22 September 2022

VENTURE LIFE GROUP PLC

("Venture Life", "VLG" or the "Group")

Unaudited interim results for the six months ended 30 June 2022

Strong trading in H1 demonstrating resilience of model and continued confidence in full year outlook

Venture Life Group plc (AIM: VLG), a leader in developing, manufacturing and commercialising products for the self-care market, presents its unaudited interim results for the six months ended 30 June 2022.

Financial Highlights

- Revenue growth of +**36%** to £18.9 million (2021: £13.9 million)
- Gross profit margin increased +**55%** to £7.7 million (2021: £4.9 million), gross margin percentage increased **5.0** percentage points to 40.6% (2021: 35.6%)
- Adjusted EBITDA[1] increased +**74%** to £3.3million (2021: £1.9 million), Adjusted EBITDA[1] margin increased to 17.6% (2021: 14.0%)
- Operating profit £0.4 million (2021: loss of £0.2 million)
- Profit before tax, amortisation and exceptional items £1.7 million (2021: £1.3 million)
- Adjusted earnings per share[2] 1.43p (2021: 0.83p), Basic earnings per share (0.18)p (2021: (0.37)p
- Cash generated by operating activities of £1.8 million (2021: outflow £(0.6) million)

Commercial Highlights

- Significant organic revenue growth delivered within the recent acquisitions of BBIH and HICP at 10.2% and 5.5% respectively, representing an overall combined growth of 9.5% from these acquisitions (on a pro-forma[3] basis)
- Six new deals signed, including new distribution partners for Pomi-T in The Netherlands and Singapore plus an additional partner for the Lift brand in Ireland.
- Three in-market product launches through existing blue-chip partners, including key launch in Brazil for BV treatment
- Increased distribution achieved in Asda (Balance Activ), wilko (Dentyl) and B&M (Dentyl)

Post period end

- Trading in line with management expectations and order book is c30% ahead of the same time last year on a like for like basis (excl. H1'23 orders)
- A new five year distribution agreement completed on Balance Activ in Austria
- Seven new in-market international product launches

[1] Adjusted EBITDA is EBITDA before deduction of exceptional items (see note 6) and share based payments (see note 15 for reconciliation)

[2] Adjusted earnings per share is profit after tax excluding amortisation, exceptional items (see note 6) and share-based payments

[3] Pro-forma basis i.e. if the acquisitions had been in place for all of the prior year

Jerry Randall, CEO of Venture Life Group plc commented: *"I am pleased to report these strong trading figures in the context of the challenging economic and trading environment we are currently experiencing and demonstrates the resilience of our business model in the face of these headwinds. I congratulate the whole Venture Life team for their outstanding agility, tenacity and commitment in this first half. The acquisitions we made in 2021 are now fully integrated into the business and have delivered growth as expected in the first half of the year, and have contributed to our improved gross margin percentage. Whilst operating cash conversion (before working capital movements) has been high (94% of adjusted EBITDA[1]), we have continued to invest in inventory to ensure we can supply our customers. The supply chain challenges experienced in 2021 have continued into 2022, in terms of both cost and availability, particularly impacted by the significant increase in energy prices. The support from our customers accepting the price increases that we have put through during the first half of the year has gone some way to mitigating the supply side cost increases. We have encouraged customers to order further ahead in order that we can guarantee supply, and I thank our customers for their proactivity in this. There is no doubt that the coming 12 months will continue to present challenges in the uncertain and volatile global environment, but it also provides opportunities for us, including the Group receiving many inbound enquiries from both existing and new customers who have been let down by their current suppliers, unable to supply in this challenging environment. We have traded well in the first half of the year, and the second half continues to progress in line with our expectations, and whilst we all face uncertainties on the coming months, the Group expects to deliver full year revenue and adjusted EBITDA[1] in line with market expectations."*

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

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

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

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

Non-Executive Chair's Statement

The Group has seen continued momentum from the second half of last year, delivering strong first half growth in revenue, gross margin and adjusted EBITDA[1] against the comparative period not withstanding ongoing disruption within the supply chain. We are thankful for our exceptional people across our UK, Italy, Sweden and The Netherlands businesses, being proactive in meeting the challenges and the support of our customers. Whilst challenges remain, there are signs that these have now plateaued and are becoming more manageable.

The acquisitions of BBI Healthcare (BBIH) on 4 June 2021 and Helsinn (HICP) on 6 August 2021 are strong brands enabling value creation; they are continuing to perform well and have proven to be valuable additions to the Group which have both delivered first half growth and positively impacted gross margins, and we are confident in their continued growth.

Our principal manufacturing site of Biokosmes has met the increased customer demand, integrated our new acquisitions extremely well and demonstrated consistency in this higher output with capacity still available to continue our growth ambitions.

The combination of strength of our order book to date and investment in inventory to secure the delivery of it underpins our confidence in delivering full year results in line with market expectations.

The Group still has a significant level of undeployed funds from the Revolving Credit Facility that was put in place in June 2021, and we are continuing to actively review a number of brands with strong growth potential that could make use of this facility and build on the strong acquisitions already made.

Paul McGreevy
Non-executive Chair
22 September 2022

Chief Executive Officer's Statement

Operating review

The Group delivered an overall 36% growth in revenues to £18.9 million (2021: £13.9 million) in the first half. On a pro-forma basis, which assumes the acquisitions had been in place for all of the comparative period, overall Group revenues have increased £0.3m or 1.7% compared to the same period last year.

The recent acquisitions of BBIH and HICP contributed a significant £6.3 million to first half revenues and achieved growth of 9.5% over the same period last year on a pro-forma basis i.e. if the acquisitions had been in place since the start of the year.

Outside of these acquisitions, performance of the legacy revenues were akin H1 with 2021 at £12.6 million (H1 2021: £12.8 million). This revenue reflected growth of £0.4m / 4.6% in the customer brands business, offset by lower revenues in the VLG legacy brands of £0.6m / 14.3% in this first half as a result of lower international sales which will be more weighted towards the second half than in previous year. VLG legacy brands in the UK were broadly in line with the previous year.

The Group comprises two segments: Venture Life Brands and Customer Brands which respectively accounted for 52.8% and 47.2% of first half revenues.

The Venture Life Brands business reported revenues of £10.0 million (H1 2021: reported £4.9 million). The revenue increase of £5.1 million on a reported basis has been driven by the impact of the recent acquisitions which contributed an incremental £5.7 million during the period, offset partially by a decline in the legacy business of £0.6 million. On a pro-forma basis these brands held flat year on year (H1 2021: pro-forma £10.0 million).

The Customer Brands business reported first half revenues of £8.9 million, an increase of £0.4m / 4.6% over the previous 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.

In line with the Group's M&A strategy, the growth of the higher margin VLG Brands exceed that of our Customer Brands and has driven upwards the overall revenue contribution from our VLG Brands and in turn driven continued improvement in gross margin against the comparative H1 period. We expect this to increase going forward through organic growth and as the Group continues to explore selective brand acquisitions.

First half absolute Gross margin of £7.7 million increased £2.7 million / 55% over the previous year (H1 2021: £4.9 million) and delivered a significant gross margin percentage improvement of 5.0% to 40.6% (H1 2021: 35.6%). The positive step-up in gross margin percentage has been driven by the newly acquired brands of 6.2%, offset partially by an adverse 0.3% impact from further cost increases (net of customer price increase VLG has passed on) and an adverse product mix impact of 0.9% on the legacy business due to a higher proportion of revenues coming from lower margin customer brands than compared with the prior year.

The increased supply prices and transport costs have been widely reported globally and we have not been immune to this. 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 must manage daily. Significant increased energy prices affect operational costs and supplier component and material costs, with inflationary pressure and logistic challenges. The Group has continued to use 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 Group generated adjusted EBITDA[1] of £3.3 million for the year (2021: £1.9 million), an increase of 71.4% over the previous year and delivered an Adjusted EBITDA[1] margin of 17.6% (H1 2021: 14.0%). Operating profit increased to £0.4 million (2021: Operating loss £ (0.2) million), an increase of £0.6 million against the comparative period.

Venture Life Group (VLG) Brands

Across the VLG Brands portfolio, since the beginning of the year there have been six new deals signed with our international partners including new partnerships in Germany, Netherlands and Singapore for Pomi-T, an additional partner for the Lift brand in Ireland and the deal with our new Chinese partner for oral care which was announced earlier this year. The online business has also been expanded into Germany with Balance Activ which launched in Q2 2022.

There have been three new in-market product launches by our partners in various countries including the launch of BV treatment in Brazil which was a key opportunity identified from the BBIH acquisition, and a further seven new launches that happened post period end.

Oral Care – UltraDEX and Dentyl

Overall oral care revenues fell 8% to £2.2 million (H1 2021: £2.4 million) through difficult market conditions in which the mouthwash category has seen a downturn and whilst a risk may persist for discretionary spend in this area, we feel that both brands are well positioned and well distributed within the market to weather any present or future challenges.

For Dentyl there was growth in sales through the value retailers with wilko, Savers and Home Bargains although this was offset by a weaker performance in grocery as consumers continue to migrate to the value retail channels as per recent market data (source: Nielsen). We believe that with our broad distribution base on Dentyl, the growth seen in value retailers and new launches into B&M that went live at the end of Q2, we are well placed to mitigate any downturn in this category resulting from changes in consumer discretionary spend at this time.

Within the international space, the launch of Dentyl in China through our new partner Samarkand plc was delayed by three months due to widespread lockdowns and although the goods have commenced selling in the local market, continued lockdowns remain a challenge. The development of these brands in this market will be monitored closely.

Looking forward, we are expecting a premium grocer to launch both Dentyl and UltraDex into their stores in Q4 of this year. We remain confident that with increased usage occasions coming through the latest data, coupled with the impact of distribution gains and increased range offered online, we will see a recovery in the second half revenue performance from these brands.

Women's Intimate Health - Balance Activ

On a global basis, Balance Activ delivered first half revenues of £2.2 million (H1 2021: pro-forma £2.5 million) a reduction of 9.4% versus the prior year. The performance against the comparative period has been adversely impacted by the conflict between Russia and the Ukraine which resulted in revenue loss from the local distributor, further, revenues from the newly developed fertility gel product which were included in the prior year pro-forma have not repeated. Stripping out these adverse impacts, the Balance Activ brand has delivered growth of 5% on the rest of the business.

In the previous year, this brand grew 33% in the UK which had been driven mostly by the annualization (full year impact) of Amazon sales. Our teams have leveraged this online success and used it as a platform to target new distribution opportunities in the UK, with a major pharmacy chain confirming the listing of Balance Activ NPD later this year. We have also increased the range offered through online channels in UK and launched the brand online in Germany in Q2 2022. Due to these factors, we expect to see revenue growth in the second half of the year from the retail side of this business.

Outside the UK, Balance Activ is currently launched in 26 countries with its largest partner, from which we expect to see good growth over 2021 based on revenues to date and orders in hand. In July 2021, the BV gel received registration approval in Brazil from ANVISA, its regulatory body and the product will launch in H2 2022, the first shipment to this market was completed in Q1 2022. In total, there have been three in-market launches for this product in the first six months of 2022, and six new launches post term.

With the initiatives already undertaken in the UK, coupled with very visible second half revenues from our international partners, we expect to see a good out-turn for the rest of this year for this brand.

Diabetes Management – Glucogel and Lift

Last year we acquired two brands within the diabetic management category – Glucogel and Lift. On a proforma basis, revenue for both brands collectively grew by 28.9% to £3.2 million (H1 2021: £2.5 million), driven by Lift, which is performing well across all channels. The brand is performing particularly well online due to increased traffic and has seen higher brand loyalty compared to its competition in this space.

In addition, Glucogel remains as the number 1 prescribed product for treating hypoglycaemia and is positioned towards more serious attacks. Revenues grew by 0.2% in the first half of 2022 on a proforma basis to £1.1 million. These revenues are protected by equalization deals in place with key pharmacies and, as such, we expect the business to remain steady moving forward through the year.

Oncology Support – Gelclair, Pomi-T & Xonrid

On a proforma basis, revenues grew by 5% to £0.9 million (H1 2021: £0.8 million). Prior to the acquisition of these brands, opportunities had been identified in key target markets and we have made commercial progress with new partnerships signed for Pomi-T in Germany, The Netherlands and Singapore. In addition, advanced discussions are ongoing for Gelclair in USA, Brazil and Canada.

Nail & Foot Care Portfolio

Revenues for the first half were £0.9 million (H1 2021: £1.5 million). In The Netherlands, these products have delivered growth against the comparative period and the UK has remained flat. However, the international side of this business was impacted by the loss of a key distribution partner, and we are currently seeking new opportunities to replace these revenues. However, second half revenues are set to be significantly stronger and are underpinned by our order book.

Customer Brands

Revenues from Customer Brands increased by 5% to £8.9 million (H1 2021: £8.5 million) with growth coming from good performance of existing partners and new business gaining traction with key partners. The impact of customer stocking and destocking seen in the previous couple of years has levelled out and in turn we have seen customer ordering return to more normalised patterns.

The Group has been able to leverage selected appropriate opportunities where other third-party manufacturers have failed to deliver. This is an opportunity that has been presented by the challenging economic climate and increased regulation throughout the industry, as more customers look for a reliable manufacturer and supplier.

Revolving Credit Facility (RCF)

Last year, the Group obtained a RCF with its main bank, Santander Group, alongside Silicon Valley Bank for £30 million draw with an accordion facility for a further £20 million subject to the banks' ratification.

At 30 June 2022, the Group has drawn net £8.5 million (Dec-21: £8.5m), which has been used to pay down all other debt in the Group and the first payment for HICP. If it had not been for a significant inventory build through the first half of 2022 as security against issues from the global supply chain, we would have seen the facility reduce through cash generation.

The facility was called upon to make the second and final payment in relation to the acquisition of HICP in August 2022 and we expect the overall amount drawn to come back in line with the end of June 2022 level of drawdown by end of the year, 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 continuing to actively review a number of immediately earnings enhancing acquisitions that it could make utilising this facility.

Focus on Sustainability

As a business we undertake many initiatives towards our goal of becoming a more trusted, responsible and sustainable business. Following the formation of an ESG Committee at the end of last year, we have been focused on developing our drive towards increased sustainability. The committee includes members from the Group Board and employees from the business, and it engages with all key stakeholders in this process - our aim is to become a trusted, responsible and sustainable business.

Our 5-step approach:

- Develop our ESG leadership team from a diverse and accurate representation of our stakeholders – achieved Q4 2021.
- Consult with stakeholders to align expectations in being a trusted, responsible and sustainable business – achieved Q2 2022.
- Use results of stakeholder consultation to identify our priority goals and ensure alignment to the SDGs – achieved Q3 2022.
- Create our KPIs, their baseline and measurement methods against which to track progress – targeted for Q4 2022.
- Regular reporting and transparency of progress to all our stakeholders in the future.

Good progress against our sustainability development goals has been made so far in 2022, with the company achieving the Bronze Sustainability Rating from Ecovadis for Biokosmes SRL, Italy, as well as completion of the stakeholder consultation in Q2 2022. We look forward to engaging with and informing all our stakeholders on our further progress against these objectives in the future.

Summary & Outlook

The Group is delivering on its M&A strategy which has driven a significant revenue and earnings improvement during the first half following the two acquisitions made in the previous year. The newly enlarged Group has seen momentum from the second half of last year continue into 2022 with revenue, gross margin and adjusted EBITDA[1] improvement being achieved against the comparative period.

The start to the second half of the year has been very encouraging, with the current order book significantly ahead of the same time last year and revenue performing slightly ahead of management's expectations at this time. The strong order book reflects growth in the underlying business plus the effect of customers proactively ordering further forward to help manage supply chain disruption and secure stock, which gives us greater visibility of revenues and confidence that the Group remains on track to deliver in line with current market expectations.

Further commercial progress has been made since the period end, including new distribution gains and expansion of existing distribution in the UK, as well as advanced discussions ongoing with potential new distribution partners.

The supply chain issues experienced in the previous year appear to have plateaued, however, we are appreciative of our customers supporting cost increases, whilst where possible mitigating further price impact on input costs. The level of supply chain disruption cannot be underestimated, and I am delighted with the work performed by our teams to pro-actively manage the situation and react to the needs of the business. The progress in the first half of the year is now being built on with a very much larger order book than the same time last year, which gives us good confidence in delivering higher H2 revenues as expected.

The acquisitions made in the prior year introduced margin accretive brands with high growth potential in new therapy areas and have diversified the Group, reducing potential impacts of discretionary spends in the current economic climate as well as adding additional manufacturing capability. These coupled with the proactive work to mitigate these difficult trading factors has further strengthened the business and created new opportunities. The operational priorities for the Group in the second half of the year remain unchanged:

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

Jerry Randall
Chief Executive Officer
22 September 2022

[1] *Adjusted EBITDA is EBITDA before deduction of exceptional items (see note 6) and share based payments (see note 15 for reconciliation)*

[2] *Adjusted earnings per share is profit after tax excluding amortisation, exceptional items (see note 6) and share-based payments*

[3] *Pro-forma basis i.e. if the acquisitions had been in place for all of the prior year*

Financial Review

Statement of Comprehensive Income

The Group reported revenue for the six-month period of £18.9 million, an increase of 36% over the £13.9 million reported in 2021, and gross profit of £7.7 million (H1 2021: £4.9 million), an increase of 55% against the comparative period in the prior year, with a gross margin percentage improvement of 5.0% to 40.6% (H1 2021: 35.6%).

The gross margin percentage improvement has been driven by the newly acquired brands of 6.0%, although partially offset by an adverse 0.3% impact from further supply price and transport cost increases which are quantified net of costs passed onto customers, less an adverse product mix impact of 0.9% on the legacy business due to a higher proportion of revenues coming from lower margin customer brands than compared with the prior year.

Against the second half of last year, the gross margin has decreased by 1.8% from 42.4%. The reduction reflects the adverse impact of further cost increases of 1.5% for utilities, transport and inputs, although we have been able to mitigate 1.3% of the impact through customer price increases, an adverse mix impact of 2.1% arose from lower margin customer brands accounting for a higher proportion of overall legacy business revenues, with other efficiencies providing a positive impact of 0.5%.

Operating expenses increased in the period to £5.3 million from £4.0 million in H1 2021, an increase of £1.3 million. Of this increase, £0.5 million related to the inclusion of the BBIH operation and £0.1 million from the HICP operation, plus depreciation impact of £0.3 million, a further £0.2 million for increased investment in advertising and promotional activities and £0.2 million for additional headcount to strengthen the administrative and commercial teams, leaving a balance of other cost increases amounting to £0.1 million which included the impact from general inflation.

Operating expenses also increased £0.9 million against the last six months of the prior year (H2 2021: £4.4m). The increase is attributable to additional headcount of £0.2 million, increased advertising and promotional spend of £0.3m, increased R&D investment of £0.1 million and other administrative costs of £0.3 million which represents professional fees which will reduce in the second half of the year.

Amortisation of £1.6m (H1 2021: £0.6 million) increased significantly due to the acquisitions made in the previous year.

H1 2022 generated a positive adjusted EBITDA[1] (defined as EBITDA[1] excluding share based payments and exceptional items) of £3.3 million, an increase of 71.4% (2021: £1.9 million) at a margin of 17.6% (2021: 14.0%).

Exceptional costs of £0.3 million (2021: £0.7 million) related to warranty insurance costs associated with the completion of the acquisition of BBIH which are being prepaid over two years, plus compensation payments and to a much lesser extent, final integration costs associated with prior year acquisitions.

Operating profit increased by £0.6 million to £0.4 million (2021: loss of £0.2 million). The improvement in operating profit against the comparative period reflects the Adjusted EBITDA[1] growth of £1.4 million, plus reduction in exceptional costs of £0.4 million, less increased depreciation and amortisation charges of £1.2 million.

The Group reported a loss after tax of £0.3 million (2021: loss of £0.5 million). Net finance costs increased to £0.7 million (2021: £0.1 million) and comprised interest on the Group's new revolving credit facility entered in June 2021 of £0.3 million and adverse impact from foreign exchange movement of £0.4 million.

These translated into adjusted earnings per share (defined as earnings per share before amortisation, share based payments and exceptional items) of 1.43 pence (2021: 0.83 pence), an improvement of 0.60 pence, with the improvement in business performance generating enhanced shareholder value. A basic loss per share of 0.18 pence was an improvement of 0.19 pence against the prior period (2021: loss per share 0.37 pence).

Statement of Financial Position

Non-current assets including goodwill increased by £3.8 million to £76.1 million (H1 2021: £72.3 million). The key drivers of the increase has been intangible asset additions arising from the HICP acquisition completed on 6 August 2021 of £5.1 million, the recognition of a deferred tax asset of £2.1 million, additions to RoU assets of £0.6 million related mainly to extension of the warehousing agreements in the UK, capital expenditure on property plant and equipment of £0.3 million plus additional development costs of £0.6 million which have been offset by depreciation and amortisation charges of £4.9 million.

Inventory increased to £11.5 million (H1 2021 £9.8 million), the significant increase reflected production planning requirements for the second half of the year, as supported by the strong order book which has provided excellent visibility over these revenues and enabled the business to secure components much further in advance than prior years.

Trade and other receivables increased to £12.6 million (H1 2021: £10.1 million) as expected given the increased revenue compared to the same period last year. Trade payables increased to £11.1 million (H1 2021: £7.9 million) driven by the investment in inventory and to a much lesser extent the timing of other operating costs on a higher base.

Cash flow and net debt

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 last year in the committed sum of £30.0 million of which £8.5 million had been drawn at 30 June 2022.

At 30 June 2022, cash and cash equivalents totalled £5.4 million (H1 2021: £7.9 million) (31 Dec 2021: £5.2 million). The increase of £0.2 million since the end of last year reflected the following key movements:

- Operating cash inflow before movements in working capital of £3.1 million (H1 2021: £1.1 million);
- Less a negative working capital flux of £1.3 million (H1 2021: negative flux of £1.7 million) driven by the inventory build outlined above;
- Less tax paid of £0.3 million to give rise to an overall net cash inflow from operations of £1.4 million (H1 2021: outflow of £0.9 million);
- Less cash used in investing activities of £0.5 million to fund capital expenditure (H1 2021: £0.4 million);
- Less cash outflow from financing activities of £0.6m which include net repayments against interest bearing borrowings of £0.1 million plus interest paid of £0.3 million and leasing obligation repayments of £0.4 million less net proceeds from issuance of ordinary shares of £0.2 million;
- Less an adverse impact from net foreign exchange of £0.2 million

Total debt including finance lease obligations decreased to £13.0 million (H1 2021: £13.9 million). Net debt excluding finance lease obligations increased to £3.1 million (H1 2021: £1.3 million) and Net debt including finance lease obligations increased to £7.6 million (H1 2021: £6.0 million).

Daniel Wells
Chief Financial Officer
22 September 2022

[1] *Adjusted EBITDA is EBITDA before deduction of exceptional items (see note 6) and share based payments (see note 15 for reconciliation)*

[2] *Adjusted earnings per share is profit after tax excluding amortisation, exceptional items (see note 6) and share-based payments*

[3] *Pro-forma basis i.e. if the acquisitions had been in place for all of the prior year*

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022

	Note	**Six months ended**	Six months ended	Year ended
		30-Jun-22	30-Jun-21	31-Dec 2021
		(Unaudited)	**(Unaudited)**	(Audited)
		£’000	**£’000**	**£’000**
Revenue	4.1	18,860	13,866	32,762
Cost of sales		(11,203)	(8,927)	(19,804)
Gross profit		**7,657**	**4,939**	**12,958**
Operating expenses		(5,309)	(4,026)	(8,441)
Impairment losses of financial assets		(75)	162	134
Amortisation of intangible assets	5	(1,612)	(631)	(2,287)
Total administrative expenses		**(6,996)**	**(4,495)**	**(10,594)**
Other income		77	122	338
Operating profit before exceptional items		**738**	**566**	**2,702**
Exceptional items	6	(300)	(728)	(1,331)
Operating profit/(loss)		**438**	**(162)**	**1,371**
Finance income		-	184	89
Finance costs		(679)	(62)	(514)
(Loss)/Profit before tax		**(241)**	**(40)**	**946**
Tax	7	9	(428)	1,456
(Loss)/Profit for the period attributable to the equity shareholders of the parent		**(232)**	**(468)**	**2,402**
Other comprehensive income/(loss) which may be subsequently reclassified to the income statement	8	763	(1,219)	(1,543)
Total comprehensive profit/(loss) for the period attributable to equity shareholders of the parent		**531**	**(1,687)**	**859**
Basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	9	(0.18)	(0.37)	1.91
Diluted basic (loss)/profit per share (pence) attributable to equity shareholders of the parent	9	(0.18)	(0.37)	1.79

Unaudited Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2022

	Note	30-Jun-22 (Unaudited)	30-Jun-21 (Unaudited)	31-Dec-21 (Audited)
ASSETS		**£'000**	£'000	£'000
Non-current assets				
Intangible assets	10	64,271	61,678	65,079
Property, plant and equipment	11	9,715	10,634	9,737
Deferred tax	7	2,502	-	2,349
		76,488	**72,312**	**77,165**
Current assets				
Inventories		11,491	9,784	9,019
Trade and other receivables		12,637	10,117	12,212
Cash and cash equivalents		5,393	7,896	5,235
		29,521	**27,797**	**26,466**
TOTAL ASSETS		**106,009**	**100,109**	**103,631**
EQUITY & LIABILITIES				
Capital and reserves				
Share capital	12	379	377	377
Share premium account	12	65,960	65,738	65,738
Merger reserve	12	7,656	7,656	7,656
Foreign currency translation reserve		649	210	(114)
Share-based payment reserve		976	810	856
Retained earnings		(1,581)	(4,219)	(1,349)
Total equity attributable to equity holders of the parent		**74,039**	**70,572**	**73,164**
LIABILITIES				
Current liabilities				
Trade and other payables		11,063	7,921	9,717
Taxation		349	561	188
Interest bearing borrowings – Bank Loans		-	5,004	-
Interest bearing borrowings – Receivables Finance		-	680	-
Interest bearing borrowings – Leasing Obligations		786	477	620
		12,198	**14,643**	**10,525**
Non-current liabilities				
Interest bearing borrowings – Bank Loans		8,528	3,505	8,483
Interest bearing borrowings – Leasing Obligations		3,684	4,213	3,626
Statutory employment provision		1,240	1,126	1,236
Deferred tax liability	7	6,320	6,050	6,597
		19,772	**14,894**	**19,942**
TOTAL LIABILITIES		**31,970**	**29,537**	**30,467**
TOTAL EQUITY & LIABILITIES		**106,009**	**100,109**	**103,631**

Unaudited Interim Condensed Consolidated Statement of Changes in Equity
As at 30 June 2022

	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021 (Audited)	**377**	**65,738**	**7,656**	**1,429**	**660**	**(3,751)**	**72,109**
Loss for the period	-	-	-	-	-	(468)	(468)
Foreign exchange for period	-	-	-	(1,219)	-	-	(1,219)
Total comprehensive income	**-**	**-**	**-**	**(1,219)**	**-**	**(468)**	**(1,687)**
Share options charge	-	-	-	-	150	-	150
Transactions with Shareholders	**-**	**-**	**-**	**-**	**150**	**-**	**150**
Balance at 30 June 2021 (Unaudited)	**377**	**65,738**	**7,656**	**210**	**810**	**(4,219)**	**70,572**
Profit for the period	-	-	-	-	-	2,870	2,870
Foreign exchange for period	-	-	-	(324)	-	-	(324)
Total comprehensive income	**-**	**-**	**-**	**(324)**	**-**	**2,870**	**2,546**
Share options charge	-	-	-	-	46	-	46
Transactions with Shareholders	**-**	**-**	**-**	**-**	**46**	**-**	**46**
Balance at 31 December 2021 (Audited)	**377**	**65,738**	**7,656**	**(114)**	**856**	**(1,349)**	**73,164**
Profit for the period	-	-	-	-	-	(232)	(232)
Foreign exchange for period	-	-	-	763	-	-	763
Total comprehensive income	**-**	**-**	**-**	**763**	**-**	**(232)**	**531**
Share options charge	-	-	-	-	120	-	120
Shares issued	2	222	-	-	-	-	224
Transactions with Shareholders	**2**	**222**	**-**	**-**	**120**	**-**	**344**
Balance at 30 June 2022 (Unaudited)	**379**	**65,960**	**7,656**	**649**	**976**	**(1,581)**	**74,039**

Unaudited Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2022

	Six months ended	Six months ended	Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from operating activities:			
(Loss)/Profit before tax	**(241)**	(40)	946
Finance cost / (income)	**679**	(122)	425
Operating profit/(loss)	**438**	**(162)**	**1,371**
Adjustments for:			
- Depreciation of property, plant and equipment	855	593	1,415
- Impairment losses of financial assets	75	(162)	(134)
- Amortisation of intangible assets	1,612	631	2,287
- Share-based payment expense	120	150	196
Operating cash flow before movements in working capital	**3,100**	**1,050**	**5,135**
(Increase)/decrease in inventories	(2,282)	105	718
(Increase) in trade and other receivables	(288)	(1,231)	(2,989)
Increase/(decrease) in trade and other payables	1,232	(572)	(908)
Cash generated by operating activities	**1,762**	**(648)**	**1,956**
Tax Paid	(319)	(293)	(1,472)
Tax Receipt	-	-	117
Net cash from operating activities	**1,443**	**(941)**	**601**
Cash flow from investing activities:			
Acquisition of subsidiaries, net of cash acquired	-	(35,917)	(35,917)
Purchases of property, plant and equipment	(169)	(217)	(371)
Expenditure in respect of intangible assets	(377)	(218)	(2,891)
Net cash used by investing activities	**(546)**	**(36,352)**	**(39,179)**
Cash flow from financing activities:			
Net proceeds from issuance of ordinary shares	224	-	-
Drawdown in interest-bearing borrowings	417	3,647	16,336
Repayment of interest-bearing borrowings	(500)	(170)	(13,614)
Leasing obligation repayments	(433)	(402)	(728)
Interest (paid) / received	(272)	53	(492)
Net cash from financing activities	**(564)**	**3,128**	**1,502**
Net increase in cash and cash equivalents	**333**	**(34,165)**	**(37,076)**
Net foreign exchange difference	(175)	(34)	216
Cash and cash equivalents at beginning of period	5,235	42,095	42,095
Cash and cash equivalents at end of period	**5,393**	**7,896**	**5,235**

Notes to the Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2022

1. Corporate information

The Interim Condensed Consolidated Financial Statements of Venture Life Group plc and its subsidiaries (collectively, the Group) for the six months ended 30 June 2022 ("the Interim Financial Statements") were approved and authorised for issue in accordance with a resolution of the directors on [21 September 2022].

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

2. Basis of preparation

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

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as adopted by the UK. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) and there is an ongoing process of review and endorsement by the UK Endorsement Board. The financial information has been prepared based on IFRS that the Directors expect to be adopted by the UK and applicable as at 31 December 2022. The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

The financial information contained in the Interim Financial Statements, which are unaudited, does not constitute statutory accounts in accordance with the Companies Act 2006. The financial information for the year ended 31 December 2021 is extracted from the statutory accounts for that year which have been delivered to the Registrar of Companies and on which the auditor issued an unqualified opinion that did not include an emphasis of matter reference or statement made under section 498(2) or (3) of the Companies Act 2006.

3. Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the 2021 Consolidated Financial Statements for the year ended 31 December 2021.

Foreign currencies

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

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

Sterling/euro exchange rates	**Six months ended**	Six months ended	Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	(Unaudited)	(Unaudited)	(Audited)
Average exchange rate for period	**1.188**	1.155	1.159
Exchange rate at the period end	**1.162**	1.164	1.191

Sterling/sek exchange rates	**Six months ended**	Six months ended	Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	(Unaudited)	(Unaudited)	(Audited)

Average exchange rate for period	**12.439**	11.771	11.780
Exchange rate at the period end	**12.441**	11.805	12.218

4. Segmental information

Management has determined the operating segments based on the reports reviewed by the Group Board of Directors (Chief Operating Decision Maker) that are used to make strategic decisions. The Board considers the business from a line-of-service perspective and uses operating profit/(loss) as its profit measure. The operating profit/(loss) of operating segments is prepared on the same basis as the Group's accounting operating profit/(loss) before exceptional items (see note 6)

In line with the 2021 Consolidated Financial Statements, the operations of the Group are segmented as VLG Brands, which includes sales of healthcare and skin care products under distribution agreements and direct to UK retailers, and Customer brands, which includes development and manufacturing.

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

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

	VLG Brands £'000	Customer Brands £'000	Eliminations £'000	Consolidated Group £'000
Six months to 30 June 2021				
Revenue				
External Sales	4,931	8,935	-	13,866
Inter-segment sales	-	1,622	(1,622)	-
Total revenue	4,931	10,557	(1,622)	13,866
Results				
Operating profit before exceptional items and excluding central administrative costs	669	1,148	-	1,817

	VLG Brands £'000	Customer Brands £'000	Eliminations £'000	Consolidated Group £'000
Twelve months to 31 December 2021				
Revenue				
External Sales	17,972	14,790	-	32,762
Inter-segment sales	-	4,257	(4,257)	-
Total revenue	17,972	19,047	(4,257)	32,762
Results				

Operating profit before exceptional items and excluding central administrative costs	4,255	1,812	-	6,067

The reconciliation of segmental operating profit to the Group's operating profit/(loss) before exceptional items excluding central administrative costs is as follows:	**Six months ended 30-Jun-22 (Unaudited)**	Six months ended 30-Jun-21 (Unaudited)	Year ended 31-Dec-21 (Audited)
	£'000	£'000	£'000
Operating profit before exceptional items and excluding central administrative costs	2,433	1,817	6,067
Central administrative costs	(1,695)	(1,251)	(3,365)
Exceptional expenses	(300)	(728)	(1,331)
Operating (loss)/profit	**438**	**(162)**	**1,371**
Net finance cost	(679)	122	(425)
(Loss)/profit before tax	**(241)**	**(40)**	**946**

5. Amortisation of intangible assets

	Six months ended 30-Jun-22 (Unaudited)	Six months ended 30-Jun-21 (Unaudited)	Year ended 31-Dec-21 (Audited)
Amortisation of:	**£'000**	£'000	£'000
Acquired intangible assets	(611)	(401)	(877)
Patents, trademarks and other intangible assets	(786)	(48)	(1,002)
Capitalised development costs	(215)	(182)	(408)
	(1,612)	**(631)**	**(2,287)**

6. Exceptional items

	Six months ended 30-Jun-22 (Unaudited)	Six months ended 30-Jun-21 (Unaudited)	Year ended 31-Dec-21 (Audited)
	£'000	£'000	£'000
Costs incurred in potential acquisitions	(75)	(728)	(964)
Integration of acquisitions	(89)	-	(261)
Restructuring costs	(136)	-	-
Other	-	-	(106)
	(300)	(728)	(1,331)

The Group treats costs as exceptional items where their frequency and nature warrant being separately classified. In the six month period to 30 June 2022, the Group incurred acquisition costs of £75,000 relate to professional fees associated with potential M&A and other integration costs of £89,000 being warranty insurance on the acquisition of BBIH which has been prepaid, plus to a much lesser extent, costs incurred in completing the integration of prior year acquisitions. Restructuring costs of £136,000 include compensation for loss of office including related professional fees.

7. Taxation

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the earnings in the six months to 30 June 2022. The major components of income tax expense in the Interim Condensed Statement of Comprehensive Income are as follows:

	Six months ended	Six months ended	Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Current income tax	(438)	(428)	(764)
Deferred income tax credit related to origination and reversal of timing differences	447	-	2,220
Income tax credit/(expense) recognised in statement of comprehensive income	9	(428)	1,456

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

At the period end the estimated tax losses amounted to £10,163,000 (30 June 2021: £10,900,000; 31 December 2021: £9,938,000). There has been an increase in tax losses since the year end due to finalisation of the unused tax losses position reported at 31 December 2021.

8. Other comprehensive income/(expense)

Other comprehensive income/(expense) represents the foreign exchange difference on the translation of the assets, liabilities and reserves of Biokosmes and PharmaSource which have functional currencies of Euros and the Swedish entities which have functional currencies in Swedish Krona (SEK). The movement is shown in the foreign currency translation reserve between the date of acquisition of Biokosmes, when the GBP/EUR rate was 1.193 and the balance sheet date rate at 30 June 2022 of 1.162 (at 31 December 2021 of 1.191 and at 30 June 2021 of 1.164) together with the same computation for PharmaSource BV between the date of acquisition when the GBP/EUR rate was 1.185 and the balance sheet date rate at 30 June 2022 of 1.162. The movement for Sweden is shown in the foreign currency translation reserve between the date of acquisition of BBI Healthcare, when the GBP/SEK rate was 11.742 and the balance sheet date rate at 30 June 2022 of 12.441 (at 31 December 2021 of 12.218 and at 30 June 2021 of 11.805). The result is an amount that may subsequently be reclassified to profit and loss.

9. Earnings per share

	Six months ended	Six months ended	Year ended
	30-Jun-22	30-Jun-21	31-Dec-21
	(Unaudited)	(Unaudited)	(Audited)
Weighted average number of ordinary shares in issue	126,012,009	125,831,530	125,831,530
(Loss)/Profit attributable to equity holders of the Company (£'000)	(232)	(468)	2,402
Basic (loss)/profit per share (pence)	(0.18)	(0.37)	1.91
Diluted (loss)/profit per share (pence)	(0.18)	(0.37)	1.79
Adjusted earnings per share[2] (pence)	1.43	0.83	4.94
Diluted Adjusted earnings per share[3] (pence)	1.37	0.78	4.65

[2] Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments.

[3] Diluted Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share based payments, diluted by the inclusion of 5,056,166 stock options and 554,115 long-term incentive plan awards ("LTIP's"). Including this dilution, the weighted average number of ordinary shares for the diluted EPS calculation is 131,622,290 shares.

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

10. Intangible assets

At the reporting date the Goodwill generated from the acquisitions of Biokosmes Srl in March 2014, Periproducts Limited in March 2016, Dentyl in August 2018, PharmaSource BV in 2020, BBI Healthcare in June 2021 and Helsinn in August 2021 accounted for £35.8 million of the intangible assets of the Group (£35.4 million at 31 December 2021). There were no impairments of goodwill during this time (6 months to June 2021: £ Nil).

	Development costs	Brands	Patents and Trademarks	Goodwill	Other intangible assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:						
At 1 January 2021	**3,844**	**1,089**	**1,374**	**21,277**	**4,070**	**31,654**
Acquired through business combinations	-	16,994	-	13,128	5,788	35,910
Additions	182	-	36	-	-	218
Disposals	(1)	-	(389)	-	-	(390)
Foreign exchange	(175)	-	(42)	(662)	(145)	(1,024)
At 30 June 2021	**3,850**	**18,083**	**979**	**33,743**	**9,713**	**66,368**
Acquired through business combinations	-	2,010	-	2,049	1,082	5,141
Additions	288	-	7	-	-	295
Disposals	-	-	(7)	-	-	(7)
Foreign exchange	(89)	-	-	(309)	(68)	(466)
At 31 December 2021	**4,049**	**20,093**	**979**	**35,483**	**10,727**	**71,331**
Additions	340	-	37	-	-	377
Disposals	-	-	-	-	-	-
Foreign exchange	103	-	16	346	76	541
At 30 June 2022	**4,492**	**20,093**	**1,032**	**35,829**	**10,803**	**72,249**
Amortisation:						
At 1 January 2021	**1,837**	**-**	**740**	**-**	**2,053**	**4,630**
Charge for the period	185	101	92	-	253	631
Disposals	(1)	-	(389)	-	-	(390)
Foreign exchange	(86)	-	(8)	-	(87)	(181)
At 30 June 2021	**1,935**	**101**	**435**	**-**	**2,219**	**4,690**
Charge for the period	223	721	88	-	624	1,656
Disposals	-	-	(7)	-	-	(7)
Foreign exchange	(46)	-	(5)	-	(36)	(87)
At 31 December 2021	**2,112**	**822**	**511**	**-**	**2,807**	**6,252**
Charge for the period	215	704	82		611	1,612
Foreign exchange	56	-	8	-	50	114
At 30 June 2022	**2,383**	**1,526**	**601**	**-**	**3,468**	**7,978**
Carrying amount:						
At 31 December 2021	**1,937**	**19,271**	**468**	**35,483**	**7,920**	**65,079**

At 30 June 2021	1,915	17,982	544	33,743	7,494	61,678
At 30 June 2022	2,109	18,567	431	35,829	7,335	64,271

11. Property, Plant & Equipment

The carrying value of property, plant & equipment at 30 June 2022 reduced to £9.7 million compared to prior year (30 June 2021: £10.6m). The main addition during the first six months of the current year related to an extension of UK warehousing agreements which have increased Right of Use Assets.

	Plant & Equipment	Other Equipment	Right of Use Assets	Land & Buildings	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 January 2021	3,702	233	6,485	-	10,420
Acquired through business combinations	2,098	-	-	1,513	3,611
Additions	205	12	729	-	946
Disposals	-	(11)	-	-	(11)
Foreign exchange	(175)	(10)	(308)	(4)	(497)
At 30 June 2021	5,830	224	6,906	1,509	14,469
Acquired through business combinations	-	2	-	(3)	(1)
Additions	148	6	4	-	158
Disposals	(18)	-	-	-	(18)
Foreign exchange	(221)	(4)	(144)	(41)	(410)
At 31 December 2021	5,739	228	6,766	1,465	14,198
Acquired through business combinations	-	-	-	-	-
Additions	154	15	558		727
Disposals	-	-	-	-	-
Foreign exchange	27	5	163	(22)	173
At 30 June 2022	5,920	248	7,487	1,443	15,098
Depreciation:					
At 1 January 2021	1,303	134	1,965	-	3,402
Charge for the period	226	12	348	7	593
Disposals	-	(11)	-	-	(11)
Foreign exchange	(58)	(5)	(84)	(2)	(149)
At 30 June 2021	1,471	130	2,229	5	3,835
Charge for the period	409	14	347	52	822
Disposals	(18)	-	-	-	(18)
Foreign exchange	(113)	(4)	(49)	(12)	(178)
At 31 December 2021	1,749	140	2,527	45	4,461
Charge for the period	388	12	405	50	855
Disposals	-	-	-	-	-
Foreign exchange	8	4	63	(8)	67
At 30 June 2022	2,145	156	2,995	87	5,383
Carrying amount:					
At 31 December 2021	3,990	88	4,239	1,420	9,737
At 30 June 2021	4,359	94	4,677	1,504	10,634
At 30 June 2022	3,775	92	4,492	1,356	9,715

12. Share capital, share premium and merger reserve

	Ordinary shares of 0.3p each	Ordinary shares	Share premium	Merger reserve
	No.	£'000	£'000	£'000
Audited at 31 December 2021	125,831,530	377	65,738	7,656
Unaudited at 30 June 2022	**126,498,197**	**379**	**65,960**	**7,656**

During the period 1 January 2021 to 30 June 2022, 666,667 shares were issued at £0.337 each totalling £224,666.78.

13. Related party transactions

The following transactions with related parties are considered by the Directors to be significant for the interpretation of the Interim Condensed Financial Statements for the six-month period to 30 June 2022 and the balances with related parties at 30 June 2022 and 31 December 2021:

Key transactions with other related parties:
Braguts' Real Estate Srl (formally known as Biokosmes Immobiliare Srl), a company 100% owned by Gianluca Braguti (a Director and shareholder of the Group) provided property lease services to the Development and Manufacturing business totalling £195,944 in the six months to 30 June 2022 (£199,134 in the six months to 30 June 2021). At 30 June 2022, the Group owed Braguts' Real Estate Srl £32,449 (£33,189 at 30 June 2021). Biokosmes Srl provided technical services to Braguts'Real Estate in the six months to 30 June 2022 in the amount of £2,136 (£1,861 in the six months to 30 June 2021). At 30 June 2022 Bragut's Real Estate owed to the Group £nil (£nil at 30 June 2021).

14. Financial instruments

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

	30-Jun-22		30-Jun-21		31-Dec-21	
	Loans and receivables	**Total financial assets**	Loans and receivables	**Total financial assets**	Loans and receivables	**Total financial assets**
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**
Financial assets:						
Trade and other receivables (a)	12,173	**12,173**	9,386	**9,386**	11,701	**11,701**
Cash and cash equivalents	5,393	**5,393**	7,896	**7,896**	5,235	**5,235**
Total	**17,566**	**17,566**	**17,282**	**17,282**	**16,936**	**16,936**

	30-Jun-22		30-Jun-21		31-Dec-21	
	Loans and receivables	**Total financial liabilities**	Loans and receivables	**Total financial liabilities**	Loans and receivables	**Total financial liabilities**
	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**
Financial liabilities:						
Trade and other payables (b)	11,057	**11,057**	8,829	**8,829**	9,711	**9,711**
Lease obligations	4,470	**4,470**	4,690	**4,690**	4,246	**4,246**
Interest bearing	8,528	**8,528**	9,189	**9,189**	8,483	**8,483**
Total	**24,055**	**24,055**	**22,708**	**22,708**	**22,440**	**22,440**

(a) Trade and other receivables excludes prepayments.
(b) Trade and other payables excludes deferred revenue.

15. Alternative performance measures

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

The measures used are Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted EBITDA[1] which is defined as EBITDA[1] excluding share-based payment charges and exceptional items.

	Six months 30-Jun-22 (Unaudited)	Six months 30-Jun-21 (Unaudited)	Year ended 31-Dec-21 (Audited)
	£'000	£'000	£'000
Operating profit/(loss)	438	(162)	1,371
Add back:			
Depreciation	855	593	1,415
Amortisation	1,612	631	2,287
EBITDA	2,905	1,062	5,073
Add back:			
Share-based payment charge	120	150	196
Exceptional costs	300	728	1,331
Adjusted EBITDA	3,325	1,940	6,600

16. Post Balance Sheet Event

There are no post balance sheet events.