaSource group.

2. BASIS OF PREPARATION

The principal activities of Venture Life Group plc and its subsidiaries are the development and commercialisation of healthcare products, including oral care products, food supplements, medical devices and dermo-cosmetics for the ageing population; the development and commercialisation of cosmetic products; and the manufacturing of a range of topical products for the healthcare and cosmetic sectors.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with international accounting standards ("IASs") in conformity with the requirements of the Companies Act 2006.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below.

3.1 Going concern

The company has been managing the impact of the Covid-19 pandemic on its business for much of 2021. Specifically in Italy the company has continued to implement three main activities:

a) Introduction of stringent procedures to protect staff including the provision of masks and handwashes, the physical separation of employees and restrictions to meeting sizes, the control of attendees and visitors to the premises and other measures including regular staff testing and extensive deep cleaning of the facilities. The administrative workforce continued to work partly from home and partly onsite subject to social distancing, and the on-site production workforce has been broken into smaller operating teams;
b) Procurement of critical raw materials to not only meet customer demand for existing production but to enable additional manufacture of handwashes and anti-microbial products;
c) Strategic prioritisation of customer orders to ensure that the existing inventory of finished goods (and work-in-progress as it becomes completed) is allocated appropriately to those parties based upon need, continuity of supply and other factors in order to ensure the demand is met.

Specifically in the UK and Netherlands the administrative workforce continued to work partly from home and partly onsite subject to social distancing and regular cleaning and sanitising activities. As a direct result of these measures, the Italian factory has remained open throughout the pandemic and is producing high volumes of product. Shipments of finished goods to customers are continuing as are invoicing and cash collection processes. The majority of VLG's customers are large organisations and it is the opinion of the Directors that bad debts will remain a relatively low risk. The UK and Netherlands functions have remained fully functional from a new operating norm comprising a blend of office attendance and remote working.

In addition, following the acquisition of BBI Healthcare Limited on 4 June 2021 and the Helsinn brands on 6 August 2021, the company has a far greater hedging capacity against risk since there are now two manufacturing facilities, more customers, more brands and more diversification i.e. less reliance on any one given customer or product. The company has been, and will continue to, manage the short term spike in commodities pricing and secure supply of key raw materials as demonstrated by past tactical agility such as the rapid launch of hand sanitizer gel and through the strong and longstanding relationships held with third parties.

In spite of maintaining all business functions throughout 2021 and expanding operations through new acquisitions, the Directors have as a prudent exercise evaluated a range of scenarios and forecasts through to June 2023 which depict varying months of closure of the Italian and Sweden factories and associated losses of marginal gross profits. An additional scenario to previous year has also been considered whereby revenue has been stress tested against a 20% reduction versus budget 2022.

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.1 Going concern continued

The evaluation considers the availability of funds arising from a new agreement entered during 2021 for a revolving credit facility (RCF) which grants the Group access to drawdown up to £50.0 million subject to a maximum of 2.5 times adjusted EBITDA. The facility remains largely undeployed at 31 December 2021 and is expected to continue providing support in the event of any difficulty. The key findings of this evaluation are:

a) Management does not expect either factory to close, but acknowledges that there is a risk that it could face the need to close for a short period in the event that the Covid-19 situation significantly worsened. The impact of this one-month closure would be minor in terms of 2022/2023 performance and expected net cash of £2.5 million and total available funds as at 30 June 2023 are expected to be in excess of £23.0 million. Given the strong inventory that the company holds, there is an expectation that such a short closure would in practice be managed with £nil impact on 2022 and 2023 performance;
b) A scenario with a more extensive closure to the factories of 3 months yields a significantly reduced PBT for 2022 improving in 2023 and expected net cash of £nil and total available funds as at 30 June 2023 are expected to be in excess of £21.0 million; and
c) A dramatically more pessimistic scenario with an extensive closure to the factories of 6 months yields a significantly reduced PBT for 2022 improving into 2023 and expected net debt of £5.5 million and total available funds as at 30 June 2023 are expected to be in excess of £15.0 million. The Directors consider this scenario as extremely unlikely in practice.
d) A revenue sensitivity of 20% against budget 2022 and a suppression of the gross margin by 5.0ppts would still generate at least £5.0 million EBITDA

All of these above scenarios are assisted from the outset by the Group's access to the £50.0 million RCF which remains largely undeployed at 31 December 2021 which in itself gives a strong level of assurance of the ability of the Group to remain as a Going Concern.

Based upon these financial forecasts, the Directors believe that:

a) The procedures in place in Italy and Sweden have been effective to date and the company has established a pattern of operating through periods of lockdown to ensure continuity of business, as well as attainment of local authority acclaim; and
b) The procedures in place in the UK and Netherlands have been effective to date and the company has established a pattern of operating through periods of lockdown to ensure continuity of business, and
c) Under a scenario where the factories were to shut for up to three months, the evaluation shows that the company would at least maintain its current level of net cash/debt; and
d) The business has sufficient available funds and balance sheet strength to weather even an unrealistically long stoppage and remain liquid.

Further, a series of cost price increases (CPI) have been applied by the company onto its customers during 2021/22 and the Directors remain confident that customers would stay on board as the products supplied have clear ability to sell and generate margin, as evidenced by longstanding relationships with majority of the customer base.

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

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent Company and its subsidiaries as at 31 December 2021. All subsidiaries have a reporting date of 31 December. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses between Group companies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

3.3 Business combinations

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4 Foreign currencies

a) Functional and presentational currency

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

b) Transactions and balances

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

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

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

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

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

Sterling/euro exchange rates	**Year ended 31 December 2021**	Year ended 31 December 2020
Average exchange rate for the period	**1,159**	1.124
Exchange rate at the period end	**1,191**	1.113

3.5 Revenue recognition

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

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

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

The Group discounts its selling prices from time to time and these discounts are reflected as a reduction in revenue in the month in which the discounts are granted. The Group's terms of trade with certain customers include discounts and allowances that are dependent upon future selling volumes. Estimates of these sums are deducted from revenue upon initial recognition and corrections are made retrospectively based upon the achieved selling volumes. The Group's management reviews the expected level of such discounts at the end of each accounting period to ensure appropriate deductions have been recognised within revenue.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.5 Revenue recognition continued

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. There are no contract assets held by the Group at the balance sheet date.

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

3.6 Exceptional items

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

3.7 Property, plant and equipment

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

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

Office equipment over £500	25%-50% per annum, straight-line
Fixtures and fittings over £500	20%-50% per annum, straight-line
Manufacturing plant equipment	4%-50% per annum, straight-line

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

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

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

3.8 Internally generated development intangible assets

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

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

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

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

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

Development costs	20% per annum, straight-line

3.9 Licences and trademarks intangible assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.10. Acquired intangible assets

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

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

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

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

Distribution Agreements – expected cash generating life of the commercial relationship.

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

The following useful economic lives are applied:

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

- i) length of time the brand has been established in the marketplace;
- ii) stability of the industry in which the brand is traded;
- iii) potentials for obsolescence and erosion of sales;
- iv) competitors and barriers to entry;
- v) availability of marketing and promotional resources; and
- vi) any dependencies on other assets having finite economic lives.

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

3.11 Goodwill

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

3.12 Impairment of tangible and intangible assets

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

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

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

The Directors have carried out an impairment review of the Group's tangible and intangible assets as at the reporting date, as is its normal practice. They have assessed the likely cash flows to be generated by those assets and determined that they are stated at fair value and that consequently no impairment is necessary. See Note 15 on intangible assets for further details.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.13 Inventories

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

3.14 Financial instruments

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

Financial assets

a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss based upon an expected credit loss model. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Trade and other receivables are classified in the financial instruments Note 29 as Financial assets at amortised cost.

b) Cash and cash equivalents

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

c) Write-off policy

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

Financial liabilities and equity

a) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability. Trade and other payables are classified in the financial instruments Note 29 as "liabilities".

b) Statutory employment provision

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

c) Invoice financing

The Group utilises an invoice financing with recourse facility whereby the Group continues to recognise the receivables and the amount received under the facility is recorded as a liability. Cash received is classified as a financing cash inflow. When cash is collected from the customer, the liability and the receivables are de-recognised. De-recognition of the liability is presented as a financing cash outflow and the settlement of the receivables as an operating cash inflow. Further details are provided in note 26.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.15 Leases

The Group makes the use of leasing arrangements principally for the provision of the main operating location and related facilities, office space, Office equipment and motor vehicles. The rental contracts for offices are typically negotiated for terms of between 3 and 6 years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between 6 months and 3 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms.

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

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

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

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

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

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

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

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

Further details are given in Note 28.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.16 Current and deferred tax

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

a) Current tax

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

b) Deferred tax

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

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

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

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

3.17 Employee benefits

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

3.18 Pension contributions

The Group contributes to the Group stakeholder pension arrangement or personal pension plans of certain employees. Contributions are charged to the Consolidated Statement of Comprehensive Income as they become payable.

3.19 Share-based payments

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

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

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

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

3.20 Fair value estimation of financial assets and liabilities

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.21 Equity, reserves and dividend payments

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

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

Other components of equity include the following reserves:

- merger reserve comprising the non-statutory premium arising on shares issued as consideration for acquisition of subsidiaries where merger relief under Section 612 of the Companies Act 2006 applies less subsequent realised losses relating to those acquisitions;
- share-based payments reserve comprising cumulative amounts charged in respect of employee share-based payment arrangements which have not been settled by means of an award of shares to the employee;
- foreign currency translation reserve comprising all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

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

3.22 Critical accounting estimates and judgements

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

a) Judgements

Capitalisation of internally generated development costs

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

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

b) Estimates

i) Recoverability of internally generated intangible assets

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

An impairment review of the Group's patent and trademark balances is undertaken at each year end. This review involves the generation of estimates of future projected income streams that will result from the ownership of the development costs, patents and trademarks. The expected future cash flows are modelled over the remaining useful life of the respective assets and discounted present value in order to test for impairment. In each of the years ended 31 December 2020 and 2021, no impairment charge was recognised as a result of these reviews of capitalised development costs, patents and trademarks.

ii) Impairment of other non-financial assets

Estimation uncertainties are discussed in note 15. The Group conducts annual impairment reviews of assets, such as goodwill, when events or changes in circumstances indicate that their carrying amounts may not be recoverable, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Details of the estimates and assumptions made in respect of the potential impairment of goodwill are detailed in Note 15 to the financial statements.

The Directors considered that no impairment was necessary in respect of goodwill recognised in the years ended 31 December 2020 and 31 December 2021.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.22 Critical accounting estimates and judgements continued

b) Estimates continued

iii) Fair values on acquisition

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

iv) Amortisation periods

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

When acquiring a business, the Directors make best estimates about the future life of acquired assets. These best estimates are based on historic trends and the future of existing commercial relationships to determine a suitable future working life of each asset. Estimation uncertainties in these estimates relate to technical advances in the market place and customer demand, as such the Directors review these estimates annually. See Note 15 for further details.

3.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset. Active development periods significantly in excess of a year are considered to be substantial enough for capitalisation to commence. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs. No borrowing costs were capitalised in the year.

4. ACCOUNTING DEVELOPMENTS

a) New standards, amendments and interpretations issued and adopted

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

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

- Interest Rate Benchmark Reform
- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2021 and not adopted early

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Annual Improvements to IFRS 2018 – 2020
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

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

5. SEGMENTAL INFORMATION

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

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

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

- Venture Life Brands, which includes sales of branded healthcare and cosmetics products, where the brand is owned within Venture Life Group, direct to retailers and under distribution agreement. This segment includes the acquisitions of Periproducts Ltd, the Dentyl® Brand, the PharmaSource Group, the acquired Helsinn brands and the acquisition of BBI Healthcare Ltd (subsequently renamed as Venture Life Healthcare Ltd on 18 June 2021).
- Customer Brands, which includes sales of products and services under contract development and manufacturing agreements, where the brand is not owned by the Venture Life Group. This segment includes the acquisition of Biokosmes srl.

5.1 Segment revenue and results

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

	Venture Life Brands £'000	Customer Brands £'000	Consolidated Group £'000
Year ended 31 December 2021			
Revenue			
Sale of goods	**17,972**	**19,047**	**37,019**
Sale of services	**-**	**-**	**-**
Intercompany sales elimination	**-**	**(4,257)**	**(4,257)**
Total external revenue	**17,972**	**14,790**	**32,762**
Results			
Operating profit before exceptional items and excluding central administrative costs	**4,255**	**1,812**	**6,067**
Year ended 31 December 2020			
Revenue			
Sale of goods	14,910	20,854	35,764
Sale of services	-	672	672
Intercompany sales elimination	-	(6,360)	(6,360)
Total external revenue	14,910	15,166	30,076
Results			
Operating profit before exceptional items and excluding central administrative costs	4,551	3,060	7,611

All revenue of the Group is recognised at a point in time with the exception of the supply of services which is recognised over time in accordance with IFRS 15.

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Operating profit before exceptional items and excluding central administrative costs	**6,067**	7,611
Exceptional items	**(1,331)**	(167)
Central administrative costs	**(3,365)**	(3,889)
Finance income / (costs)	**(425)**	(279)
Profit before tax	**946**	3,276

One customer generated revenue of £4,383,290 which accounted for 10% or more of total revenue (2019: one customer generated revenue of £4,083,000 which accounted for 10% or more of total revenue).

5. SEGMENTAL INFORMATION CONTINUED

5.2 Segmental assets and liabilities

	At 31 December 2021 £'000	At 31 December 2020 £'000
Assets		
Venture Life Brands	**71,785**	22,695
Customer Brands	**28,783**	31,379
Central Group assets	**3,063**	38,602
Consolidated total assets	**103,631**	92,676
Liabilities		
Venture Life Brands	**13,500**	7,685
Customer Brands	**10,976**	12,176
Central Group liabilities	**5,991**	706
Consolidated total liabilities	**30,467**	20,567

5.3 Other segmental information

	Depreciation and amortisation £'000	Addition to non-current Assets £'000
Year ended 31 December 2021		
Venture Life Brands	**2,868**	44,038
Customer Brands	**445**	564
Central administration	**389**	-
	3,702	44,602
Year ended 31 December 2020		
Venture Life Brands	**129**	5,465
Customer Brands	**1,471**	2,069
Central administration	**390**	-
	1,990	7,534

5.4 Geographical information

The Group's revenue from external customers by geographical location of customer is detailed below:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue		
UK	**15,888**	11,135
Italy	**8,882**	9,801
Switzerland	**1,842**	2,638
Germany	**951**	1,352
Netherlands	**658**	1,185
Rest of Europe	**2,904**	1,234
China	**273**	2,329
Rest of the World	**1,364**	402
Total revenue	**32,762**	30,076

The aggregated amount of transaction prices which relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2021 is £nil (2020: £233,000).

6. EXCEPTIONAL ITEMS

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Costs incurred in the acquisition of BBI Healthcare Ltd and Helsinn portfolio of assets	**964**	77
Costs incurred in the acquisition of the PharmaSource BV business (completed 24 January 2020)	**-**	90
Integration of acquisitions	**261**	-
Other	**106**	-
Total exceptional items	**1,331**	167

During the period the Group incurred legal and professional fees in relation to the acquisitions of BBI Healthcare Ltd and a portfolio of assets from Helsinn Pharma which were completed during the year as well as further works in relation to prospective acquisitions.

7. OPERATING PROFIT

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Depreciation of property, plant and equipment included in operating expenses	**1,415**	1,081
Amortisation of intangible assets included in administrative expenses	**2,287**	909
Research and development costs included in operating expenses	**316**	548
Share-based payments charge	**196**	409
Staff costs excluding share-based payment charge (Note 8)	**6,564**	6,396
Auditor's remuneration:		
- Fees for the audit of the Company's annual accounts	**150**	88
- Audit of the accounts of the Company's subsidiaries	**37**	26
- Audit related assurance services	**9**	9

8. EMPLOYEE INFORMATION

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

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Product development and manufacturing	**100**	82
Sales and marketing	**15**	11
Directors	**4**	7
Administration	**26**	19
Total	**145**	119

Their aggregate remuneration comprises:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**4,900**	4,923
Social security costs	**1,185**	1,016
Pension costs	**385**	317
Other benefits	**94**	140
Equity settled share-based payments	**196**	409
Total	**6,760**	6,805

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

8. EMPLOYEE INFORMATION CONTINUED

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Charged into cost of sales and a proportion absorbed into closing inventory	**2,495**	2,452
Charged into research and development costs and a proportion into capitalised development costs	**410**	426
Charged into operating expenses	**3,855**	3,927
Total	**6,760**	6,805

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**966**	1,191
Social security costs	**117**	162
Pension costs	**84**	89
Other benefits	**9**	8
Equity settled share-based payments	**-**	295
Total	**1,176**	1,745

Further information on Directors remuneration is included in the Remuneration Report on pages 52 to 56.

9. PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The Group operates a stakeholder pension scheme to which it makes contributions. As an alternative, the Group also makes contributions into the personal pension schemes of certain employees. For the Group's Italian subsidiary, a severance indemnity liability is created as required under Italian law (see Note 27). The pension charge represents contributions payable by the Group including the Italian severance indemnity liability and amounted to £300,000 (2020: £317,000). At year end an amount of £nil (2020: £nil) was payable in respect of pension contributions charged during the year. Amounts relating to the Italian severance indemnity liability are paid when they fall due.

10. INCOME TAX EXPENSE

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax:		
Current tax on profits for the year	**665**	1,184
Adjustments in respect of earlier years	**99**	(209)
Total current tax expense	**764**	975
Deferred tax:		
Origination and reversal of temporary differences	**(2,220)**	(67)
Total deferred tax credit	**(2,220)**	(67)
Total income tax credit	**(1,456)**	908

10. INCOME TAX EXPENSE CONTINUED

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before tax	**946**	3,276
Profit before taxation multiplied by the local tax rate of 19% (2020: 19%)	**180**	622
Expenses not deductible for tax purposes	**15**	118
Change in recognised deferred tax liability	**51**	-
Change in unrecognised deferred tax asset	**(2,183)**	103
Current year losses for which no deferred tax asset has been recognised	**166**	-
Utilised losses	**(213)**	-
Previously recognised deferred tax	**174**	-
Other adjustments	**65**	-
Higher rate on foreign taxes	**190**	65
Adjustments for current tax of prior periods	**99**	-
Income tax charge	**(1,456)**	908

In the Spring Budget 2021 the UK Government announced that from 1 April 2023 the corporation tax rate would rise from 19% to 25% on all profits in excess of £250,000. This new law was substantively enacted on 24 May 2021. The standard corporation tax rate in Italy is 24% and there is in addition a regional production tax of 3.9%. Corporation tax rates in the Netherlands are 25% on profits in excess of €200,000 and 19% on profits below this threshold. Corporation tax rates in the Sweden are 20.6%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

As at the reporting date, the Group has unused tax losses of £9,038,000 (2020: £10,900,000) available for offset against future profits generated in the UK. A deferred tax asset has been recognised on the losses which the company considers will be utilised against future profits in the UK however, there remain losses of £410,000 which a deferred tax asset has not be recognised on due to the uncertainty of their recoverability.

The tax charge of the Group is mainly driven by tax paid on the profits of Biokosmes S.r.l, PharmaSource B.V, Nelie B.V. and Rolf Kullgren A.B. The group has also recognised the deferred tax asset in relation to losses carried forward in the UK entities and this has been partly offset by the release of deferred tax liabilities generated on the acquisition of the BBI Healthcare Group and the Helsinn business in the current year and Biokosmes, Periproducts and Dentyl® businesses in prior years.

11. DEFERRED TAX

Deferred taxes arising from temporary differences are summarised as follows:

Deferred tax liabilities/(assets)	At 1 January 2021 £'000	Recognised in profit and loss £'000	Arising upon acquisitions in the year £'000	Movements Attributed to foreign Exchange £'000	At 31 December 2021 £'000
Purchased goodwill	(51)	8	-	3	**(40)**
Other intangibles	683	(14)	5,719	(31)	**6,357**
Inventories	64	16	-	(4)	**76**
Fixed asset timing differences	-	2	128	-	**130**
Losses carried forward	-	(2,183)	-	-	**(2,183)**
Other	(49)	(49)	-	6	**(92)**
Deferred tax liability	647	(2,220)	5,847	(26)	**4,248**
Assets	-				**(2,349)**
Liabilities	647				**6,597**
Net deferred tax balance	647				**4,248**

The group reviewed previously unrecognised tax losses and determined that based on the forecasts and budgets of the group it is now probable that taxable profits will be available against which the tax losses can be utilised. As a consequence, a deferred tax asset of £2,183,000 has been recognised for these losses in 2021. The losses can be carried forward indefinitely and have no expiry date.

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

12. EARNINGS PER SHARE

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

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
For basic EPS calculation	**125,831,530**	86,402,007
For diluted EPS calculation	**133,819,347**	93,416,888

The dilution reflects the inclusion of the options and LTIPs that have been issued, amounting to 7,433,702 stock options and 554,115 LTIPs per Note 23.

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

	£'000	£'000
For basic and diluted EPS calculation	**2,402**	2,368
Add back: Amortisation	**2,287**	909
Add back: Exceptional costs	**1,331**	167
Add back: Share based Payments	**196**	409
For adjusted EPS calculation [1]	**6,216**	3,853

1 Adjusted EPS is profit after tax excluding amortisation, exceptional costs and share-based payments.

The resulting EPS measures are:

	Pence	Pence
Basic EPS calculation	**1.91**	2.74
Diluted EPS calculation	**1.79**	2.53
Adjusted EPS calculation [1]	**4.94**	4.46
Adjusted diluted EPS calculation	**4.65**	4.12

1 Adjusted EPS is profit after tax excluding amortisation, exceptional costs and share-based payments.

13. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Final dividend	**-**	-

The parent entity does not have distributable reserves and accordingly the Directors are not in a position to recommend the payment of a dividend in 2021 (2020: £nil pence per share).

14A. BUSINESS COMBINATIONS

On 4 June 2021 the Company completed the acquisition of 100% of the equity of BBI Healthcare Ltd and wholly-owned subsidiaries Rolf Kullgren AB, BBI Healthcare Holdings AB and Kullgren Holdings AB, a group of companies based in the UK and Sweden engaged in the supply of women's health and energy management related products to global customers and trading under the name of "BBI Healthcare". The acquisition consideration was £37.1 million, comprising £3.1 million net working capital at completion, £22.8 million in intangible assets (principally customer relationships, distribution agreements and Trademarks), £3.6 million tangible fixed assets (principally building and machinery in Sweden), £5.4 million deferred tax provision and a balance of £13.7 million as goodwill. The magnitude of the goodwill reflects the future value that the Group can unlock from this business acquisition through (a.) the trading of these acquired products into its network of existing Venture Life Brand customers, (b.) value creation through the application of the Group' internal R&D resources to broaden the product range. The acquisition consideration of £37.1million was paid in cash at completion. The acquisition was funded through the Company's equity raise in 2020.

The acquisition of BBI Healthcare introduces additional strong brands and products into the Group and customers in the areas of women's intimate health and diabetes support. The Group acquired the business to further strengthen the product portfolio and pursue opportunities within existing and new global markets. The inclusion of this additional business into its portfolio increased the leverage of its trading infrastructure and contributed to the overall improvement in profitability. The acquisition has been accounted for under IFRS 3 as a business combination. The Consolidated Financial Statements to 2021 include the results of the BBI Healthcare business for the period from 4 June 2021 to 31 December 2021.

The fair values of the identifiable assets and liabilities of the BBI Healthcare business as at the date of acquisition were:

Acquisition of BBI Healthcare Ltd on 4 June 2021

	Book value £'000s	Fair Value Adjustments £'000s	**Fair Value £'000s**
Assets			
Non-current assets	8,099	18,320	**26,419**
Licenses, Trademarks, Intellectual Property, Capitalised development	696	(696)	**-**
Goodwill (within BBI Healthcare Ltd)	4,399	(4,399)	**-**
Brands	-	16,994	**16,994**
Distribution Agreements *	-	5,788	**5,788**
Tangible Fixed Assets	2,977	633	**3,610**
Deferred Tax Asset	27	-	**27**
Current Assets	4,088	-	**4,088**
Inventories	1,293	-	**1,293**
Trade Receivables	1,374	-	**1,374**
Other Receivables	213	-	**213**
Cash	1,208	-	**1,208**
Total assets	12,187	18,320	**30,507**
Current liabilities	(1,021)	-	**(1,021)**
Trade payables	(946)	-	**(946)**
Other payables	(75)	-	**(75)**
Non-current liabilities	(9,676)	4,063	**(5,613)**
Borrowings	(9,676)	9,676	**-**
Deferred tax	-	(5,613)	**(5,613)**
Total net assets	1,490	22,383	**23,873**
Net Assets acquired	-	-	**23,873**
Goodwill	-	-	**13,252**
Total consideration	-	-	**37,125**

* Intangible assets identified as part of the BBI Healthcare acquisition.

BBI Healthcare was acquired on 4 June 2021. It generated net revenues of £6.5 million and adjusted EBITDA of £2.1 million in the period from acquisition to 31 December 2021.

14B. BUSINESS COMBINATIONS

On 6th August 2021 the Company completed the acquisition of a basket of brands from Helsinn Pharma, a company based in Switzerland engaged in the supply of oncology related products to European customers and trading under the name of "Helsinn". The acquisition consideration was £4.8 million, comprising £3.1 million in intangible assets (principally customer relationships, distribution agreements and Trademarks), £0.3 million deferred tax provision and a balance of £2.0 million as goodwill. The magnitude of the goodwill reflects the future value that the Group can unlock from this business acquisition through (a.) the trading of these acquired products into its network of existing Venture Life Brand customers, (b.) value creation through the transitioning of manufacturing in-house and (c.) value creation through the application of the Group' internal R&D resources to broaden the product range. The acquisition consideration of £4.8 million was paid in cash of £2.4 million at completion and the balance of £2.4 million at twelve months after completion. The acquisition was funded through the Company's RCF.

The Helsinn brands acquisition expands the company product portfolio into oncology support and further broadens its customer base, especially across Europe. The Group acquired the brands to further strengthen the product portfolio and pursue identified expansion opportunities in key markets across Europe, USA and Asia. The inclusion of this additional business into its portfolio increased the leverage of its trading infrastructure and contributed to the overall improvement in profitability. The acquisition has been accounted for under IFRS 3 as a business combination. The Consolidated Financial Statements to 2021 include the results of the Helsinn brands for the period from 6th August 2021 to 31 December 2021.

The fair values of the identifiable assets and liabilities of the Helsinn business as at the date of acquisition were:

	Fair Value CHF'000	**Fair Value £'000**
Assets		
Non-current Assets		
Customer Relationships *	1,365	**1,082**
Brands *	2,536	**2,010**
Non-current liabilities		
Deferred taxation	(329)	**(261)**
Total Net Assets	3,572	**2,831**
Net Assets acquired	3,572	**2,831**
Goodwill	2,428	**1,925**
Total Consideration	6,000	**4,756**
Satisfied by		
Cash paid at completion	3,000	**2,378**
Cash to be paid 365 days from completion	3,000	**2,378**
Total Consideration	6,000	**4,756**

* Intangible assets identified as part of the Helsinn acquisition.

The Helsinn business was acquired on 6 August 2021. It generated net revenues of £1.9 million in the period from acquisition to 31 December 2021.

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

15. INTANGIBLE ASSETS

	Development Costs £'000	Brands £'000	Patents and Trademarks £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:						
At 1 January 2020	3,280	1,089	1,016	16,417	2,856	24,658
Acquired through business combinations	-	-	417	4,076	1,040	5,533
Additions	739	-	82	-	-	821
Disposals	(345)	-	(182)	-	-	(527)
Foreign exchange movements	170	-	41	784	174	1,169
At 1 January 2021	3,844	1,089	1,374	21,277	4,070	31,654
Acquired through business combinations	-	19,004	-	15,177	6,870	41,051
Additions	470		43			513
Disposals	(1)		(396)			(397)
Foreign exchange movements	(264)		(42)	(971)	(213)	(1,490)
At 31 December 2021	4,049	20,093	979	35,483	10,727	71,331
Amortisation:						
At 1 January 2020	1,438	-	703	-	1,603	3,744
Charge for the year	323	-	213	-	373	909
Disposals	-	-	(182)	-	-	(182)
Foreign exchange movements	76	-	6	-	77	159
At 1 January 2021	1,837	-	740	-	2,053	4,630
Charge for the year	408	822	180		877	2,287
Disposals	(1)		(396)			(397)
Foreign exchange movements	(132)		(13)		(123)	(268)
At 31 December 2021	2,112	822	511	-	2,807	6,252
Carrying amount:						
At 31 December 2020	2,007	1,089	634	21,277	2,017	27,024
At 31 December 2021	**1,937**	**19,271**	**468**	**35,483**	**7,920**	**65,079**

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

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

Other intangible assets currently comprise customer relationships and product formulations acquired through the acquisition of Biokosmes Srl. and customer relationships acquired through the acquisitions of Periproducts, the Dentyl® brand, the PharmaSource group, BBI Healthcare Ltd and the Helsinn Brands. These assets were recognised at their fair value at the date of acquisition and were being amortised over a period of between five and ten years. The weighted average remaining amortisation period for other intangible assets is 7.1 years (2020: 4.9 years)

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

15. INTANGIBLE ASSETS CONTINUED

The key assumptions used in relation to the Biokosmes (Customer Brands comprising one CGU), Periproducts, the Dentyl® brand, PharmaSource group, BBI Healthcare Ltd and the Helsinn brands (part of the Venture Life Brands comprising five CGU's) impairment review are as follows:

- The estimates of profit before tax for the three years to 31 December 2024 are based on management forecasts of the Biokosmes, Periproducts, the Dentyl® brand, the PharmaSource group, BBI Healthcare Ltd and the Helsinn brand businesses, with subsequent years growth forecasted at CAGR's of 6.2%, 13.9%, 20.5%, 2.1%, 15.3% and 4.3% respectively. Management have applied risk adjustments to the forecasts and consider these to be conservative growth rates for these businesses which are reflective of the operating sectors. During the year a new partner was secured for the Chinese market and for new agreements were secured with other international partners which have a material uplift impact on the future sales forecast for Periproducts Ltd, the Dentyl® brands and BBI Healthcare Ltd.
- During 2021, Biokosmes net sales growth was negative 3% due the acquisition of Helsinn Healthcare assets which is accounted for in separate parts of the Group post acquisition (on a like for like basis net sales growth was 2%), Periproduct's main asset (UltraDEX®) net sales declined by 20% due to the termination of the previous Chinese partner, Dentyl® brand grew by 3%, the Pharmsource group net sales remained flat, BBI healthcare Ltd net sales grew by 8.4% and the sales of Helsinn brands grew by 10.8%.
- The Group has applied a discount rate to the future cash flows of Biokosmes for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 19.0%. These assumptions generate a significant headroom of £4.2 million over the assets of the business held at the balance sheet date. The Biokosmes factory has remained open throughout 2021 and in the current year-to-date and has not been impacted by Covid-19. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The Group has applied a discount rate to the future cash flows of Periproducts Ltd for five years including a terminal value. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 16.6%. These assumptions generate comfortable headroom over the assets of the business held at the balance sheet date. The impairment assessment of Periproducts Ltd includes a material uplift from the inclusion of the newly secured Chinese partner which has been risk adjusted by 50%. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The Group has applied a discount rate to the future cash flows of the Dentyl® brand for five years including a terminal value. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 16.0%. These assumptions generate comfortable headroom of £0.9 million over the assets of the business held at the balance sheet date. The impairment assessment of the Dentyl® brand includes a material uplift from the inclusion of the newly secured Chinese partner which has been risk adjusted by 50%. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The Group has applied a discount rate to the future cash flows of the PharmaSource group for five years including a terminal value. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 12.9%. These assumptions generate comfortable headroom of £2.2 million over the assets of the business held at the balance sheet date. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The Group has applied a discount rate to the future cash flows of BBI Healthcare Ltd for five years including a terminal value. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.4%. These assumptions generate a headroom of £1.2 million over the assets of the business held at the balance sheet date. The impairment assessment of BBI Healthcare Ltd includes a material uplift from new customer agreements secured during the year which have been risk adjusted by 25%. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The Group has applied a discount rate to the future cash flows of the Helsinn brands for five years including a terminal value. The rate is based upon the Group WACC of 12.6% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 16.6%. These assumptions generate comfortable headroom of £1.5 million over the assets of the business held at the balance sheet date. Sensitivity analysis has been performed by increasing the pre-tax WACC by 0.5ppt which shows that headroom remains.
- The above impairment assessments of Biokosmes SRL, Periproducts Ltd, the Dentyl® brand, the PharmaSource group, BBI Healthcare Ltd and the Helsinn brands have included assessment of all elements of intangible value regardless of whether their economic lives are finite or indefinite, and include Customer Relationships, acquired formulations, acquired Trademarks and Goodwill.

15. INTANGIBLE ASSETS CONTINUED

Intangible assets with indefinite useful lives allocated to operating segments

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Goodwill	Periproducts Ltd	**3,337**	3,337
	Dentyl®	**3,100**	3,100
	PharmaSource BV	**4,057**	4,340
	BBI Healthcare Ltd	**13,252**	-
	The Helsinn brands	**1,925**	-
	Venture Life Brands Total	**25,671**	10,777
	Biokosmes srl	**9,812**	10,500
	BBI Healthcare Ltd	**-**	-
	Customer Brands Total	**9,812**	10,500
	Total	**35,483**	21,277
Brands	Periproducts Ltd	**-**	-
	Dentyl®	**1,089**	1,089
	PharmaSource BV	**-**	-
	BBI Healthcare Ltd	**-**	-
	The Helsinn brands	**2,010**	-
	Venture Life Brands Total	**3,099**	1,089
	Biokosmes srl	**-**	-
	BBI Healthcare Ltd	**-**	-
	Customer Brands Total	**-**	-
	Total	**3,099**	1,089

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

Recoverable amount of each operating segment

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Periproducts Ltd	**5,958**	6,290
Dentyl®	**5,262**	5,930
PharmaSource BV	**7,332**	8,659
BBI Healthcare Ltd	**36,981**	-
The Helsinn brands	**6,433**	-
Venture Life Brands Total	**61,966**	20,879
Biokosmes srl	**14,435**	13,691
Customer Brands	**14,435**	13,691

These assumptions are subjective and provide key sources of estimation uncertainty, specifically in relation to growth assumptions, future cashflows and the determination of discount rates. The actual results may vary and accordingly may cause adjustments to the Group's valuation in future financial years. Sensitivity analysis has been performed on the impairment review and indicate sufficient headroom in the event of reasonably possible changes in key assumptions are unlikely to result in an impairment for intangibles.

Notes to the Consolidated Statement continued

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16. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment £'000	Other equipment £'000	Land and buildings	Right-of-use assets £'000	Total £'000
Cost or valuation:					
At 1 January 2020	2,705	97		4,263	7,065
Additions	1,213	35		2,510	3,758
Disposals	(4)	(4)		(351)	(359)
Foreign exchange movements	(212)	105		63	(44)
At 1 January 2021	3,702	233		6,485	10,420
Acquired through business combination	2,098	2	1,510	-	3,610
Additions	353	18	-	733	1,104
Disposals	(18)	(11)	-	-	(29)
Foreign exchange movements	(396)	(14)	(45)	(452)	(907)
At 31 December 2021	**5,739**	**228**	**1,465**	**6,766**	**14,198**
Depreciation:					
At 1 January 2020	1,174	91	-	1,648	2,913
Charge for the year	331	26	-	724	1,081
Disposals	(4)	(4)	-	(351)	(359)
Foreign exchange movements	(198)	21	-	(56)	(233)
At 1 January 2021	1,303	134	-	1,965	3,402
Charge for the year	635	26	59	695	1,415
Disposals	(18)	(11)	-	-	(29)
Foreign exchange movements	(170)	(9)	(15)	(133)	(327)
At 31 December 2021	**1,749**	**140**	**45**	**2,527**	**4,461**
Carrying amount:					
At 31 December 2020	2,399	99	-	4,520	7,018
At 31 December 2021	**3,990**	**88**	**1,420**	**4,239**	**9,737**

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

Additions to right-of-use asset category reflect the recognition of the Group's leasing obligations under IFRS 16. Further details are included in Note 28.

17. INVENTORIES

	At 31 December 2021 £'000	At 31 December 2020 £'000
Raw materials	**5,221**	5,330
Finished goods	**3,798**	3,556
Total	**9,019**	8,886

An amount of £19,804,000 (2020: £17,229,000) was recognised in respect of expenditure on inventory in the Statement of Comprehensive Income within Cost of Sales.

18. TRADE AND OTHER RECEIVABLES

	At 31 December 2021 £'000	At 31 December 2020 £'000
Trade receivables	**10,650**	6,709
Prepayments and accrued income	**511**	311
Other receivables	**1,051**	633
Total	**12,212**	7,653

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

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

	At 31 December 2021 £'000	At 31 December 2020 £'000
31 to 60 days past due	**507**	177
60 to 90 days past due	**270**	175
90 to 120 days past due	**-**	-
>120 days past due	**87**	899
Overdue trade receivables gross	**864**	1,251
Allowance for credit losses	**(382)**	(516)
Trade receivables – net	**482**	735

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

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on the Group's credit risk management policies, refer to Note 29(d). The Group has adopted IFRS9 to trade receivables and considered the recoverability of amounts owing from its customers by applying the simplified model for expected credit losses to trade receivables to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group does not hold any collateral as security for its trade and other receivables. The amounts of trade and other receivables denominated in currencies other than pounds sterling are shown in Note 29(c). The Directors further considered the carrying value of overdue trade and other receivables in the light of the on-going Covid-19 situation.

Notes to the Consolidated Statement continued

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19. CASH AND CASH EQUIVALENTS

	At 31 December 2021 £'000	At 31 December 2020 £'000
Available Cash and cash equivalents	5,235	42,095

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

The Directors consider that the carrying value of cash and cash equivalents approximates their fair value. For details on the Group's credit risk management policies, refer to Note 29(d).

The amounts of cash and cash equivalents denominated in currencies other than pounds sterling are shown in Note 29(c).

20. SHARE CAPITAL AND SHARE PREMIUM

Share capital

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

	Ordinary shares of 0.3p each Number	Ordinary shares of 0.3p each £	Share premium £'000	Merger reserve £'000
At 31 December 2021	**125,831,530**	**377,495**	**65,738**	**7,656**
At 31 December 2020	125,831,530	377,495	65,738	7,656

The Company issued no new shares during 2021 (42,119,424 new shares were issued during 2020 for consideration of £36,997,000).

The Group operates a Long-Term Incentive Plan. Up to the balance sheet date, there have been four awards under this plan, in which Executive Directors and senior management of the Group participate. During 2021, one of the awards matured and met the vesting conditions. Further details are included in the Directors' Remuneration Report set out on pages 52 to 56.

21. MERGER RESERVE

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

The merger reserve is also used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 2006. The balance on the reserve of £7,656,000 (2020: £7,656,000) has arisen through the acquisition of Venture Life Limited in 2010 (£50,000), and Biokosmes in March 2014 (£7,606,000).

22. FOREIGN CURRENCY TRANSLATION RESERVE

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

23. SHARE-BASED PAYMENTS AND SHARE-BASED PAYMENTS RESERVE

23.1 Share options

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

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

The share option charge for the year was £196,000 (2020: £409,000) and is included in administrative expenditure in the Statement of Comprehensive Income. The share option provision recycling for the year was £nil (2020: £373,000. The 2020 sum pertained to a series of successful staff stock option exercise events coupled with releases in respect of executive LTIP incentives which had failed to meet the vesting conditions).

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

	2021 Number	**2021 WAEP (p)**	2020 Number	2020 WAEP (p)
Total outstanding at beginning of the year	**6,460,766**	**36.5**	4,067,940	46.1
Granted during the year	**972,936**	**61.5**	5,060,100	33.8
Exercised	**-**	**-**	(2,070,674)	46.0
Forfeited	**-**	**-**	(596,600)	46.0
Total outstanding at 31 December	**7,433,702**	**39.8**	6,460,766	36.5
Exercisable at 31 December	**1,278,666**	**44.6**	1,278,666	44.6

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

	2021 Number	2020 Number
Range of exercise prices 0p - 49p	**6,348,766**	6,148,766
50p - 99p	**1,084,936**	312,000
100p - 149p	**-**	-
Total	**7,433,702**	6,460,766

At 31 December 2021, the weighted average remaining contractual life of options exercisable is 7.24 years (2020: 7,88 years). The weighted average exercise price of options granted in the year was 61.5 pence. No options were granted in the prior year.

The non-market performance conditions for all share options outstanding at 31 December 2021 and which are exercisable at 31 December 2021 or before have been achieved.

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

The inputs into the Black-Scholes model for issuance of stock options were as follows for 2021 and 2020:

	2021	2020
Weighted average share price (p)	**61.5**	33.7
Weighted average exercise price (p)	**61.5**	33.7
Weighted average expected volatility (%)	**55.0**	37.0
Weighted average expected life (years)	**4**	4
Weighted average risk free rate (%)	**0.258**	0.546
Expected dividends (%)	**0.599**	0.294

a) The risk-free rate is based on the UK gilt rate as at the grant date with a period to maturity commensurate with the expected term of the relevant option tranche.
b) The fair value charge is spread evenly over the period between the grant of the option and the earliest exercise date.
c) The expected volatility is based on the historical volatility of similar companies share prices over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The range of comparable companies has been reviewed for grants in the current year resulting in the decrease in expected volatility.

23. SHARE-BASED PAYMENTS AND SHARE-BASED PAYMENTS RESERVE CONTINUED

23.2 Long-Term Incentive Plan

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

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

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

Further details of vesting conditions are set out in the Directors' Remuneration Report on pages 52 and 53. Award four includes vesting conditions that are market based, and allowance for these are included within the fair value at grant date. The weighted average fair value of options granted in prior years was determined using the Monte-Carlo valuation model was 46.5 pence per option.

The significant inputs into the model were:

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

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

Movements in the number of awards outstanding, assuming maximum achievement of vesting conditions, are as follows:

	2021 Number	2020 Number
At 1 January	**554,115**	1,474,267
Granted	**-**	-
Did not meet vesting conditions	**-**	(920,152)
Vested	**(554,115)**	-
At 31 December	**-**	554,115

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

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

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

Notes to the Consolidated Statement continued

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24. RETAINED EARNINGS

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

25. TRADE AND OTHER PAYABLES

	At 31 December 2021 £'000	At 31 December 2020 £'000
Trade payables	**4,308**	4,004
Accruals and deferred income	**1,800**	2,003
Social security and other taxes	**976**	846
Deferred consideration	**2,397**	-
Other payables	**236**	255
Total	**9,717**	7,108

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

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

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

The amount of trade and other payables denominated in currencies other than pounds sterling are shown in Note 29(c).

Notes to the Consolidated Statement continued

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26. INTEREST-BEARING BORROWINGS

	At 31 December 2021 £'000	At 31 December 2020 £'000
Current		
Invoice financing	-	888
Leasing obligations	620	477
Unsecured bank loans due within one year	-	1,092
Total	620	2,457
Non-current		
Leasing obligations	3,626	4,085
Unsecured bank loans due after one year	-	4,636
Secured bank loans due after one year	8,483	-
Total	12,109	8,721

All bank loans are held jointly by Santander Bank and Silicon Valley Bank and comprise the Group's revolving credit facility, secured against the assets and profits of most subsidiaries within the group and with expiry in June 2024. This facility was established during 2021 in the committed sum of £30.0 million of which £4.0 million and €6.0 million has been drawn at 31 December 2021. (The prior year borrowing comprised loans from several Italian banks which were all repaid in full during 2021 pursuant to the revolving credit facility). Invoice financing includes the Italian RiBa (or "Ricevuta Bancaria") facility which is a short-term facility. The balance shown above of £nil (2020: £888,000) reflects the amount that had been settled in Biokosmes' account under RiBa and drawn against invoices in the UK as at the reporting date.

The revolving credit facility bears interest at a fixed rate of 2.5% plus SONIA on drawn funds as well as commitment interest at the rate of 1.0% plus SONIA on the balance of undrawn funds up to the facility limit. The RiBa invoice financing balance bears interest at variable rates.

A summary showing the utilisation of the revolving credit facility shown below:

	2021 GBR £'000	2021 EUR £'000	2021 All £'000	2020 GBP £'000	2020 EUR £'000	2020 All £'000
Opening Balance at 1 January	-	-	-	-	-	-
Drawdown	9,500	5,884	15,384	-	-	-
Repayments	(5,500)	(818)	(6,318)	-	-	-
Impact of foreign exchange	-	(27)	(27)	-	-	-
Closing Balance at 31 December	4,000	5,039	9,039	-	-	-

A summary showing the utilisation of the RIBa invoice financing is shown below:

	2021 £'000	2020 £'000
Opening Balance at 1 January	888	1,184
Drawdown	953	2,314
Repayments	(1,804)	(2,668)
Impact of foreign exchange	(37)	58
Closing Balance at 31 December	-	888

A summary showing the contractual repayment of interest-bearing borrowings is shown below:

	At 31 December 2021			At 31 December 2020		
	Leasing obligations £'000	Other £'000	2020 £'000	Leasing obligations £'000	Other £'000	2020 £'000
Amounts and timing of debt repayable						
Within 1 year	660	433	1,093	523	2,052	2,575
1-2 years	633	435	1,068	473	1,508	1,981
2-3 years	419	9,284	9,703	447	1,352	1,799
3-4 years	418	-	418	448	1,167	1,615
4-5 years	410	-	410	447	638	1,085
After more than 5 years	1,899	-	1,899	2,471	90	2,561
Total	4,439	10,152	14,591	4,809	6,807	11,616

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

26. INTEREST-BEARING BORROWINGS CONTINUED

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Net debt reconciliation

	Liabilities from Financing activities			Other assets	
	Borrowings	**Leases**	**Sub-Total**	**Cash**	**Net Cash / (Net Debt)**
Net cash at 01 January 2020	4,374	2,651	7,025	10,710	3,685
Net cashflow	-	-	-	31,443	31,443
Finance lease repayments	-	(764)	(764)	-	764
Interest on Leases	-	33	33	-	(33)
Drawdown	5,428	2,510	7,938	-	(7,938)
(Repayments)	(3,433)	-	(3,433)	-	3,433
Foreign exchange movements	247	132	379	(58)	(437)
Net cash at 31 December 2020	**6,616**	**4,562**	**11,178**	**42,095**	**30,917**
Net cashflow	-	-	-	(37,076)	(37,076)
Finance lease repayments	-	(728)	(728)	-	728
Fees and interest	(556)	-	(556)	-	556
Drawdown	16,336	733	17,069	-	(17,069)
(Repayments)	(13,614)	-	(13,614)	-	13,614
Foreign exchange movements	(299)	(321)	(620)	216	836
Net cash at 31 December 2021	**8,483**	**4,246**	**12,729**	**5,235**	**(7,944)**

Lease liability

In 2017 the Group adopted IFRS 16 which means that lease contracts that have previously been recognised as operating leases are now being recognised as finance leases. In the Statements of Financial Position additional lease liabilities at 31 December 2021 of £4,246,000 (2020: £4,562,000) and right-of-use assets of £4,239,000 (2020: £4,520,000) are recognised, giving a net liability position of £7,000 (2020: £42,000).

27. STATUTORY EMPLOYMENT PROVISION

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

	At 31 December 2021 £'000	At 31 December 2020 £'000
At 1 January	**1,201**	1,058
Additional provisions	**175**	236
Amount utilised	**(58)**	(149)
Foreign exchange movements	**(82)**	56
At 31 December	**1,236**	1,201

28. LEASES

During 2017 the Group early adopted IFRS 16 "Leases", which was applied from 1 January 2017.

IFRS 16 requires the Group, with the exception of short-term and low value leases, to value all leasing obligations disclosing right-for-use assets and corresponding lease liabilities. As detailed below, all leases of the Group have been considered to have balance sheet leasing obligations with the exception of a UK property lease which expired within 2017.

Right-of-use assets

	Office equipment £'000	Motor vehicles £'000	Property £'000	Total £'000
Carrying value 1 January 2020	18	-	2,597	2,615
Additions	-	17	2,493	2,510
Depreciation charge in the year	(13)	(7)	(704)	(724)
Foreign exchange movements	(2)	(1)	122	119
Carrying value 31 December 2020	**3**	**9**	**4,508**	**4,520**
Interest charge in the year	-	-	33	33
Cash outflow for leases in the year	14	6	744	764
Carrying value 1 January 2021	3	9	4,508	4,520
Additions	-	-	733	733
Depreciation charge in the year	(3)	(6)	(686)	(695)
Foreign exchange movements	-	-	(319)	(319)
Carrying value 31 December 2021	**-**	**3**	**4,236**	**4,239**
Interest charge in the year	-	-	50	50
Cash outflow for leases in the year	3	6	719	728

Lease liabilities were calculated as the present value of the future lease obligations of the Group amounting to £4.25 million (31 December 2020: £4.56 million). The future leasing obligations were discounted using the relevant Italian and UK local borrowing rates of 1% and 5% respectively. The closing lease liability is shown in note 26.

The lease categories of the Group are made up of:

Office equipment

- Photocopiers and laboratory equipment leased by the Group in Italy and the UK are rented under contract with lease terms extending between 2021 and 2022. Each contract comes with a three-month break clause, but management do not expect that these break clauses will be exercised.

Motor vehicles

- A company car was provided during 2020 for use by a senior member of staff whose responsibilities require a high degree of national and international road travel.

Property

- The Group's Italian subsidiary has one operating location and one logistics facility in Lecco, near to Milan. The operating location has 2 long-term rental agreements. The main agreement was renewed in November 2019 for a period of six years and has an option to extend the lease for a further 6 years, which the group expects to exercise, and has accounted for as an addition to right-of-use assets in 2020. The lease on the logistics facility expired on 31 December 2020. The group entered into a new lease agreement in relation to this facility in December 2020 to commence on 1 January 2021 for a period of 3 years.
- The Group's current UK operation is headquartered in a leased premises in Bracknell. The lease contract commenced in August 2017 and expires in July 2022.

At transition IFRS 16 permits the cumulative effect of adopting the standard to be taken to retained earnings. The Group also elected to value the right-of-use assets in line with lease liabilities at transition. There were no movements taken to retained earnings as a result of transition. The contractual maturity of lease liabilities is shown in note 26.

If IFRS 16 was not required, operating profit of the Group for the year would be reduced by £83,000 (2020: £40,000) and profit before tax would be reduced by £36,000 (2020: increase £6,000).

29. FINANCIAL INSTRUMENTS

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

a) Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Trade and other receivables (excluding prepayments)
- Cash and cash equivalents
- Trade and other payables (excluding deferred revenue)
- Interest-bearing debt
- Leasing obligations
- Invoice financing

Set out below are details of financial instruments held by the Group as at:

	31 December 2021		31 December 2020	
	Financial assets at Amortised Cost £'000	Total financial assets £'000	Financial assets at amortised cost £'000	Total financial assets £'000
Financial assets:				
Trade and other receivables [1]	**11,701**	**11,701**	7,342	7,390
Cash and cash equivalents	**5,235**	**5,235**	42,095	42,095
Total	**16,936**	**16,936**	49,437	49,485

	31 December 2021		31 December 2020	
	Liabilities (amortised cost) £'000	Total Financial Liabilities £'000	Liabilities (amortised cost) £'000	Total financial liabilities £'000
Financial liabilities:				
Trade and other payables [2]	**9,711**	**9,711**	6,875	6,875
Leasing obligations	**4,246**	**4,246**	4,562	4,562
Interest-bearing debt	**8,483**	**8,483**	6,616	6,616
Total	**22,440**	**22,440**	18,053	18,053

1 Trade and other receivables excludes prepayments
2 Trade and other payables excludes deferred revenue

During 2017 the Group adopted the lease accounting standard IFRS 16. The standard requires the recognition of leasing obligations which are included above. See Note 28 for further details.

b) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk of foreign exchange fluctuations, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's policies for financial risk management are outlined in the section on Principal Risks and Uncertainties in the Strategic Report on pages 34 to 36.

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

29. FINANCIAL INSTRUMENTS CONTINUED

c) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk on sales, purchases, and translation of assets and liabilities that are in a currency other than the functional currency of its operating units.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities in euros, US dollars, Chinese renminbi and Swiss francs are shown below in the Group's presentational currency, (£).

	SEK £'000	US$ £'000	RMB £'000	CHF £'000	Euro £'000	Total £'000
At 31 December 2021						
Assets						
Trade and other receivables	56	-	-	-	7,249	**7,305**
Cash and cash equivalents	247	11	63	-	3,531	**3,852**
	303	11	63	-	10,780	**11,157**
Liabilities						
Trade and other payables	499	12	-	-	3,144	**3,655**
Interest-bearing debt	-	-	-	-	9,264	**9,264**
	499	12	-	-	12,408	**12,919**

	SEK £'000	US$ £'000	RMB £'000	CHF £'000	Euro £'000	Total £'000
At 31 December 2020						
Assets						
Trade and other receivables	-	-	-	-	5,721	5,721
Cash and cash equivalents	-	-	65	4	3,361	3,430
	-	-	65	4	9,082	9,151
Liabilities						
Trade and other payables	-	-	-	-	5,180	5,180
Interest-bearing debt	-	-	-	-	6,616	6,616
	-	-	-	-	11,796	11,796

The following table details the Group's sensitivity to a 10% increase and decrease in the foreign currencies used by the Group against sterling. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% weakening or strengthening of the foreign currencies against sterling.

	£ currency Impact Strengthening £'000	£ currency Impact Weakening £'000
At 31 December 2021		
Assets	**1,080**	**(1,080)**
Liabilities	**(1,240)**	**1,240**
At 31 December 2020		
Assets	909	(909)
Liabilities	(1,180)	1,180

29. FINANCIAL INSTRUMENTS CONTINUED

d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, and in some cases bank references.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk and considers this risk by counterparty and geography.

At 31 December 2021, the Group was also owed £1,836,400 (2020: £2,063,000) from three (2020: two) of its major customers, the balance being shown under trade receivables.

A provision of £105,000 (2020: £356,000) was made against trade receivables and included in the group's bad debt provision.

No collateral is held by the Group in relation to any of its financial assets.

Interest rate risk

The Group's principal interest-bearing assets are its cash balances.

The main principles governing the Group's investment criteria are the security and liquidity of its investments before yield, although the yield (or return) is also a consideration. The Group will also ensure:

i) that it has sufficient liquidity in its investments. For this purpose it will use its cash flow forecasts for determining the maximum periods for which funds may prudently be committed; and
ii) that it maintains a policy covering both the categories of investment types in which it will invest, and the criteria for choosing investment counterparties.

The interest rate risk profile of the Group's financial assets, excluding trade and other receivables, as at 31 December was:

	Fixed rate		Floating rate		Total	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Sterling	**-**	-	**1,383**	38,665	**1,383**	38,665
Euro	**-**	-	**3,531**	3,361	**3,531**	3,361
RMB	**-**	-	**63**	65	**63**	65
USD	**-**	-	**11**	-	**11**	-
Swiss franc	**-**	-	**-**	4	**-**	4
Swedish Krona	**-**	-	**247**	-	**247**	-
Total	**-**	-	**5,235**	42,095	**5,235**	42,095

Floating rate deposits in all currencies earn interest at prevailing bank rates.

The interest rate risk profile of the Group's interest-bearing borrowings, as at 31 December was:

	Fixed rate		Floating rate		Total	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Sterling	**-**	-	**3,465**	85	**3,465**	85
Euro	**-**	-	**9,264**	11,093	**9,264**	11,093
RMB	**-**	-	**-**	-	**-**	-
USD	**-**	-	**-**	-	**-**	-
Swiss franc	**-**	-	**-**	-	**-**	-
Total	**-**	-	**12,729**	11,178	**12,729**	11,178

Notes to the Consolidated Statement continued

for the year ended 31 December 2021

29. FINANCIAL INSTRUMENTS CONTINUED

e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

f) Maturity of financial assets and liabilities

All of the Group's financial assets and financial liabilities at each reporting date are either payable or receivable within one year, with the exception of the non-current interest-bearing borrowings as detailed in Note 26.

g) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Group is funded by equity, comprising issued capital and retained profits. The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued capital and retained profits. The Group has no externally imposed capital requirements, but maintains an efficient overall financing structure while avoiding excessive leverage.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	At 31 December 2021 £'000	At 31 December 2020 £'000
Total equity	**73,164**	72,109
Cash and cash equivalents	**(5,235)**	(42,095)
Capital	**67,929**	30,014
Total equity	**73,164**	72,109
Borrowings	**8,483**	-
Leasing obligations	**4,246**	4,562
Overall financing	**85,893**	83,287
Capital to overall financing ratio	**0.79**	0.36

30. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

a) Transactions with Directors

Total dividends paid to Directors in the year ending 31 December 2021 were £nil (2020: £nil).

Gianluca Braguti, a Director and shareholder of the Group, was provided with services by the Group totalling £3,685 (2020: £3,460). At 31 December 2021, Gianluca Braguti owed the Group £4,375 (2020: £4,262).

Under the terms of the Share Purchase Agreement dated 28 November 2013 and signed between the Group and the vendors of Biokosmes, one of whom was Gianluca Braguti, the vendors agreed to indemnify the Group in full for any net liability arising from certain litigation cases which had not settled at the time of completion of the acquisition on 27 March 2014. At 31 December 2018 the amount due to the Group under the indemnity totalled €250,935 of which Gianluca Braguti's liability was €248,426. During 2019 the final matter was resolved in favour of Biokosmes in an amount slightly exceeding €250,935 which has accordingly extinguished this indemnified liability. The small net positive surplus was de-recognised in the statement of financial position at 31 December 2019. During 2020, in order to avoid a remote but potential escalation of legal action, Biokosmes srl decided to settle with one claimant in the amount of €116,000 which resulted in a net amount owing to the Group of €102,713. Gianluca Braguti owed to the Group the amount of €102,713 at 31st December 2020 which was settled in full during 2021.

30. RELATED PARTY TRANSACTIONS CONTINUED

b) Transactions with other related parties

Braguti's real estate Srl (formerly known as Biokosmes Immobiliare Srl), a company [2]% owned by Gianluca Braguti, a Director and shareholder of the Group provided property lease services to Biokosmes Srl, the Group's Italian subsidiary, totalling £402,010 in the year to 31 December 2021 (2020: £409,253). At 31 December 2021, the Group owed Braguti's real estate Srl £nil (£68,883 at 31 December 2020).

Services provided to Biokosmes Immobiliare Srl totalled £4,674 (2020: £nil). At 31 December 2021, Biokosmes Immobiliare Srl owed to the Group £nil (2020: £nil).

Services purchased from Biogenico Srl, a company 47% owned by Gianluca Braguti, a Director and shareholder of the Group, totalled £nil (2020: £32,626). At 31 December 2021, the Group owed Biogenico Srl £nil (2020: £nil). Services provided to Biogenico Srl totalled £nil (2020: £26,084). At 31 December 2021, Biogenico Srl owed the Group £nil (2020: £nil). During 2021, Biogenico Srl has been closed down.

Services purchased from A. Erre, a company 10% owned by Gianluca Braguti, a Director and shareholder of the Group, totalled £38,843 (2020: £64,623) and services provided totalled £1,914 (2020: £222). At 31 December 2021, the Group owed A. Erre £2,273 (2020: £274). At 31 December 2021, A. Erre owed the Group £4,536 (2020: £nil).

Services purchased from Farmacia San Francesco, a company 10% owned by Gianluca Braguti, a Director and shareholder of the Group, who is also a Director, totalled £2,053 (2020: £3,393). At 31 December 2021, Farmacia San Francesco owed the Group £117 (2020: £379).

31. ALTERNATIVE PERFORMANCE MEASURES (APM'S)

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

The measures used are Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted EBITDA which is defined as EBITDA excluding share-based payment charges and exceptional items.

	Year Ended 31 December 2021 £'000	Year Ended 31 December 2020 £'000
Operating Profit	**1,371**	3,555
Add back:		
Depreciation	**1,415**	1,081
Amortisation	**2,287**	909
EBITDA	**5,073**	5,545
Add back:		
Share-based payments charge	**196**	409
Exceptional costs	**1,331**	167
Adjusted EBITDA	**6,600**	6,121

32. POST BALANCE SHEET EVENTS

There were no material events after the balance sheet date.

Parent Company Balance Sheet

for the year ended 31 December 2021
Company number 05651130

	Note	At 31 December 2021 £'000	At 31 December 2020 £'000
Fixed assets			
Investments	5	**53,282**	25,064
Intangible assets	6, 7	**9,238**	3,977
		62,520	29,041
Current assets			
Inventory		**142**	170
Debtors	8	**18,170**	5,564
Cash at bank		**603**	38,477
		18,915	44,211
Creditors			
Amounts falling due within one year	9	**(4,610)**	(2,844)
Net current assets		**14,305**	41,367
Total assets less current liabilities		**76,825**	70,408
Creditors			
Amounts falling due after one year	10	**(9,471)**	(1,308)
Net assets		**67,354**	69,100
Capital and reserves			
Called up share capital	11	**377**	377
Share premium account		**65,738**	65,738
Merger reserve		**7,656**	7,656
Foreign currency translation reserve		**(25)**	5
Share-based payments reserve		**856**	660
Profit and loss account*		**(7,248)**	(5,336)
Shareholders' funds		**67,354**	69,100

* As permitted by Section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented. The loss for the financial year dealt with in the financial statements of the Company is £1,912,000 (2020: loss £869,000).

The financial statements on pages 58 to 114 were approved and authorised for issue by the Board on 16 May 2021 and signed on its behalf by:

Jerry Randall
Director
16 May 2022

Parent Company Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Share-based payments reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2020	251	30,824	7,656	-	624	(4,840)	34,515
Loss for the year	-	-	-	-	-	(869)	(869)
Foreign exchange on translation	-	-	-	5	-	-	5
Total comprehensive income / (expenses)	-	-	-	5	-	(869)	(864)
Share-based payments charge	-	-	-	-	409	-	409
Share-based payments charge recycling	-	-	-	-	(373)	373	-
Contributions of equity, net of transaction costs	126	34,914	-	-	-	-	35,040
Transactions with shareholders	126	34,914	-	-	36	373	35,449
Balance at 31 December 2020	377	65,738	7,656	5	660	(5,336)	69,100
Loss for the year	-	-	-	-	-	(1,912)	(1,912)
Foreign exchange on translation	-	-	-	(30)	-	-	(30)
Total comprehensive income / (expenses)	-	-	-	(30)		(1,912)	(1,942)
Share-based payments charge	-	-	-	-	196	-	196
Transactions with shareholders	-	-	-	-	196	-	196
Balance at 31 December 2021	**377**	**65,738**	**7,656**	**(25)**	**856**	**(7,248)**	**67,354**

During the year the fourth tranche of the management long-term incentive matured and met its vesting conditions. The options had not yet been exercised at 31 December 2021. The respective accumulated provision within the Share Based Payments reserve of £147,000 remains in place pending the execution of these options.

Notes to the Parent Company Balance Sheet

for the year ended 31 December 2021

1. COMPANY INFORMATION

Venture Life Group plc is a publicly traded company on the UK alternative investments market ("AIM"), incorporated in the United Kingdom whose registered office is at: Venture House, 2 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA. The Company's principal place of business is at: 12 The Courtyard, Eastern Road, Bracknell, Berkshire RG12 2XB.

The principal activity of the company is the holding of the Group's share capital and provision of management services to the Group.

2. ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

Financial Reporting Standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Going concern

On the basis of the strength of the balance sheet and performance of the business, the Directors are confident that the Company and its Group are well placed to manage business risks successfully. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. A summary of how the Directors have considered Going Concern at a Group level and the various scenarios that have been examined is included in Note 3.1 of the Group Financial Statements.

Investment in subsidiary undertakings and impairment review

Investments in subsidiary undertakings where the Company has control are stated at cost less any provision for impairment. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Share-based payments

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

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

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

When an agreement is reached for the settlement of a fixed liability for a fixed number of the Company's shares ("Fixed for Fixed") the value of the liability is de-recognised and is recognised in the share-based payments reserve at the date of the agreement.

When the Company grants options over equity instruments directly to the employees of a subsidiary undertaking, the effect of the share-based payment, as calculated, is capitalised as part of the investment in the subsidiary as a capital contribution, with a corresponding increase in equity.

2. ACCOUNTING CONVENTION CONTINUED

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the rates that are expected to apply in the period when the timing differences are expected to reverse, based on the tax rates and law enacted or substantively enacted at the balance sheet date.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are charged/credited to the profit and loss account.

The company conducts trade in Italy by means of a permanent establishment. This foreign operation operates in a functional currency of euros.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred.

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the assets are impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Estimates: Impairment of other non-financial assets

The company conducts annual impairment reviews of other non-financial assets, such as goodwill, when events or changes in circumstances indicate that their carrying amounts may not be recoverable, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. These assumptions relate to future events and circumstances. The actual results may vary and may cause adjustments to the Group's assets in future financial years.

The Directors considered that no impairment was necessary in respect of other non-financial assets recognised in the years ended 31 December 2020 and 31 December 2021.

Estimates: Fair values on acquisition

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

Estimates: Amortisation periods

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

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

2. ACCOUNTING CONVENTION CONTINUED

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

Financial liabilities and equity

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

3. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by s408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The loss dealt with in the financial statements of the parent Company was £1,912,000 (2020: loss £869,000).

The current auditors' remuneration in respect of audit services provided to the Company is disclosed in Note 7 of the consolidated financial statements.

4. EMPLOYEE INFORMATION

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

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Product development and manufacturing	**-**	-
Sales and marketing	**-**	-
Directors	**7**	7
Administration	**-**	-
Total	**7**	7

Their aggregate remuneration comprises:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**966**	1,299
Social security costs	**117**	174
Pension costs	**84**	89
Other benefits	**9**	8
Equity settled share-based payments	**-**	295
Total	**1,176**	1,865

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Charged into cost of sales and a proportion absorbed into closing inventory	**-**	-
Charged into research and development costs and a proportion into capitalised development costs	**-**	-
Charged into operating expenses	**1,176**	1,865
Total	**1,176**	1,865

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

4. EMPLOYEE INFORMATION CONTINUED

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	**966**	1,191
Social security costs	**117**	162
Pension costs	**84**	89
Other benefits	**9**	8
Equity settled share-based payments	**-**	295
Total	**1,176**	1,745

Further information on Directors remuneration is included in the Remuneration Report on page 55.

5. INVESTMENTS

	Investments in subsidiary undertakings shares £'000	Capital contributions from share-based payments £'000	Other investments £'000	Total £'000
Cost				
At 1 January 2021	24,580	484	31	25,095
Additions	28,091	127	-	28,218
Revaluation adjustment	-	-	-	-
At 31 December 2021	**52,671**	**611**	**31**	**53,313**
Accumulated impairment				
At 1 January 2021	-	-	(31)	(31)
Charge for the year	-	-	-	-
At 31 December 2021	**-**	**-**	**(31)**	**(31)**
Net book value				
At 31 December 2020	24,580	484	-	25,064
At 31 December 2021	**52,671**	**611**	**-**	**53,282**

Venture Life Group plc has four UK subsidiary undertakings, Venture Life Limited (Company number 07186207), Lubatti Limited (Company number 06704099), Periproducts Limited (Company number 02864374) and Venture Life Healthcare Ltd (Company number 562395) which are all Incorporated in England and registered with the same address as the Company. Venture Life Healthcare Ltd (formerly named BBI Healthcare Ltd until 18 June 2021) has three wholly owned subsidiaries (Rolf Kulgren AB, Kullgren Holdings AB, Venture Life Manufacturing (Sweden) AB which are all Incorporated in Sweden). Venture Life Group plc also has one Italian subsidiary (Biokosmes Srl, registered address 20122 Milano – Via Besana, 10), one Swiss subsidiary (PermaPharm AG, registered address Oberallmendstrasse 24, 6304 Zug), one Irish subsidiary (Venture Life Europe Ltd, registered address Corrig Road, Dublin 18, Ireland) and one Netherlands group, Nelie BV (registered address Hescheweg 94, 5342 CL in Oss, NL) (which wholly-owns PharmaSource BV and MD Manufacturing BV).

Name of subsidiary	Class of holding	Proportion held directly	Location
Venture Life Limited	Ordinary	100%	UK
Lubatti Limited	Ordinary	100%	UK
Periproducts Limited	Ordinary	100%	UK
Venture Life Healthcare Ltd (including three subsidiaries – Rolf Kullgren AB, Kullgren Holdings AB, Venture Life Manufacturing (Sweden) AB)	Ordinary	100%	UK
PermaPharm AG	Ordinary	100%	Switzerland
Biokosmes Srl	Ordinary	100%	Italy
Venture Life Europe Ltd	Ordinary	100%	Ireland
Nelie BV (including two subsidiaries – PharmaSource BV and MD Manufacturing BV)	Ordinary	100%	Netherlands

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

6. INTANGIBLE ASSETS

	Brands £'000	Goodwill £'000	Other Intangible Assets £'000	Total £'000
Cost or valuation:				
At 1 January 2021	1,089	3,272	189	4,550
Additions	2,010	2,558	1,082	5,650
At 31 December 2021	**3,099**	**5,830**	**1,271**	**10,200**
Amortisation:				
At 1 January 2021	131	396	46	573
Charge for the year	88	215	86	389
At 31 December 2021	**219**	**611**	**132**	**962**
Carrying amount:				
At 31 December 2021	**2,880**	**5,219**	**1,139**	**9,238**

Other intangible assets are amortised over their estimated useful lives, which is between five and ten years. Goodwill and Brands are amortised over 20 years. All amortisation has been charged to administrative expenses in the Statement of Comprehensive Income. Please refer to the impairment review within Note 15 of the Group Financial Statements for more information.

7A. BUSINESS COMBINATIONS

On 4 June 2021 the Company completed the acquisition of 100% of the equity of BBI Healthcare Ltd and wholly-owned subsidiaries Rolf Kullgren AB, BBI Healthcare Holdings AB and Kullgren Holdings AB, a group of companies based in the UK and Sweden engaged in the supply of women's health and energy management related products to global customers and trading under the name of "BBI Healthcare". The acquisition consideration was £37.1 million, comprising £3.1 million net working capital at completion, £22.8 million in intangible assets (principally customer relationships, distribution agreements and Trademarks), £3.6 million tangible fixed assets (principally building and machinery in Sweden), £5.4 million deferred tax provision and a balance of £13.7 million as goodwill. The magnitude of the goodwill reflects the future value that the Group can unlock from this business acquisition through (a.) the trading of these acquired products into its network of existing Venture Life Brand customers, (b.) value creation through the application of the Group's internal R&D resources to broaden the product range. The acquisition consideration of £37.1million was paid in cash at completion. The acquisition was funded through the Company's equity raise in 2020.

The acquisition of BBI Healthcare introduces additional strong brands and products into the Group and customers in the areas of women's intimate health and diabetes support. The Group acquired the business to further strengthen the product portfolio and pursue opportunities within existing and new global markets. The inclusion of this additional business into its portfolio increased the leverage of its trading infrastructure and contributed to the overall improvement in profitability. The acquisition has been accounted for as a business combination. The Consolidated Financial Statements to 2021 include the results of the BBI Healthcare business for the period from 4 June 2021 to 31 December 2021.

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

7A. BUSINESS COMBINATIONS CONTINUED

The fair values of the identifiable assets and liabilities of the BBI Healthcare business as at the date of acquisition were:

Acquisition of BBI Healthcare Ltd on 4 June 2021

	Book value £'000s	Fair Value Adjustments £'000s	Fair Value £'000s
Assets			
Non-current assets	8,099	18,320	**26,419**
Licenses, Trademarks, Intellectual Property, Capitalised development	696	(696)	**-**
Goodwill (within BBi Healthcare Ltd)	4,399	(4,399)	**-**
Brands	-	16,994	**16,994**
Distribution Agreements *	-	5,788	**5,788**
Tangible Fixed Assets	2,977	633	**3,610**
Deferred Tax Asset	27	-	**27**
Current Assets	4,088	-	**4,088**
Inventories	1,293	-	**1,293**
Trade Receivables	1,374	-	**1,374**
Other Receivables	213	-	**213**
Cash	1,208	-	**1,208**
Total assets	12,187	18,320	**30,507**
Current liabilities	(1,021)	-	**(1,021)**
Trade payables	(946)	-	**(946)**
Other payables	(75)	-	**(75)**
Non-current liabilities	(9,676)	4,063	**(5,613)**
Borrowings	(9,676)	9,676	
Deferred tax	-	(5,613)	**(5,613)**
Total net assets	1,490	22,383	**23,873**
Net Assets acquired	-	-	**23,873**
Goodwill	-	-	**13,252**
Total consideration	-	-	**37,125**
Transaction costs	-	-	**642**
Total cost of investment	-	-	**37,767**
Representing			
Loan assumed	-	-	**9,676**
Cost of investment	-	-	**28,091**
Total cost of investment	-	-	**37,767**

* Intangible assets identified as part of the BBI Healthcare acquisition.

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

7B. BUSINESS COMBINATIONS

On 6th August 2021 the Company completed the acquisition of a basket of brands from Helsinn Pharma, a company based in Switzerland engaged in the supply of oncology related products to European customers and trading under the name of "Helsinn". The cost of investment was £4.9 million, comprising £3.1 million in intangible assets (principally customer relationships, distribution agreements and Trademarks), £0.8 million deferred tax provision and a balance of £2.6 million as goodwill. The magnitude of the goodwill reflects the future value that the Group can unlock from this business acquisition through (a.) the trading of these acquired products into its network of existing Venture Life Brand customers, (b.) value creation through the transitioning of manufacturing in-house and (c.) value creation through the application of the Group's internal R&D resources to broaden the product range. The acquisition consideration of £4.8 million was paid in cash of £2.4 million at completion and the balance of £2.4 million at twelve months after completion. The acquisition was funded through the Company's RCF.

The Helsinn brands acquisition expands the company product portfolio into oncology support and further broadens its customer base, especially across Europe. The Group acquired the brands to further strengthen the product portfolio and pursue identified expansion opportunities in key markets across Europe, USA and Asia. The inclusion of this additional business into its portfolio increased the leverage of its trading infrastructure and contributed to the overall improvement in profitability. The acquisition has been accounted for as a business combination. The Consolidated Financial Statements to 2021 include the results of the Helsinn brands for the period from 6 August 2021 to 31 December 2021.

The fair values of the identifiable assets and liabilities of the Helsinn business as at the date of acquisition were:

	Fair Value CHF'000	**Fair Value £'000**
Assets		
Non-current Assets		
Customer Relationships *	1,365	**1,082**
Brands *	2,536	**2,010**
Non-current liabilities		
Deferred taxation	(951)	**(754)**
Total Net Assets	2,950	**2,338**
Net Assets acquired	2,950	**2,338**
Goodwill	3,227	**2,558**
Total Cost of investment	6,177	**4,896**
Satisfied by		
Cash paid at completion	3,000	**2,378**
Cash to be paid 365 days from completion	3,000	**2,378**
Consideration	6,000	**4,756**
Transaction Costs	177	**140**
Total Cost of investment	6,177	**4,896**

* ntangible assets identified as part of the Helsinn acquisition.

8. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	**120**	115
Other debtors	**11**	66
Other taxation	**45**	-
Prepayments and accrued income	**375**	72
Amounts owed by Group undertakings	**-**	-
	551	253
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	**17,619**	5,311
Aggregate amounts	**18,170**	5,564

Amounts owed by Group undertakings

As part of annual impairment review procedures the Directors assessed the recoverability of its loans to Group undertakings based upon estimates of likely sales and profits from each subsidiary in turn. A Group loan to Venture Life Limited in the amount of £11.2million was re-assessed at 31 December 2021 and its impairment was unchanged at £5.5 million resulting in an impairment charge of £nil (2020: £nil) recognised in the Income Statement in respect of this. A Group loan to Lubatti Limited in the amount of £0.8 million was re-assessed at 31 December 2021 and resulted in an impairment charge of £0.5 million (2020: £nil) recognised in the Income Statement in respect of this.

Notes to the Parent Company Balance Sheet continued

for the year ended 31 December 2021

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	**184**	226
Other taxation and social security costs	**18**	192
Accruals and deferred income	**349**	849
Bank loan	**-**	257
Amounts owed to Group undertakings	**1,632**	1,320
Deferred consideration	**2,397**	-
Other payables	**30**	-
Total	**4,610**	2,844

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £'000	2020 £'000
Amounts owed to Group undertakings	**-**	-
Bank Loan - unsecured	**-**	1,091
Bank Loan - secured	**8,483**	-
Deferred tax	**988**	217
Total	**9,471**	1,308

As at 31 December 2021, there were no unsecured bank loans outstanding (As at 31 December 2020, there were two unsecured bank loans in the amounts of €0.6 million and €0.7 million). These loans carried interest at 3% and 1.5% respectively and were fully repaid in 2021.

11. SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted, issued and fully paid:		
No shares were issued during the year. (2020: 39,848,451 ordinary shares were issued during the year).		
At the balance sheet date there were 125,831,530 (2020: 125,831,530) ordinary shares of 0.3 pence each	**377**	377

The Company has removed the Authorised Share capital from its Memorandum and Articles of Association as allowed by the Companies Act 2006.

12. POST BALANCE SHEET EVENTS

There were no material events after the balance sheet date.

Shareholder Information

COMPANY CONTACT DETAILS AND REGISTERED OFFICE

Venture House, 2 Arlington Square, Devonshire Way,
Bracknell, Berkshire RG12 1WA.

Incorporated and registered in England and Wales with No. 05651130.

COMPANY SECRETARY

Giuseppe Gioffrè

WEBSITE

Further information on the Group can be found on our website at www.venture-life.com

SHARE PRICE INFORMATION

The latest Venture Life share price can be obtained via a number of financial information websites.

Venture Life's London Stock Exchange code is VLG.

SHAREHOLDER ENQUIRIES

Enquiries concerning shareholdings, change of address or other particulars, should be directed in the first instance to the Company's registrars:

Link Asset Services
Capital House, 3 Upper Queen Street, Belfast, BT1 6FB

Telephone: +44 (0)28 9344 8805

(Calls cost 12p/minute plus network extras. Lines are open 8.30am-5.30pm Mon-Fri. If calling from outside the UK please dial: +44 (0)371 664 0391).

INVESTOR RELATIONS

Any shareholders with enquiries regarding the Group are welcome to contact Jerry Randall on +44 (0)1344 578 004.

Alternatively, they can e-mail their enquiry to info@venture-life.com.

Copies of this report are being sent to all shareholders.

Copies are also available at the registered office of the Company, Venture House, 2 Arlington Square, Devonshire Way,
Bracknell, Berkshire RG12 1WA.

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