Self-care for people who want to lead a healthier life

Venture Life Group
Annual Report & Accounts 2022




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

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Organic growth plus earnings enhancing acquisition

Dear Shareholder,
Our dual strategy of organic and acquired growth has again delivered robust profitable growth in challenging global markets.

Chief Executive's Statement

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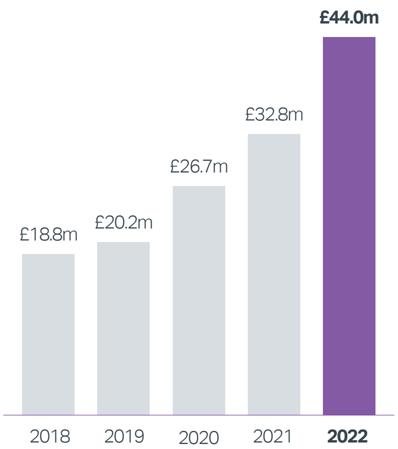
Jerry Randall
Chief Executive Officer

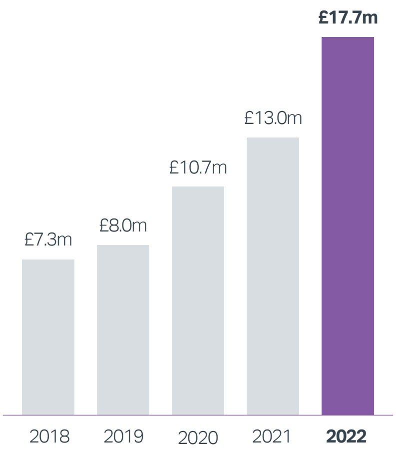
Financial discipline and proactive supply chain management underpin continued profitable and cash generative growth.

Group Revenue £m*



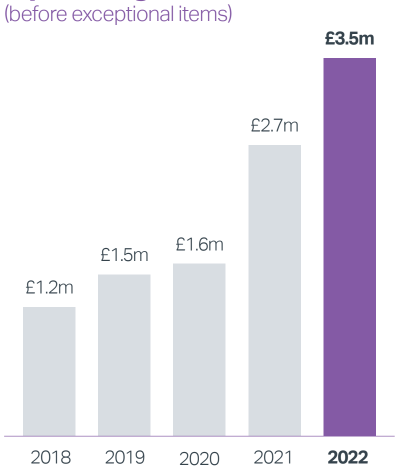
£44.0m
+34.2%

Gross Profit £m*



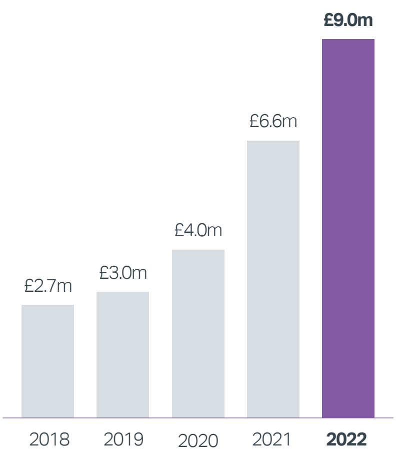
£17.7m
+36.3%

Operating Profit £m*
(before exceptional items)



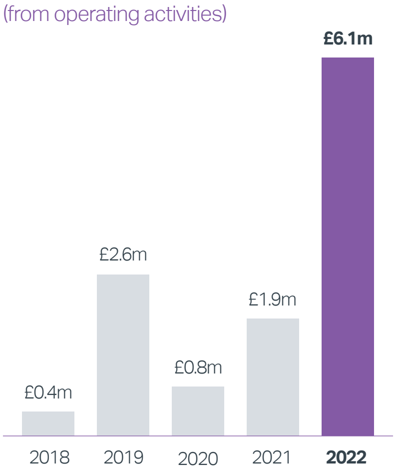
£3.5m
+29.7%

Adjusted EBITDA £m*+



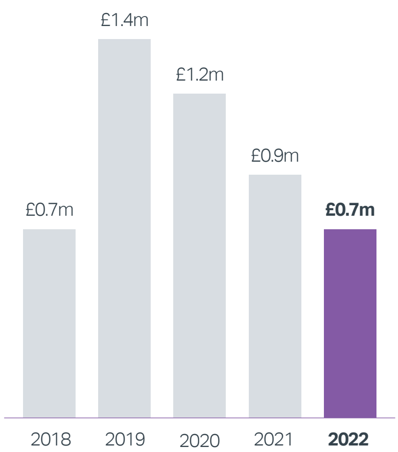
£9.0m
+35.8%

Net Cash Generation £m*°
(from operating activities)



£6.1m
+218%

Profit Before Tax £m*



£0.7m
-29.4%

* Financial charts exclude one-off hand sanitiser gel sales impact in 2020.
+ Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments. This term applies across the document (see note 31 of financial statements).
° Net cash generation from operating activities excluding cash exceptionals.

Revenue & Operating Profit Improvement

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Supply Chain Management

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New Board Appointments

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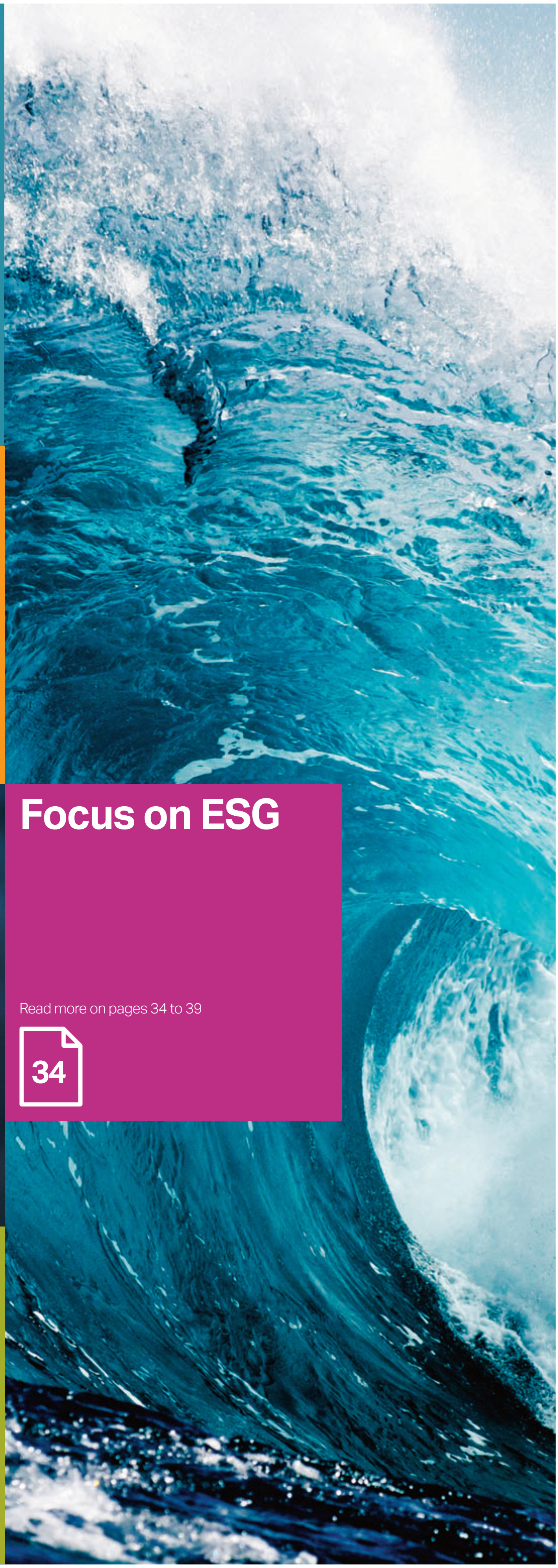

Focus on ESG

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Acquistion of Earol

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What we do

Venture Life develops, manufactures and distributes regulated products for the consumer self-care market.







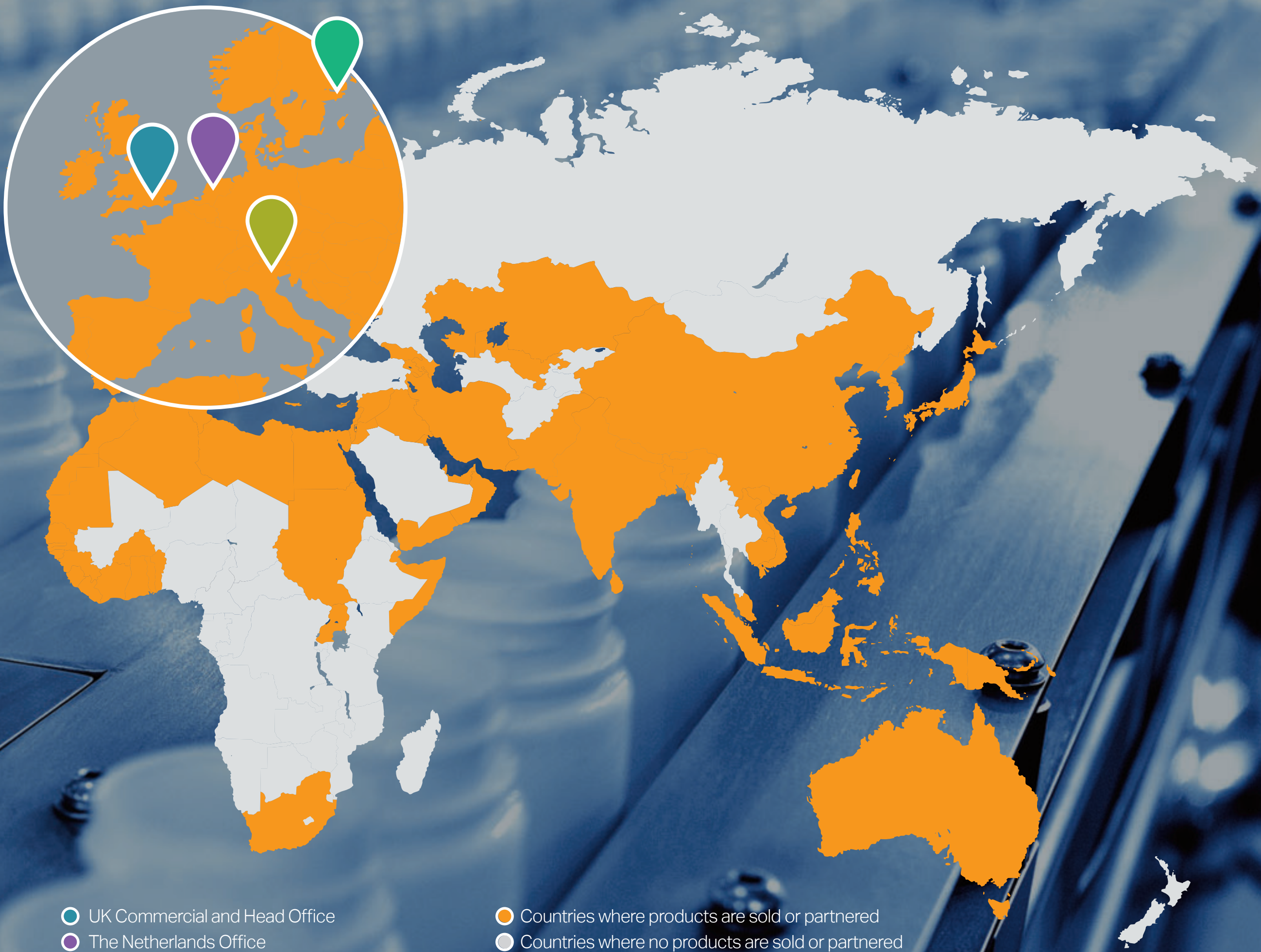

Why we do it

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.

Where we do it

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

Our international business currently follows a B2B model. We partner our products 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 these locations.



- 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

4
Operational locations
(2021: 4)

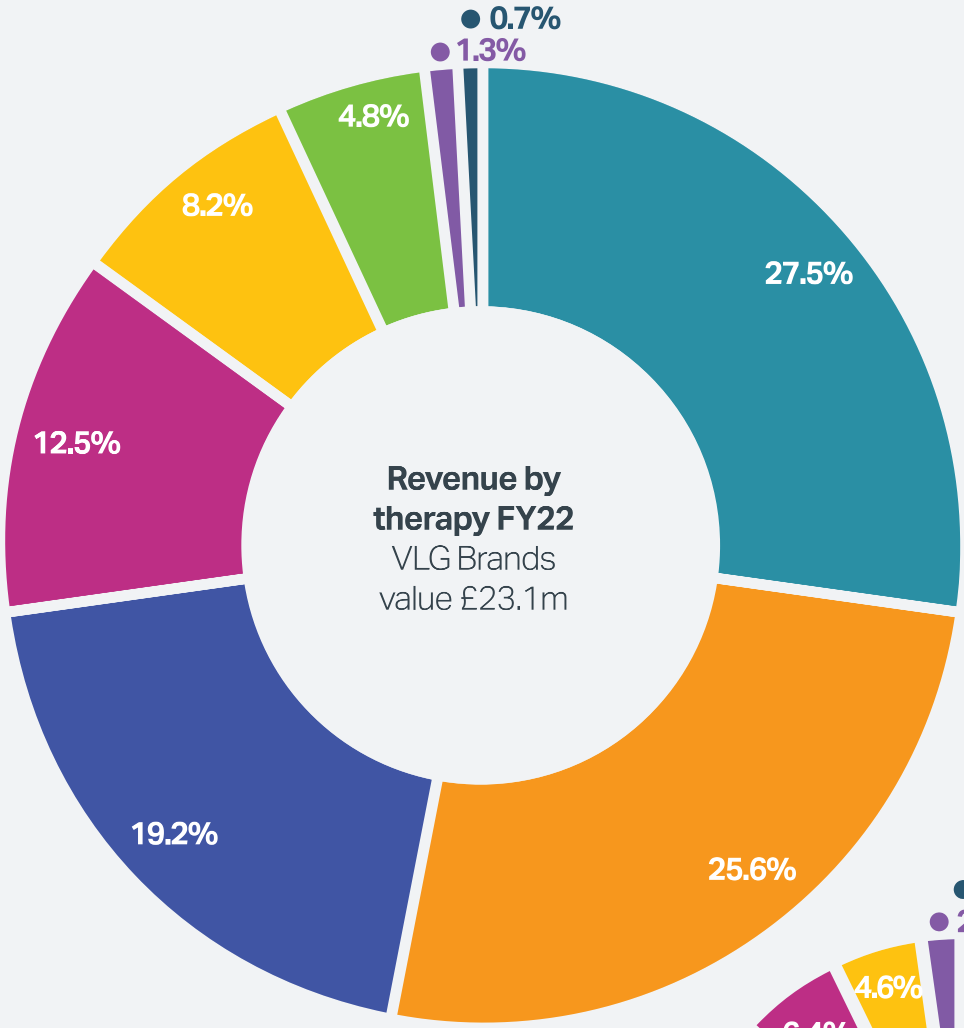
153
Employees
(2021: 145)

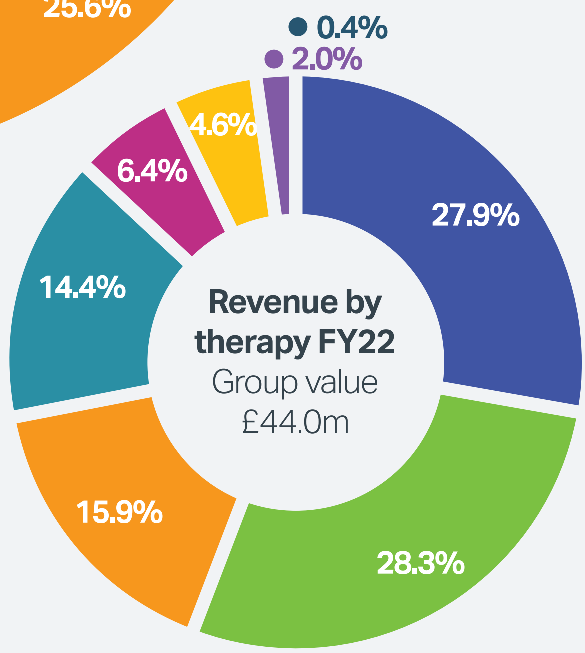
15
VLG Brand Products
(2021: 12)

216
Partners worldwide
(2021: 215)

90+
Markets worldwide
(2021: 90+)

How our eight therapeutic areas of operation, each providing innovative and efficacious products for the global self-care market, contribute to Group revenues.



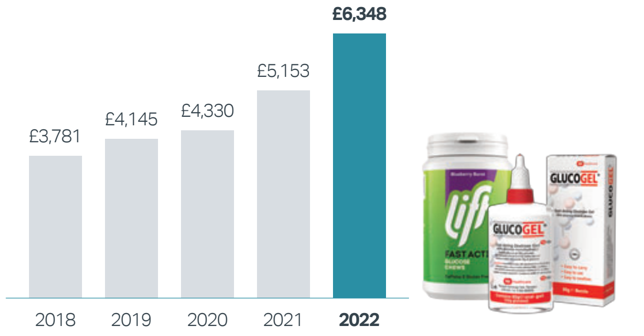


- Oral Care
- Dermatology
- Women's Health
- Diabetes Management
- Oncology
- Foot & Nail Care
- Other
- ENT

VLG Brands Revenue Contribution by Therapy Area (£'000s)

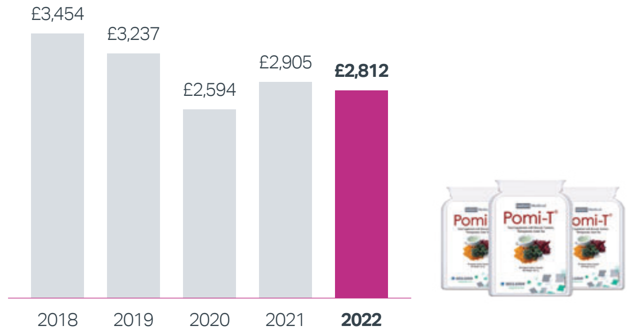
Diabetes / Energy Management[1]

27.5%



Oncology[4]

12.5%

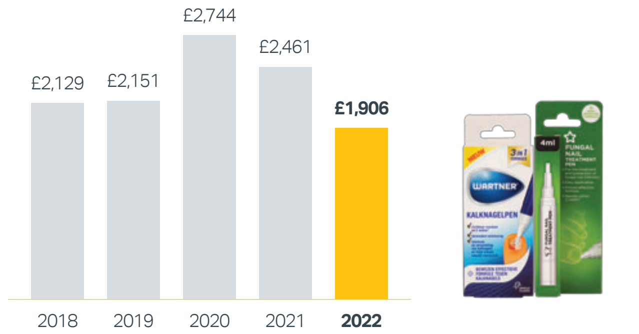


Women's Intimate Health[2]

25.6%

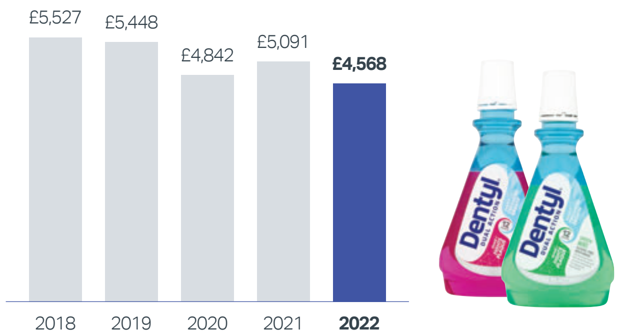
Foot & Nail Care[5]

8.2%



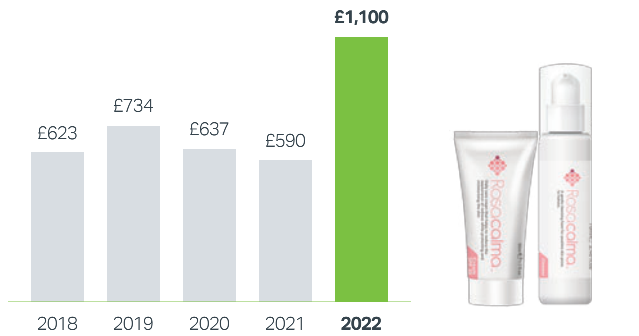
Oral Care[3]

19.2%



Dermatology

4.8%



1 Diabetes and Energy Management portfolio acquired from BBI Healthcare June 2021.
2 Womens' Health portfolio acquired from BBI Healthcare Ltd June 2021.
3 Oral Care portfolio acquired 2016 (Ultradex®) and 2018 (Dentyl®).
4 Helsinn Brands acquired from Helsinn Healthcare SA August 2021.
5 Footcare portfolio acquired from Pharmasource January 2020.

We have multiple revenue growth 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 direct to key retailers and online in the UK, the Netherlands and Italy, and through a network of partners and online internationally.

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 153 people
- Vertically integrated business model
- Head office in the UK
- Commercial operations in the UK, Italy, Sweden 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
- Expertise in medical devices (under MDD and MDR)
- Experience in acquiring products /brands and reinvigorating them
- Fostering and nurturing partnerships

Our Resources

2022 has seen our strategy deliver another year of growth, with the Group increasing both revenues and profit.

Our people

Our dedicated and talented team has a "can-do" attitude, combined with the ability to adapt to fast-changing environments.

Knowledge & expertise

Combined with an experienced management team, our R&D team has been developing healthcare products for nearly 40 years, registered as Medical Devices and Cosmetics.

Our brands

Our concise range of self-care brands in areas including oral health, diabetes management, women's intimate health, oncology support, footcare, dermatology and ENT (Ear, Nose & Throat). Many of these brands have intellectual property and clinical supporting studies.

R&D and manufacturing

Our manufacturing facilities differentiate us from our peers. With a strong technical team in place with regulatory experience, flexible production equipment and spare capacity, we are agile in responding to market demand.

Acquisition success

We have a proven track record of identifying and acquiring interesting products at sensible prices, then quickly and effectively integrating them by utilising our commercial and 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, and providing the highest levels of service.

Revolving Credit Facility

Revolving Credit Facility of up to £30 million available for further selective earnings enhancing acquisitions.

Fully integrated for growth

2022 has seen our strategy deliver another year of growth within the Group across the key measures of revenue, gross profit and Adjusted EBITDA*.

Investments

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

- Investment totalled £0.9 million during the year (2021: £1.3 million)
- Daily production capacity 295,000 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 a portfolio of leading brands & products
- Proven track record in acquiring and integrating businesses and reinvigorating brands

Consistent and Sustainable Growth

Since entering the public market in 2014, the Group has achieved compound annual revenue growth of 2 5.4% (up to and including 2022), which comes from a combination of organic and acquired growth. In addition through its Sustainable Life project the Group is constantly improving its sustainability and reducing its impact on the environment, with the target to be net zero carbon emissions by 2030.

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

Delivering long-term value

> Finishing 2022 strongly and moving into 2023 with good momentum, means that the prospects for the year ahead look favourable.

Paul McGreevy
Non-Executive Chair

Financial Review

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I'm delighted for our investors and the team at Venture Life that we have delivered results ahead of market expectations. Difficulties in supply chain, challenges of the Ukraine conflict, spiralling energy costs and consumer economic pressures have been proactively managed to ensure security of supply and delivery of the highest quality.

External stresses have demonstrated the robustness and resilience of our business, the competence and professionalism of our teams and the advantage of a vertically integrated model. Agility in our manufacturing centres and the support of our customers has enabled a strong year for ourselves and our partners, and I would like to take the opportunity to thank the entire team at VLG for their unwavering dedication, and our customers for their significant support.

Customers ordered further ahead and enabled effective purchasing in securing materials during this challenging period. Whilst this resulted in carrying higher levels of inventory, this is against a secured order book and the inventory will convert to revenue. Having delivered like for like proforma* revenue growth of 17.1% in 2022, there is of course a natural increase in working capital requirements on top of this exceptional inventory investment.

+114%

Order Book

At 31 December 2022

There are significant changes in Medical Device Regulations (MDR) which have been effectively managed, and have become a further differentiator for the Group due to the strength of our regulatory teams. We continue to invest in automation with rising labour costs and also to meet the increased demands of our production efficiencies, with a significantly enhanced focus on our ESG objectives.

The BBI and oncology support brands acquired in 2021 are now fully integrated and showing growth with substantial distribution agreements at the end of the year. Similarly, we have confidence in the growth potential of the Earol brand acquisition in 2022 and the opportunities for brand distribution and product development.

In the latter part of the year, we were joined by Mark Adams as an Non-Executive Director. Mark has extensive public company experience, also in the areas of M&A and finance, and has become Chair of the Audit Committee. Mark has already demonstrated his value and experience as part of the Board. Mark replaced Peter Bream, who has been a Non-Executive Director of the business for 7 years. The Board gives its thanks to Peter for his time with the Group and wishes him well for the future.

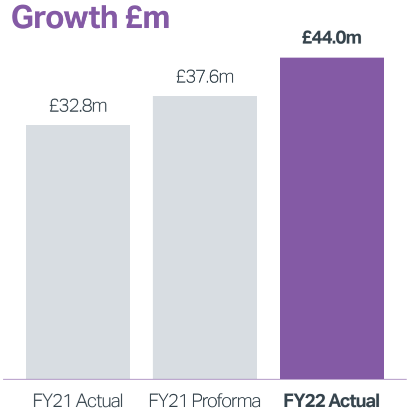
I would also like to take the opportunity to thank our shareholders for their continuing support of the business and the valuable insights and constructive challenge they provide.

We enter 2023 with a strong order book and good momentum. Our focus for 2023 will be the organic growth of our Brands, where I believe we have significant opportunity to expand their presence and value.
This continued growth track is expected to result in stronger Adjusted EBITDA margins and cash generation, which will drive down our net debt and strengthen the balance sheet further. The Board remains cautiously optimistic about the outlook for the year ahead.

Paul McGreevy
Non-Executive Chair
3 April 2023

Highlights

Proforma Revenue Growth £m



£44.0m

+17.1%

Revenue increased to £44.0m (2021: £37.6m proforma)

* Proforma basis i.e., if the acquisitions had been in place for the whole of the prior year.

Focused on continued growth

"Full year effect of acquisitions complemented organic growth to drive revenues, profitability and cash generation.

Jerry Randall
Chief Executive Officer

Our Investment Case

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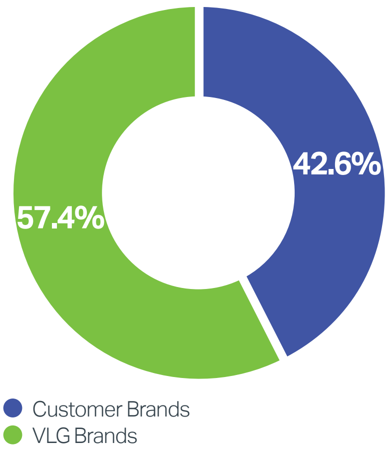
Highlights

57.4%

VLG Brands Revenue

Run-rate including HL Healthcare Ltd (2021: 55% as reported)



Operating review

from the full year impact of earnings enhancing acquisitions made in 2021. This growth was achieved against a backdrop of another twelve months of challenging market conditions. The challenges presented to our supply chain were met with vigour and enthusiasm by the whole team, demonstrating remarkable resilience. The Group delivered better than expected revenue growth of 34% over 2021 to £44.0 million (2021: £32.8 million), 17% on a like for like proforma* basis, and the business saw growth in its own Venture Life Brands as well as our Customer Brands. This growth in revenue delivered strong growth in both gross profit and Adjusted EBITDA.

Venture Life Brand revenues grew 29% to £23.1 million (2021: £17.9 million) and, on a like for like proforma* basis, growth was 2% and predominantly came from the products acquired in 2021. The oral care brands were weaker than expected in 2022, mainly due to lost revenue during the negotiation of customer price increases in the UK in H1, although UK revenues did pick up in the rest of the year but not enough to offset the decrease.

Customer Brand revenues had exceptional growth of 41% to £20.8 million (2021: £14.8 million). This growth was a combination of increased consumer end-user demand, as well as partners' increasing their stock levels back to normal levels to ensure business continuity. We think part of this growth was driven by re-stocking that we would not expect to repeat in 2023.

Venture Life Brands represented 53% of the overall Group revenues in the year (2021: 55%), despite the 29% increase in revenues, due to the 41% growth in Customer Brand revenues. However, on a run-rate basis, reflecting the impact of the Earol acquisition, Venture Life Brands currently represent 57% of overall Group revenues, and we expect this percentage to grow through 2023.

The order book as at 31 December 2022 was 114% ahead of that at the same time in the prior year. This increase reflects both growth in underlying sell out of our customers' products, but also our customers ordering further ahead to ensure that they can receive their product. Supply chain disruptions still persist, and we continue to order our raw materials and packaging further out than historically, to both lock in prices and ensure supply.

* Proforma basis i.e. if the acquisitions had been in place for the whole of the prior year.

Acquisition of HL Healthcare Ltd

On 30 November 2022, we acquired the entire issued share capital of HL, for a total consideration of £13.0 million. This consideration comprised:

- £8.0 million in cash on 30 November 2022, funded by drawing down on the Group's RCF.
- £2.0 million by way of a fully sub-ordinated loan note, which is redeemable on the second anniversary following completion and accrues interest at SONIA plus 5.0%.
- Up to a further £3.0 million based on the performance of the acquired business in the year ending 31 March 2023.

In the year ended 31 March 2022, HL delivered revenues of £4.5 million and EBITDA of £1.7 million.

HL was a small virtually run business with only 2 employees, owning assets related to three products:

- Earol – an olive oil based spray, which is used to help remove excess and unwanted earwax.
- Earol Swim – an olive oil based spray also containing Teatree oil, to help protect ears from bacteria when swimming.
- Sterinase – a saline based spray to help in the relief of nasal congestion.

The vast majority of revenues in the year ended 31 March 2022 (93%) relate to the sales of Earol (also sold under the brand name Vaxol outside of the UK, by certain customers to whom HL distributes). The revenues of Earol Swim and Sterinase represented 3% and 4%, respectively, of Group sales in the year ended 31 March 2022.

Earol is registered as a Medical Device (originally under the Medical Device Directive but now under the new Medical Device Regulations); fitted with a spray nozzle, the liquid mix is patented and can be sprayed into the ear to dissolve or loosen earwax, either on a regular prophylactic basis or in advance of ear wax removal by audiologists. Sold in the UK, Scandinavia and a small number of other territories, the Group expects to leverage its operating and commercial position to increase revenues and margins for the brand and introduce product innovation through new product development.

Currently Earol is sold in the UK through major pharmacy and grocery retailers, but is receiving increasing prominence in independent pharmacies where it is recommended by pharmacists to patients for the removal of earwax.

The integration of HL into the Group has begun, being substantially complete for commercial operations. The integration into the technical and manufacturing part of the business is ongoing. The Group sees substantial upside opportunity for international expansion into new territories, brand revitalisation, expansion of listings in the UK and new product development ideas.

Highlights

+105%

Diabetes and Energy Management Revenue

Diabetes and Energy Management revenues increased to £6.3m (2021: £3.1m)

+64%

Women's Health Revenue

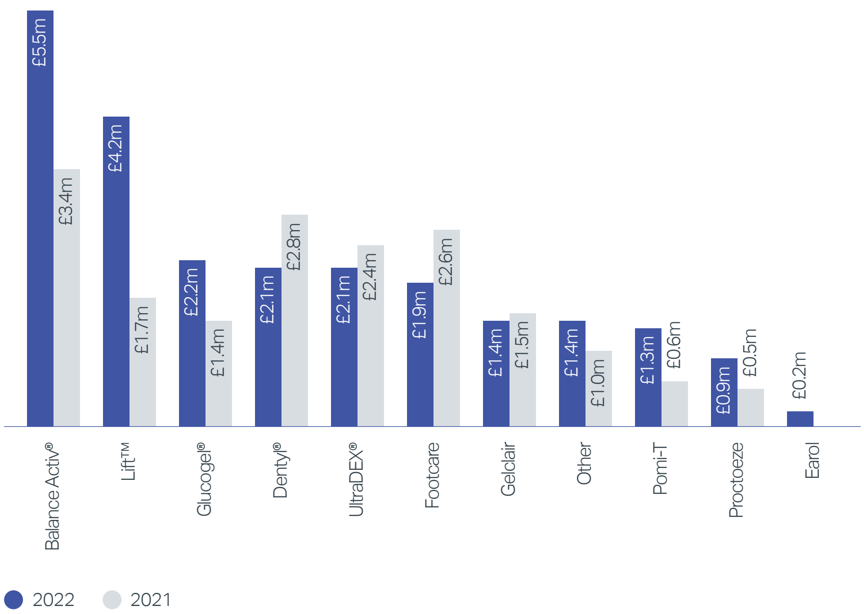
Women's Health revenues increased to £5.9m (2021: £3.6m)

Venture Life Brands

The VLG Brand revenues grew 29% to £23.1 million (2021: £17.9 million) and, on a like-for-like proforma basis, growth was 2%. Revenues from the VLG brands comprised:

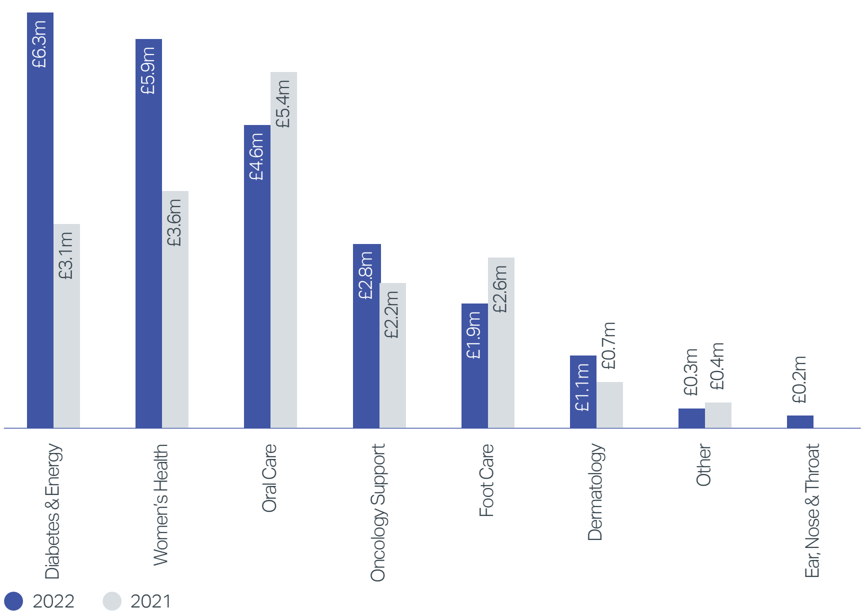
Revenues by Brand

for 2022 v 2021



Therapy Area Revenues

for 2022 v 2021



Venture Life Brands continued

The ex-BBI brands, Balance Activ®, Lift™ and Glucogel® all showed very strong growth in the period of 83% to £11.9 million (2021: £6.5 million). On a like for like basis, growth of these brands was 16%.

Gelclair and Pomi-T were relatively flat during 2022 due to order phasing, however, also during this time the groundwork was being prepared to license these acquired products out in key territories such as Brazil and Canada; as a result, we expect to see the positive revenue impact of newly signed long-term agreements in 2023.

The oral care products had a more difficult time in 2022, in particular Dentyl® in the UK, where the imposition of price increases on 1 January 2022 on our customers caused a reduction of orders while they ran inventories down and resisted the price increases. However, as the first quarter came to a close, they began to re-order at the new price, but the lost Q1 sales were not recovered in the year. Internationally, the exposure of the oral care products is limited, with partners in a handful of countries.

As our brands grow, the digital space is becoming increasingly important, and in particular, Amazon continues to be a very significant customer for the Group. In 2022, the Group launched Balance Activ® on the Amazon platform in Germany, its first online market in the EU. The launch is in a nascent stage and the product is gaining good traction as brand awareness grows and so too the number of customer reviews. 2023 will further see the roll out of Balance Activ® into other key EU countries, e.g., France, Spain and Italy and once consolidated, we will look to build on this expansion with other products. As well as using Amazon as our main e-commerce platform, all of our UK advertising and promotion is digital, as this remains the most efficient way to reach our target audience.

Footcare was lower than 2021 by 25% due to the loss of a partner in 2022 in Germany, where a change of ownership has caused a change in direction and a movement away from our product; as a result, we will look to replace this partner in 2023. Procto-eze had a very strong year with revenues of £0.9 million (2021: £0.5 million); this was mainly due to the continued success our partner is having in Austria, as well as other partners holding more inventory to ensure continued supply in these difficult times.

New contracts in key markets are also improving the international position for the Group, capitalising on the acquired products and confirming that our M&A strategy is working.

Balance Activ®

(Revenue £5.5 million, +63%, LFL 8%)

Revenues for Balance Activ® grew 63% to £5.5 million (2021: £3.4 million) on a reported basis, 8% on a like for like proforma basis. The revenues in the UK grew 53% to £2.2 million (2021: £1.5 million) on a reported basis, 0.4% on a proforma like for like basis.

In the UK, sales were impacted due to an issue with the Amazon Buy Box listing, which caused loss of sales to competitors for some weeks, but this was rectified by H2 and sales picked up back to normal levels. Distribution of the Balance Activ® pessary was extended in two key grocery retailers, giving the product further reach in these key stores.In Q4 2022, new products were developed (Balance Activ® Gel 14 pack, Thrush Cream and an Intimate Daily Foaming Wash) and launched in key UK retailers, and we also launched the entire Balance Activ® range in Ireland via our existing partner. We will see the full impact of these in 2023.

Internationally, the revenues for Balance Activ® (under both the Balance Activ® brand and our partners' brands) grew 71% to £3.3 million (2021: £1.9 million), 14% on a like for like proforma basis. This growth benefited from new market launches, including Brazil.

In Q1 2022, we decided to withdraw availability of the product to our partner in the Russian and Belarussian marketsas a result of the Ukraine conflict. This took approximately £0.5 million of revenues out of our expected 2022 numbers; without this unexpected reduction, the brand internationally would have grown 32% on a like for like basis.

Outside of the UK, the product is mostly sold through a number of distribution partners. During H2 2022, Balance Activ® was also launched on Amazon in Germany, and 2023 will see the launch roll out into France, Spain and Italy via the Amazon platform.

Innovation remains a key part of this product portfolio and further new product development is underway with intended launches in H2 2023 and H1 2024.

Lift™

(Revenues £4.2 million, +147%, LFL 36%)

Revenues of Lift™ grew 147% to £4.2 million (2021: £1.7 million), 36% on a like for like proforma basis. £4.0 million of the revenues for this brand were generated in the UK and Ireland (2021: £1.6 million; £2.9 million on a like for like proforma basis).

The increased revenues of £1.1 million over the like for like proforma revenues for 2021 were due to a number of reasons:

1) increasing level of sales within the independent pharmacy channel, due to the recommendation by health care practitioners to diabetic patients post-COVID;
2) the rebound of sales on the High Street and in Grocery Retailers post-COVID as more usage occasions present themselves; and
3) the launch in Ireland with a new distribution partner – this 5 year agreement has minimum contractual obligations over this 5 year period.

This momentum has continued into 2023, which will seenew products into the Lift™ portfolio, as well as expansion into new related areas.

Venture Life Brands continued

Earol, Earol Swim, Sterinase

(Revenue £0.2 million, 2021 £nil)

Following the acquisition, these products only contributed one months revenue of £0.2 million to the overall Group revenues for the year. In the year ended 31March 2022, total revenues for these brands comprised £4.2 million, £0.1 million and £0.2 million respectively and comprised £2.2 million (50.1%) in the UK and £2.3 million (51.1%) outside of the UK.

Integration into the Venture Life Group has begun, and new marketing initiatives and new product development ideas are currently being explored.

Gelclair, Xonrid & Pomi-T

(Revenue £2.8 million, LFL-3%)

These three oncology support products were acquired from Helsinn SA in August 2021, and all of these products are sold solely through distribution partners into the Hospital and Pharmacy channels. In 2022, good progress was made and a number of new long-term distribution agreements were signed, including Gelclair in Brazil, Canada and Vietnam and Pomi-T in Germany.A positive revenue impact is expected to be felt in 2023.

Some significant markets remain empty for these products, including the USA and some key European markets, as well as the Far East, and the business development team continues to progress discussions with potential new partners. The return to pre-COVID levels of oncology treatments is also expected to increase revenues for these brands in 2023.

Other VLG Brands

(Revenue £10.4 million)

The revenues from the other VLG brands during the year were level overall, but there were two significant movements within the portfolio. Procto-eze did exceptionally well and delivered growth of 86% to £0.9 million, as a result of some partners increasing inventory levels to ensure business continuity during the supply chain disruption; whilst we don't expect this same level to be repeated in 2023, it will normalise in 2024. Against this, we lost ground on the fungal nail product revenues, where our main European partner in Germany stopped selling the product – we are in the process of identifying a new partner for this product in Germany as well as other markets.

In addition, there were 12 new distribution agreements signed in 2022. In general, there remains a good level of interest in our products and brands and we remain confident that further long-term licensing agreements can be delivered in 2023 and beyond.

Customer Brands

(Revenue £20.8 million, +41% LFL)

Customer Brands delivered an exceptional year of 41% growth in revenues, delivered by a combination of both existing and new customers. In 2021, we had seen an element of de-stocking: in 2020 customers generally continued buying product from us at their pre-COVID levels, despite falling consumer demand due to COVID, concerned that the supply chain would be disrupted and they did not want to be out of stock. This resulted in higher levels of inventory with our customers at the end of 2020, which resulted in the de-stocking in 2021. In 2022, customers have returned to their normal levels of purchasing and inventory, and in addition we have seen growth in orders from a number of customers due to good sell out in their relevant markets.We did see some increasing of inventories in the customer base which is reflected in the 2022 revenues, which will not repeat in 2023, but even without this the Customer Brands saw growth of over 30% in the year over 2021.

Customer Brands continued

The business development team in the Customer Brands business continue to generate new leads and interest in our offering to these type of customers where we can provide the service from concept, through innovation, development and registration, to full scale production of products, registered as either Medical Devices or cosmetics. This full-service offering continues to attract interest from both new and existing customers, and during 2022 we began to see more enquiries from such customers where existing contract manufacturing suppliers have not been able to manage the supply chain as well as us, and therefore they want to move to a more reliable supplier.

In addition to this revenue growth, we have seen a substantial increase on the order book. This applies to both Customer Brands and VLG Brands. The overall order book at 31 December 2022 was 114% higher than at 31 December 2021.This increased order book has arisen from both growth in revenues from increasing customer demand, as well as customers ordering further ahead than in previous years, at our request, to ensure that we can obtain raw materials and packaging in time and also lock in the price of components. Whilst the supply chain is improving, with some costs starting to fall and some availability improving, it still has a long way to go to be anywhere near the pre-COVID position, and we will continue to monitor the situation and be proactive.Customers ordering further ahead does not accelerate the timing of the revenues, but it does give us much greater visibility than before over future revenues.

Operating leverage and capacity

In 2022, we saw a significant increase in production volumes to 33 million pieces (2021: 29 million) which drove our growth in revenues. Despite this, we still have capacity for growth at both of our facilities. Our development and manufacturing expertise and capacity is fundamental to the operation and growth of the business.

The development team have circa 10-15 active projects running at any one time, from full development of a completely new Medical Device to flavour/colour/component changes to existing formulations. The development knowledge has also been invaluable over the last two years in supporting the procurement team to identify alternative sources of materials and packaging where existing supply has been unavailable or rapidly increasing in price. In conjunction with price increases to customers, this support has enabled us to minimise the impact of supply chain disruption on our input prices and move rapidly when needed on this.

Our factory in Italy, Biokosmes SRL, manufactures 69% of our products, operating with 6 turbo mixers and 13 filling lines. There is plenty of bulk mixing capacity, less so on the filling lines, but we have capacity at Biokosmes to insert more filling lines as needed, with modest capital investment. The machines at Biokosmes are mainly semi-automatic, and in the coming years we will look to automate this equipment more to combat rising labour costs. Currently, we use a significant number of external contract labourers to manage peaks and troughs in production within the facility, but it is expected with increasing automation, we will require increasingly less of this expensive resource.

Our site at Gnesta near Stockholm, Rolf Kullgren AB, manufactures products for the Women's Intimate Health portfolio – Balance Activ®. This facility has a fully automated filling line that can fill tubes at 2-3 times the speed of our lines in Biokosmes, but at the moment is running only at 20% of its available capacity. This level of volume will grow as the Balance Activ® brands grow, but we are also actively searching for additional new products to manufacture at this facility and have active projects in discussion.

In 2022, we also invested in our financial team by increasing resource and implementing new processes, and this has enhanced the quality and value of the reporting within the business. This enhanced function now has the capability to identify many more opportunities for value re-engineering and energy/cost saving initiatives across the Group, vital at a times of high inflation and input prices.

Outlook

2022 has been a very rewarding year of growth for VLG. The full year effect of the acquisitions made in 2021 has contributed very positively to the overall growth of the Group, with those acquired assets also being in growth themselves.

The supply chain has continued to be one of the largest areas of challenge for the Group, where the impact of the Ukraine conflict at the start of 2022 compounded the already very difficult supply chain environment as a result of COVID. The first half of 2022 saw the most difficult part of the year for supply chain, with issues in terms of both availability and price arising on a daily basis, combined with the impact of rapidly increasing energy prices. The second half of the year saw the start of an improving situation for supply chain which has continued into 2023, where we are now seeing some downward movement in price and improving availability. Similarly, energy prices seem not to have risen as high as expected 6 months ago.

This all sets a backdrop for a period where we expect to see margins under less pressure, and where we expect that customers will still maintain their long look-forward on ordering.

We have started the year with an order book more than double the size of that at the same time last year, which reflects the continued growth and much greater visibility of forward revenues. 2023 is expected to see a year of continued organic growth, with many initiatives in terms of market penetration and new product development. Increasing volumes, easing supply chain pressures and the full year impact of the Earol acquisition are expected to improve gross margin again in 2023, despite the cost pressures that remain. The business remains focussed on the dual objective of profitable organic growth, hand in hand with improved sustainability, and the Board looks forward with confidence to the year ahead.

Jerry Randall
Chief Executive Officer
3 April 2023

Women's Health

Balance Activ®

UK's Number 1 Bacterial Vaginosis (BV) Treatment*

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 women globally.

£5.9m

Womens' Health Revenue

26%

Women's Health share of VLG Brand Revenue

(2021: 20%)

* Source: Nielsen, All Outlets, 52 week ending period 14 January 2023.

Effective & Discreet

Dr Shazia Malik, MBChB (Honours), MRCOG, is a highly experienced and esteemed consultant Obstetrician and Gynaecologist, who is regularly quoted in the media. She gained her medical degree with Honours and the Gold Medal in Obstetrics and Gynaecology in 1991. Since then, she has trained in Obstetrics in some of the largest tertiary level units in the country. She undertook her specialist training in Cambridge where she was also a research fellow funded by the MRC working with a world famous team looking at abnormal vessel function in women with excessively heavy periods or endometriosis.

She went on to successfully complete her subspecialty accreditation in Reproductive Medicine and Surgery at the prestigious University College Hospital in London (UCH), at which she still remains an Honorary Consultant. She has also worked as a Consultant Obstetrician and Gynaecologist as a part of the Recurrent Miscarriage team located at St. Mary's Hospital in Paddington and also as a Consultant in IVF at CRGH, well known as one of the country's leading IVF units.

Whilst gaining her subspecialty, she continued her interest in Gynaecological Ultrasound at Kings College Hospital and set up the Early Pregnancy and Emergency Gynaecology unit at Barnet Hospital in North London. She is part of a busy NHS team working in both Obstetrics and Gynaecology, as well as one of only a few Subspecialists in Reproductive Medicine offering private Gynaecological and Obstetric Care.

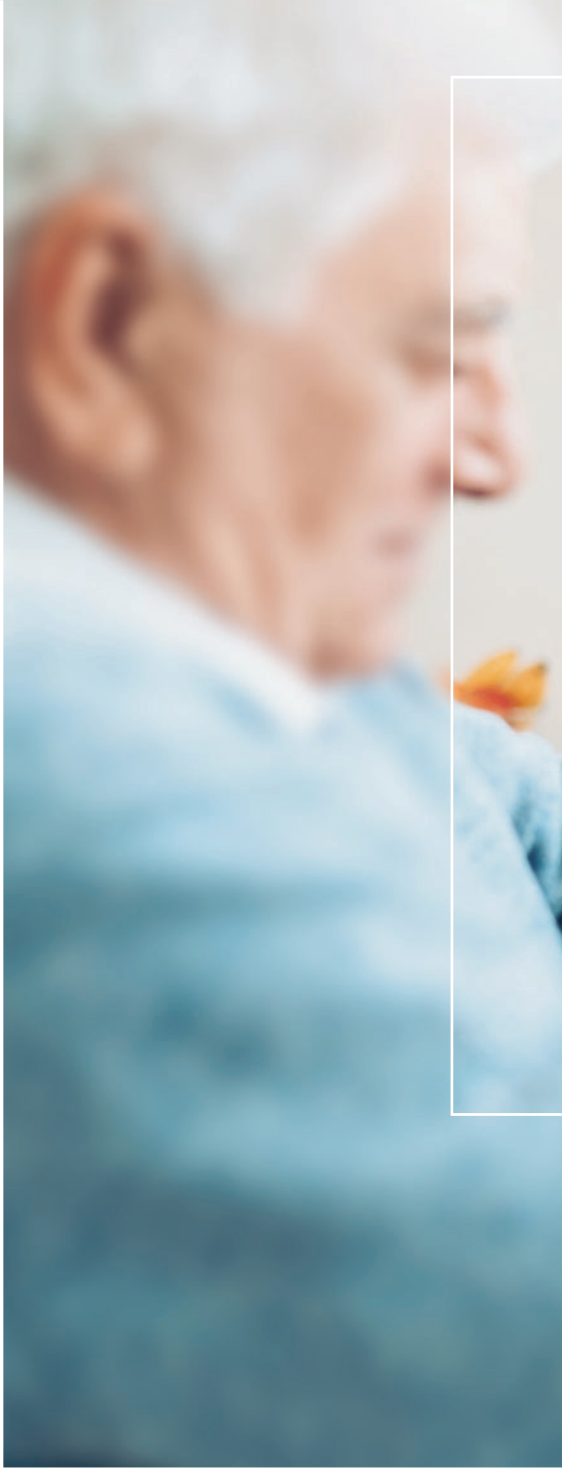
Dr Shazia provides support as a PR spokesperson and lead gynaecological expert on behalf of Balance Activ®, providing quotes and comments to the media, undertaking interviews and providing content for press releases and articles.

In 2023, she will provide strategic guidance for the launch a ground-breaking piece of research into vaginal health, essential counsel on new product development, brand positioning and media strategy.

Oncology Support

Gelclair, Pomi-T & Xonrid

Within the Venture-Life portfolio, Gelclair is a key oncological support product, helping to improve a person's quality of life during cancer treatment.



£2.8m
Oncology Support Revenue

12%
Oncology Support share of VLG Brand Revenue
(2021: 12%)

Symptomatic relief

The Helsinn Integrative Care Portfolio (HICP) including Gelclair, Pomi-T and Xonrid, was acquired on 6 August 2021. This provided a profitable portfolio of products in the area of oncology support. These oncology market support 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 offers treatment for Oral Mucositis, which is a particularly painful condition that causes inflammation and ulceration which occurs in the mucous membranes of the mouth and a common side effect of radio and chemotherapy of head and neck treatments.

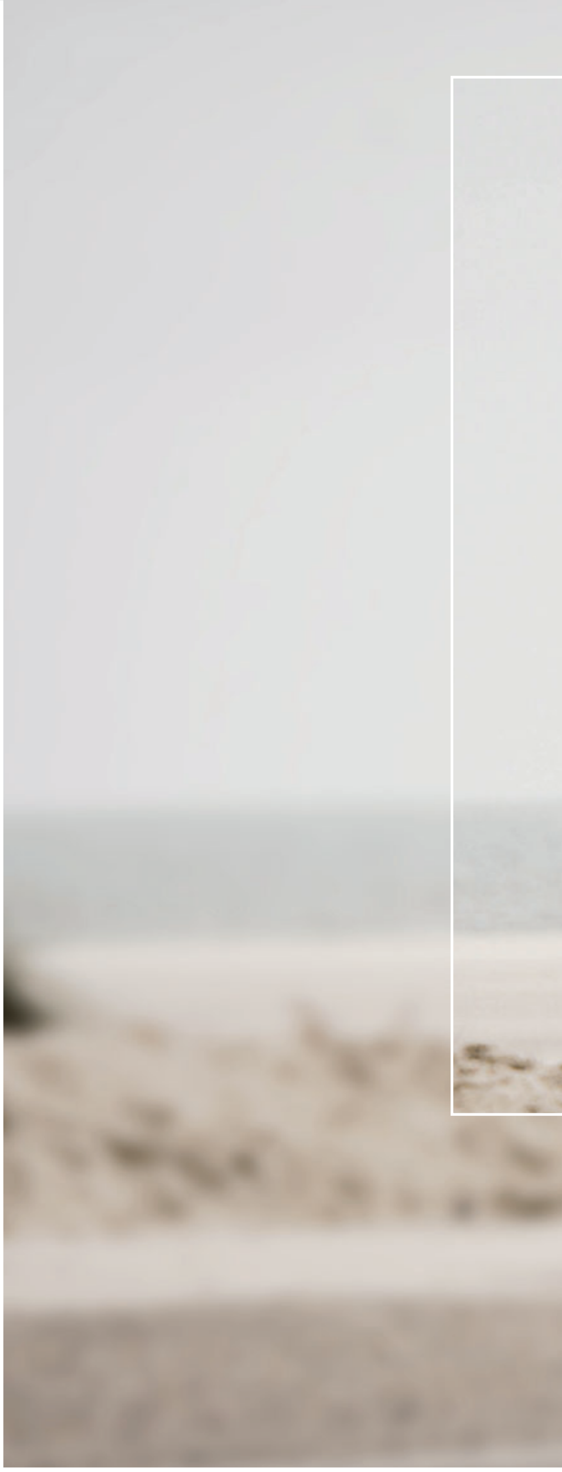
During 2022, we have seen Gelclair partnered in Brazil, Canada and other countries. Blau Farmaceutica is the exclusive long-term distributor in Brazil. Blau is the number one pharmaceutical company in the non-retail market in Brazil, with more than 1,500 employees and revenue of c£270 million.

Actively present in the Institutional & Specialty Care segments, Blau has more than 35 years' experience and has a well-established footprint in the main LATAM markets, including Argentina, Colombia, Chile, Ecuador, Peru and Uruguay. Blau's expertise and complete line of Chemotherapy and Oncology Support products offer an established platform to successfully market Gelclair in Brazil, in order to reach patients suffering from chemotherapy or radiotherapy induced Oral Mucositis.

Diabetes / Energy Management

Lift™

Lift™ is an OTC product for the treatment of hypoglycaemia and energy management; the brand has a multi-channel route to market in the UK.



£6.3m

Diabetes / Energy Management revenue

28%

Diabetes / Energy Management share of VLG Brand Revenue

(2021: 17%)

Fast-acting Dosage

Lift™, fast-acting glucose range of products can give your body that extra boost when you need it most. If you are managing diabetes, Lift™ Juice Shots or Tablets can be used as an immediate treatment for hypoglycaemia and to help prevent hypos. Lift's™ ready to drink Juice Shots and Chewable Tablets come in convenient packaging, making them easy to carry around, on hand and ready to consume.

It can also help you get the most out of training, unlock that extra 5% in a big race, a match or simply help you get through those long days or night shifts.

Lift™ comes in a variety of tasty flavours and most importantly in a measured dose, simply drink the full 60ml juice shot or 3 chewable tablets and wait 15 minutes before retesting your blood glucose levels or taking on that extra mile.

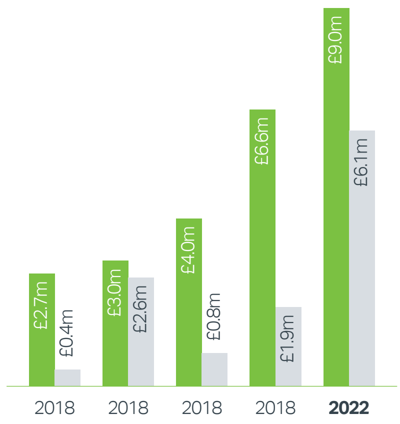
"I now always keep a Lift™ Glucose Shot on my bedside table at night. I have found this to be very helpful if I have a low overnight hypo due to its speed of action in raising my blood sugar levels and the certainty of dosage."

Michael Robertson Type 1 diabetic for 29 years.

Available in key retailers across the UK and Amazon.

We create value for shareholders by acquiring or developing, manufacturing and commercialising products/brands for the self-care market globally.

Profitable and cash generative



- Adjusted EBITDA[1] of £9.0 million, +36% over 2021
- Net cash generated from operating activities excluding cash exceptional items

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

Recognised expertise

- Experienced leadership team
- Expertise in product development, manufacturing and distribution of medical devices
- Nearly 40 years in developing and manufacturing healthcare products
- Strong in-house technical team with regulatory expertise
- Experienced commercial team in home and international markets

40 years

developing and manufacturing healthcare products

Proven track record in acquisitions

- M&A transactions to build a portfolio of leading brands, including UltraDEX® (2016), Dentyl® (2018), PharmaSource (2020), BBI (2021), Helsinn (2021) and HL Healthcare (2022).
- The Group focuses on post-acquisition organic revenue growth as a key measure of success.

7
Corporate acquisitions

11
Key Brands
Dentyl® • UltraDEX® • Balance Activ® • Glucogel® • Lift™ • Gelclair® • Pomi-T • Xonrid • Earol • Earol Swim • Sterinase

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

Manufacturing Capacity

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 in recent years to increase the manufacturing capacity.

55m units
Production Capacity (Italy)

10m units
Production Capacity (Sweden)

Clear strategy and proven business model

- Strategy of building a strong portfolio of market-leading 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 that brings operational leverage opportunity with growing volumes – Venture Life innovates, develops, manufactures, and markets self-care products globally

Operational Leverage

- Capacity of 65 million units per annum, current utilisation of 35 million units (54%)
- Significant capacity for growth and the ability to accommodate both organic and acquired growth

65m
Capacity of units per annum

35m
Current Utilisation

Global Coverage

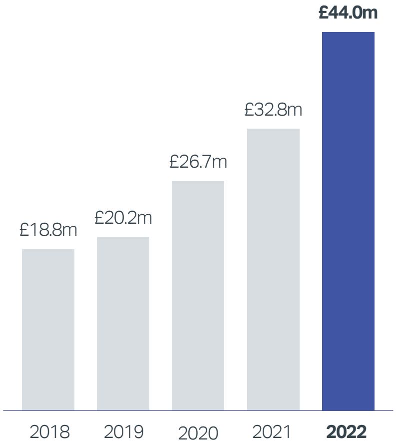
Our products are sold in over 90 countries globally, which reflects the appeal of our offering, the manufacturing expertise and validation by many regulatory authorities and the extent of our commercial reach.

90+
Markets Worldwide

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

These will enable investors and other stakeholders to measure our progress.

Group Revenue £m*



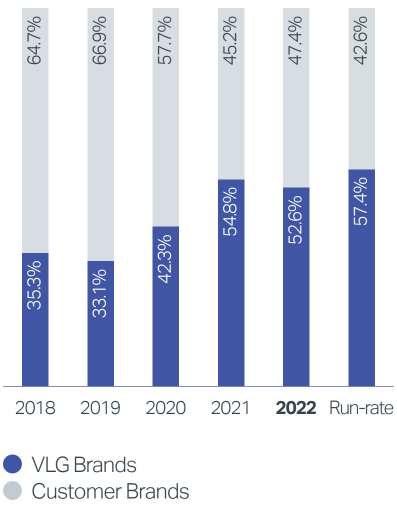
£44.0m

+34.2%

Definition
The total amount of income generated by the sale of goods and services.

Why we measure
Consistent and sustainable growth is a key part of our business model.

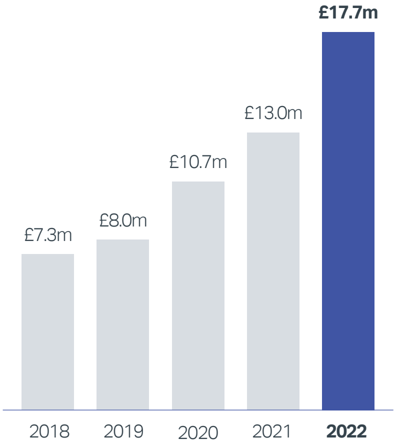
Revenue Mix %



Definition
The proportion of revenues derived from our VLG Brands versus our Customers' Brands.

Why we measure
Growth of the higher margin VLG Brands is a key strategic objective.

Gross Profit £m*

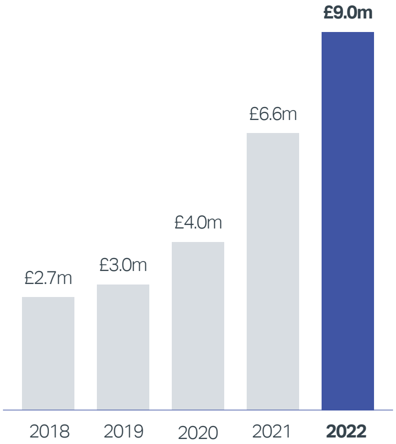


£17.7m
+36.3%

Definition
The difference between a company's total revenue and its total cost of goods sold.

Why we measure
To ensure that our revenue is delivering a directly proportional increase in gross profitability.

Adjusted EBITDA £m*+

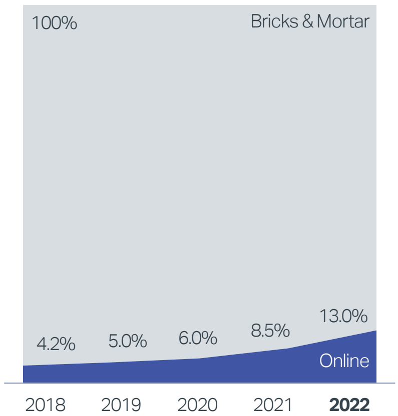


£9.0m
+35.8%

Definition
Earnings before interest, tax, depreciation and amortisation (EBITDA) before deduction of exceptional items and share based payments.

Why we measure
Consistent and sustainable profitability is a key part of our business model.

Digital Progress
VLG Brands Revenue

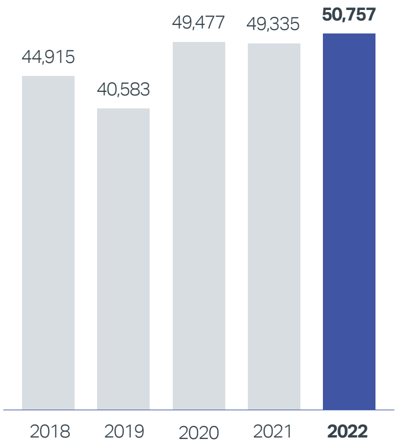


13%
+4.5%

Definition
The value of VLG Brands revenue generated through online selling.

Why we measure
The digital space is becoming increasingly important and remains the most efficient way to reach our target audience.

UK Distribution Points

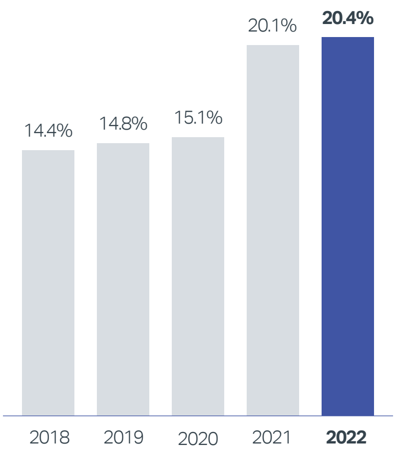


50,757
+2.9%

Definition
Total number of product listings of VLG Brands across high street, pharmacy and grocery channels in the UK.

Why we measure
Strong distribution is critical to the success of the VLG Brands so that consumers have access to our products.

Adjusted EBITDA Margin %

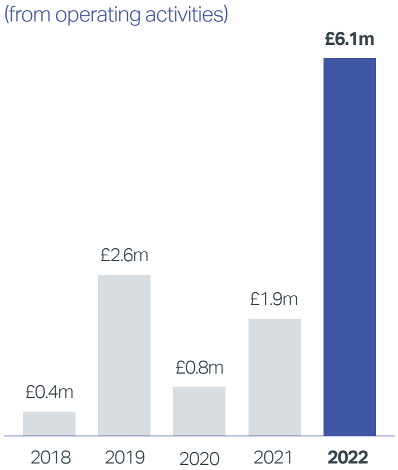


20.4%
+0.3%

Definition
The percentage of our Adjusted EBITDA as a proportion of revenue.

Why we measure
To measure the impact of increasing operational leverage.

Net Cash Generation £m*°
(from operating activities)



£6.1m
+218%

Definition
The net cash generated from operating activities excluding cash exceptional items.

Why we measure
Our investment case sets out our goal to be both profitable and cash generative.

* Financial charts exclude one-off hand sanitiser gel sales impact in 2020.
\+ Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments (see note 31 of financial statements).
° Net cash generation from operating activities excluding cash exceptionals.

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 and moisture 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 minute.

We have over 40 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

6

Bulk mixing turbo-mixers

13

Filling lines

250,000

Daily unit capacity per day

Sweden

1

Bulk mixing turbo-mixers

1

Filling line

45,000

Daily unit capacity per day

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 2022.

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

Italy and Sweden

Estimated spare capacity at the end of 2022 is 55%	Primary production facility for all Group revenues*

* Excludes Pomi-T, Lift™ & Glucogel®

VLG Brands

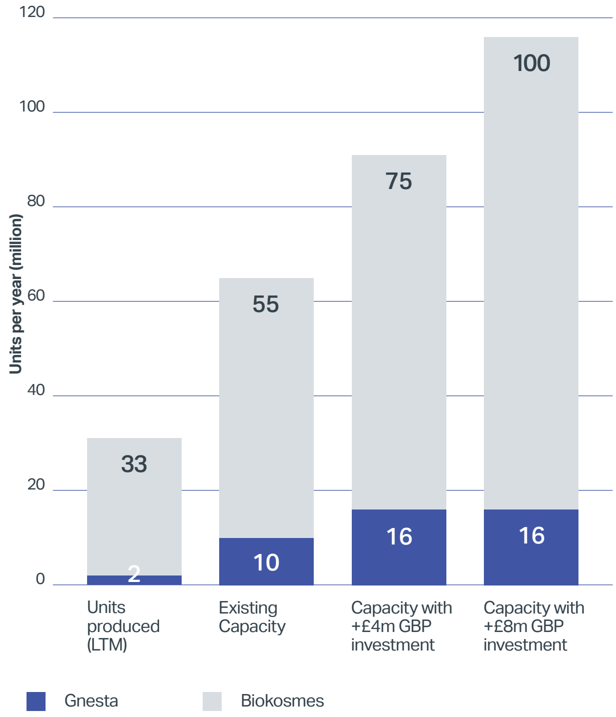
Dentyl
BALANCE ACTIV
ultraDEX
Pomi-T®
lift
gelclair

Customer Brands

Customers

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.



ESG is central to our growth & development

"I am passionate about the development of our ESG strategy and so too are my colleagues, our customers and our shareholders.

Our Business Model and Strategy

Read more on page

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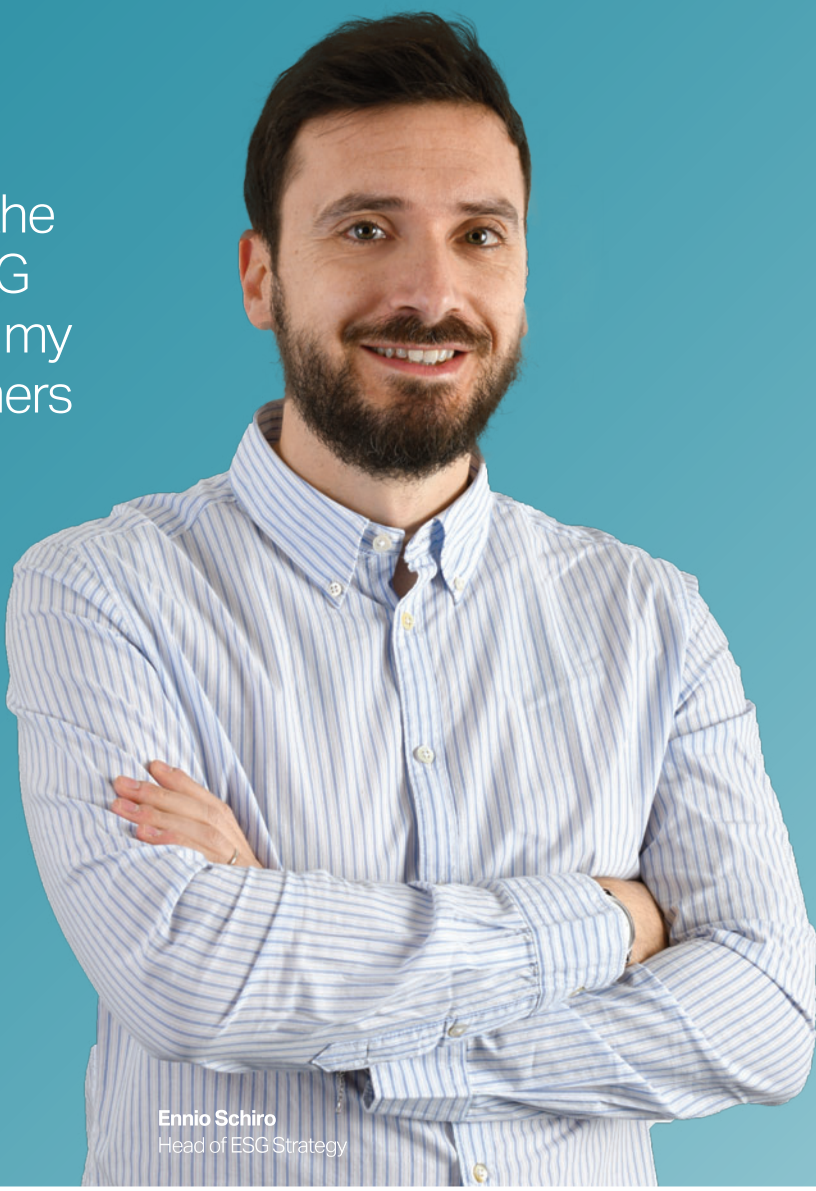

Ennio Schiro
Head of ESG Strategy

Q&A with our Head of ESG Strategy Ennio Schiro.

How long have you been at VLG and what has been your journey so far?

I started working at Biokosmes in 2007 and in 2014 for the Venture Life Group through their acquisition of Biokosmes. Initially my role had me working in production before I moved over to Quality Control followed by a move into Quality Assurance. Throughout all my roles I have always maintained my interest in the development of our ESG strategy.

What role do you play in the company's ESG strategy?

The core ESG comprises of a cross functional team – within the team my remit has me working on the objective setting and ensuring we have a plan in place to reach these objectives, led by Jerry Randall as CEO who drives the Board's direction in ESG.

The activities of the wider team include developing our program towards the aims of the Sustainable Development Goals (SDGs), the continuation of the certification process according to various standards and the coordination with all the teams and our colleagues across the Venture Life Group.

How important is ESG to you personally and working for a company that firmly has it embedded in their business?

Working in a company that is committed to an ESG agenda is incredibly important for me, mostly because these objectives we set as a company make a huge difference not only to the company but all of the employees within the group – something we are all incredibly proud of. Being able to participate personally and actively in these development activities makes me personally feel very fulfilled in my role, as the changes and initiatives we put in place now are an important basis for our future.

What is the Group's ESG strategy?

ESG is central to the development and growth of the business in the future, and this is why we have initiated our Sustainable Life program in 2022. The Board and whole Group is fully committed to creating a sustainable business for all our stakeholders. We have been undertaking many initiatives across the Group for many years, in particular at our manufacturing sites, to drive towards a more sustainable business, but now we are communicating this much more.

We want to include ESG in all areas of the business, at all levels and all tasks – creating a new mindset across the group. The basic principles to be applied to the entire group in daily activities, from product design to distribution. We are developing a programme of activities designed to support the achievement of the objectives determined by the UN through the publication of the SDGs, particularly our 7 priority SDGs. Also, common with the UN principles we are targeting net zero by 2030 and designing a program to achieve this. The Board has designed a precise and constant reporting of activities for the monitoring of the progress of projects.

How do you build an ESG framework that is future-proofed for tomorrow's economic realities?

By continuing to apply the principles of sustainability at all levels of the group will ensure the achievement of the group objectives. In terms of general program and achievement of more specific objectives such as the LCA Life cycle assessment, Carbon footprint, B Corp and so on, will allow us to align ourselves with the accreditations that today people see as the most recognised.

How do you develop a global approach to ESG?

The key principles for us of a good global development approach include:

Sharing of objectives:
The strong presence of the Group Management ensures that there is a clear identification of medium and long-term objectives; this allows an organisation of activities for the achievement of objectives and involvement of all business functions.

Formation:
Training of all the staff involved within the ESG team has been carried out since our first year of creation of the team itself. This activity is constantly revisited and further built on within the team.

Identification of SDGs to be developed:
Our training allows us to identify daily how and where we can bring a further benefit to the organisation by programming with the development of the activities that result in bringing a tangible outcome in terms of environmental benefit, social and governance.

Proselytism:
Always involving all business functions to ensure an ESG approach across all departments and all levels of the business.

Reporting:
Continually reviewing and reporting of the activities underway, which allows us to inform all stakeholders of the developments and progress achieved by the organisation.

How would you view this year's progress against your ESG objectives?

I think we achieved a great result during 2022, shown by our results that confirmed a growth trend in the development of our ESG projects. Several projects under different aspects such as structure, formulations, packaging, human resources, shipment of goods and communication have also been developed. By the end of the year, we confirmed the Group's ability to respond to the growing and diversified demands of the market and its stakeholders, confirming VLG as a competent and timely partner towards compliance with the SDGs.

During 2022 we launched our Sustainable Life project, our Group wide initiative to become a more trusted, responsible and sustainable business.

Our Priority SDGs for our sustainable development

SDG 3 Good health and wellbeing

Supporting our colleagues and consumers to lead healthier lives.

SDG 7 Affordable & clean energy

Progressing towards sourcing more of our energy from renewable resources.

SDG 8 Decent work and economic growth

Helping our colleagues to succeed by providing support, flexibility and rewards to help them grow.

SDG 9 Industry innovation and infrastructure

Investing in innovation and technology to further support our drive to sustainability.

SDG 12 Responsible consumption & production

Ambition to reduce waste and increase recycling and recyclability of of products.

SDG 13 Climate action

Reduce our carbon emmissions.

SUSTAINABLE DEVELOPMENT GOALS

THE GLOBAL GOALS
For Sustainable Development

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) are a clear framework for creating an effective ESG strategy and our commitments will therefore be aligned against the relevant SDGs.

Quote from Jerry Randall (CEO)

"As the world continues to recover following the COVID-19 pandemic and manage the impact of the Ukraine conflict it's vital that we continue to deliver on 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".

Sustainable Life

During 2022, we launched our Sustainable Life project, our Group wide initiative to become a more trusted, responsible and sustainable business. Whilst we were already undertaking many initiatives separately around this Group, we have now united the Group efforts to co-ordinate this project on a Group wide basis.

0We have built our own internal team for this project, led by one of our long-term employees Ennio Schiro, based in our Biokosmes facility. Ennio is an experienced member of our Quality Assurance team, and has a passion to continually improve the sustainability of our business. Ennio is supported by various members round the Group in building out and developing the initiatives across the business.

In 2022, we undertook stakeholder research to identify our 6 priority Sustainable Development Goals.

In common with the United Nations directives on sustainability, it is our target as a Group to achieve net zero carbon emissions by 2030, and in 2023 we will be working to establish our carbon footprint and, in consultation with expert advisers, design our net zero plan, which will form the basis of our progression to net zero by 2030.

To date, we have already achieved some tremendous steps on this journey:

- A reduction of carbon emissions on transportation of product from the factory by 77% in 2022 compared to 2021, principally by significantly increasing the use of rail transport.
- A reduction of the amount of heating and power in Q3 2022 of 23% compared to the same period in 2021, through a reduction in factory temperature by 1 degree Celsius.
- 50% of staff in Italy registered on the Government sponsored Work Health promotion project.

Key activities during 2023 for the Sustainable Life team will be numerous. The initial focus will be at our Biokosmes site, where by far the largest part of our operations site. The work will then roll out to our other locations in subsequent years:

- Undertaking the life cycle analysis on a number of our key brand products
- Assessing the carbon footprint of the Bioskosmes plant. The assessment of Gnesta and the rest of the Group will be undertaken in the subsequent year.
- Undertaking the process to become B Corp certified at Biokosmes, and then also to roll this out across the Group in subsequent years.
- Undertake the Ecovadis certification process again at Biokosmes– in 2021 we were awarded bronze accreditation.

We have an exceptional team of people within the Group, who have performed to an outstanding level in 2022. Our team continues to grow, and setting the right culture as well as identifying and developing our values is becoming more and more important to our business. We commenced a number of initiatives in the second half of the year with our people to assess and understand the culture of the business and identify areas of improvement. This will be a continuing theme into 2023 and beyond, as part of our Sustainable Life project, as well as establishing with the team the values that the Group subscribe to in our path forward.

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

SUSTAINABLE DEVELOPMENT GOALS

Our ESG Strategy: The 5 step approach we are taking…

ESG Leadership Team

Our leadership team will be formed from a diverse and accurate representation of our stakeholders

Stakeholder Consultation

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

Priority Goals

Learning from our stakeholders' views and expectations, identify our priority goals and ensure alignment to the SDGs

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

Regular reporting and transparency of progress to our stakeholders

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 promoting a healthy lifestyle whilst at the place of work.

Fitness
- A fully funded online fitness coach provided to all 31 production workers 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
- Across the Group we reward our people for their hard work above and beyond normal levels staff receive benefits such as additional bonus or annual leave.

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 with 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

Our community update
In 2022 Venture Life entered a collaboration with Solidarietà NGO, based in Lecco, Lombardy, Italy. Formed in 1986, Solidarietà NGO assists and supports people with physical, mental and cognitive disabilities with finding employment.

The collaboration with Venture Life Group has made it possible to create social added value for 12 people, of which 9 have a socio-employment disadvantage and 3 people have disabilities.

In the same period, 5 training courses were also activated for people with mental fragility. The beneficiaries of these integration paths have been able to increase their professional skills and achieve economic independence which was not previously present. A strong improvement in psycho-physical well-being and an expansion of the network of personal relationships was also assessed.

Creating quality outcomes by managing risk.

Non-financial risks

Risk	Summary of impact
Reduction in demand for products Risk decreased in 2022	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. In order to help mitigate this risk, the Group has continued to diversity its product portfolio over the years by expanding into other therapy areas as seen through our M&A strategy and most recently the HL Healthcare Ltd acquisition on 30 November 2022.
Customer-specific risk No change in risk 2022	A significant proportion of our revenues are derived from a relatively small number of customers. The percentage of total revenue generated by the Group's top five customers in the year ended 31 December 2022 was 39.8% (2021: 36.7%). 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. As part of the Group's strategy we aim to mitigate this risk by diversifying our customer portfolio, which is achieved through the ongoing internationalisation of our brands as well as our M&A strategy. On a proforma[1] basis, treating the HL Healthcare Ltd acquisition as though it had been in place for all of 2022, the percentage of total revenue from the Group's top five customers would have been 37.9%). As was seen during 2022, there remains uncertainty around when the Chinese economy will recover back to the levels that existed prior to the COVID-19 pandemic. This uncertainty directly impacts our distribution partner for oral care products in this market. We are continuing to apply caution against the speed of recovery and this approach is reflected within our assessment of future performance for the Dentyl® brand. 1 Proforma basis i.e. if the acquisition of HL Healthcare Ltd had been in place for all of 2022.
Delay in regulatory approval No change in risk 2022	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. 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. During 2022 the Group has ensured that the necessary steps be taken to comply with changes required to meet the new Medical Device Regulations (MDR).

No change in risk   Increase in risk   Decrease in risk

Non-financial risks continued

Risk	Summary of impact
Supply chain risk Risk decreased in 2022	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. These risks were increased during the pandemic and due to the conflict in Ukraine, however the scale of issues seen for much of 2021 have plateaued during 2022. To mitigate this risk, the Group works with a variety of vendors and aims not to be over-reliant on any one particular vendor. In addition, we have built inventory levels to ensure ability to supply our customers' demand. Our customers have supported the Group's ability to do this by placing orders further out than has been seen historically. 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 energy outages. 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 factories.
Adverse foreign exchange movements affecting profitability Risk increased in 2022	The Group's revenues are denominated predominantly 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 67% 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 has begun to explore additional hedging strategies which will be implemented in 2023.

Creating quality outcomes by managing risk.

Financial risks

Risk	Summary of impact
Financial risk No change in risk 2022	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. 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 No change in risk 2022	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

Financial risks continued

Risk	Summary of impact
Credit risk No change in risk 2022	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 No change in risk 2022	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 No change in risk 2022	The Group's capital structure is comprised of shareholders' equity and a £30 million revolving credit facility which is secured against the company's entities. 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, these are supported by the revolving credit facility. 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.

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 153 • 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 and the Non-Executive Chair. 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 & 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 principal decisions

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

Principal decisions included:

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 HL Healthcare Ltd (completed 30 November 2022) following a due diligence exercise. In making this decision, the Directors carefully considered the impact on Group leverage;
c) The decision to build inventory to above normalised levels in light of the difficult supply chain environment, and to encourage customers to order further in advance to ensure the Group can lock in supply prices and ensure availability.

The Group's strategic drivers include:

a) Sustainable consistent growth in revenues, profit and cash generation;
b) Revenue growth through a combination of organic and acquired growth, employing a buy and build strategy in which Directors are continually exploring business targets that fit against a number of set criteria;
c) Growth in equity value by leveraging growing revenues through our operating structure to deliver increasing profitability;
d) Optimising automation and efficiency in our production facilities to improve cost of goods and manage against rising input and labour costs, and
e) Become a trusted, responsible and sustainable business through our Sustainable Life project, driving towards net carbon zero by 2030 and focusing on the delivery of improvements against our priority Sustainable Development Goals:
   a. Good health and wellbeing (SDG 3)
   b. Affordable and clean energy (SDG 7)
   c. Decent work and economic growth (SDG 8)
   d. Industry innovation and |infrastructure (SDG 9)
   e. Responsible consumption & production (SDG 12)
   f. Climate action (SDG 13).

More information

The acquisition in the year are addressed in the CEO report and also in Note 14 Business Combinations.

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Resilient performance in the face of difficult trading conditions

> The Group delivered strong improvements across all the key measures of revenue, gross profit, adjusted EBITDA and cash generation.

Our Investment Case

Read more on page 28

Daniel Wells
Chief Financial Officer

Highlights

+34.2%

Revenue Growth

Revenue increased to £44.0m (2021: £32.8m)

+36.3%

Gross Profit Growth

Gross Profit increased to £17.7m (2021: £13.0m)

+35.8%

Adjusted EBITDA Growth

Adjusted EBITDA increased to £9.0m (2021: £6.6m)

Results for the year

	2022 £'000	2021 £'000	Change %
Revenue	**43,980**	32,762	34.2%
Gross profit	**17,665**	12,958	36.3%
Gross profit margin	**40.2%**	39.6%	-
Amortisation	**(3,564)**	(2,287)	-
Other income	**151**	338	-
Operating profit before exceptional items	**3,505**	2,702	29.7%
Operating profit margin	**8.0%**	8.2%	-
Exceptional costs	**(1,278)**	(1,331)	-
Operating profit	**2,227**	1,371	62.4%
Net Finance expense	**(1,521)**	(425)	-
Profit before tax	**706**	946	(25.4%)
Tax	**(186)**	1,456	-
Profit for the year	**520**	2,402	(78.4%)

	2022 £'000	2021 £'000	Change %
Operating profit before exceptional items	**3,505**	2,702	29.7%
Depreciation	**1,821**	1,415	-
Amortisation	**3,564**	2,287	-
Share-based payments charge	**72**	196	-
Adjusted EBITDA	**8,962**	6,600	35.8%

Statement of Comprehensive Income

The Group reported 2022 revenues of £44.0 million, an increase of 34% over the £32.8 million reported in 2021. The Group comprises of two segments: Venture Life Brands and Customer Brands.

The Venture Life Brands business reported growth of 28.8% to £23.1 million (2021: £17.9 million) which was driven by the full-year impact of the acquisitions made in the previous year. The Venture Life brands part of the business includes brands which are owned by Venture Life, including the HL Healthcare business acquired on 30 November 2022 which delivered revenue of £0.2 million for the period post-acquisition.

The Customer Brands business reported revenues of £20.8 million, an improvement of 40.7% versus 2021. 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 profit for the year of £17.7 million increased 36.3% versus the previous year (2021: £13.0 million) and achieved a slight improvement in the gross margin percentage to 40.2% (2021: 39.6%). The gross profit improvement was driven by higher revenues and whilst the overall revenue growth was pleasing to see, the mix was skewed more than expected towards the Customer Brands business due to an exceptional performance during the year. This resulted in a slightly lower gross margin percentage than expected at 40.2% (2021: 39.6%). Pressure continued on gross margin throughout 2022, as the supply chain continued to be very challenging, in terms of both price and availability. Lockdowns in China particularly impacted the supply of certain raw materials and packaging into Europe, as production ceased and also shipping channels were brought to a standstill.

Across the year we saw a reduction of 2.2ppts in our gross margin due to the impact of cost increases. We were able to mitigate the majority of this through the application of price increases to our customers, which recovered 1.7ppts of the cost impact that was seen. Increasing energy prices during the year caused a reduction of 0.5ppts in our gross margin, increases that we have not been able to pass on to customers as there was strong resistance. However, we are already seeing energy prices fall in Q1 2023, not back to anywhere near pre-2020 levels, but to lower than we had anticipated. We continue to explore alternative and green energy sources to improve margin and our carbon footprint. The full year impact of previous year acquisitions had a positive effect of 3.2ppts on the gross margin percentage as these products (Balance Activ®, Lift™, Glucogel®, Gelclair and Pomi-T) generate a higher margin than Venture Life's more established portfolio but this was offset by the higher than expected mix element from the lower margin customer brands which diluted the gross margin by a further 1.6ppts, resulting in an overall gross margin of 40.2%, an improvement of 0.6ppts over the previous year.

The Euro strengthened against Sterling by 0.8% during 2022 (based on average FX rates), which had an overall positive 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 £14.3 million from £10.6 million in 2021, an increase of £3.7 million comprising higher non-cash costs of amortisation £1.3 million and depreciation £0.4 million as well as £0.7 million of additional administrative costs arising from the full year impact of the previous year acquisitions. The balance of other cost increases amounting to £1.3 million reflected increased marketing expenditure of £0.5 million and an investment of £0.8 million in general administration costs to further strengthen our teams across the functions of commercial, finance and supply chain.

Tight control of our cost base ensured that the additional gross margin passed through the P&L and we were able to deliver an adjusted EBITDA slightly ahead of market expectations at £9.0 million, an increase of 35.8% over the prior year (2021: £6.6 million) at a margin of 20.4% (2021: 20.1%).

Highlights

+29.7%

Operating Profit before Exceptional Costs
Increased to £3.5m (2021: £2.7m)

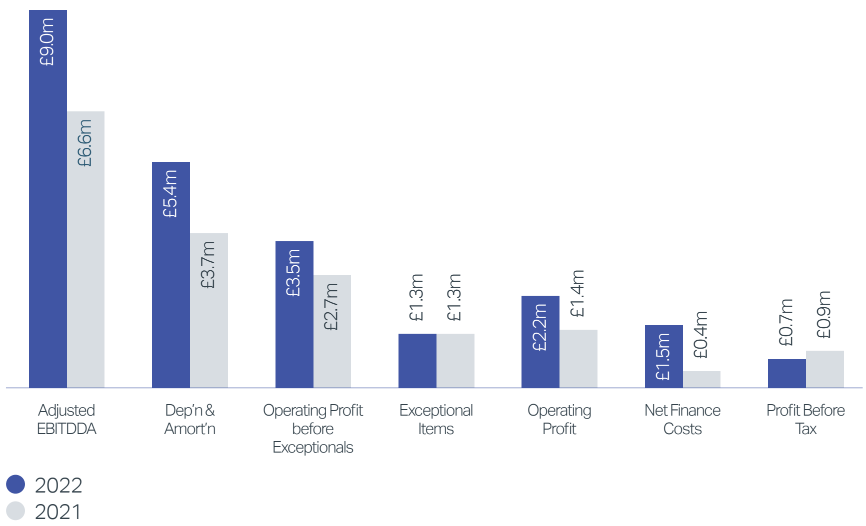
+218%

Net cash generation from operating activities
Increased to £6.1m (2021: £1.9m)

69.0%

Cash Conversion
Adjusted EBITDA to cash generation from operating activities increased to 69% (2021: 29%).

Operating Profit Progress £m



Statement of Financial Position

	2022 £'000	2021 £'000
Intangible assets	**78,694**	65,079
Property, plant and equipment	**10,090**	9,737
Deferred Tax	**2,443**	2,349
Non-Current Assets	**91,227**	77,165
Inventories	**11,998**	9,019
Trade and other receivables	**16,433**	12,212
Cash and cash equivalents	**5,631**	5,235
Current Assets	**34,062**	26,466
Trade and other payables	**11,725**	9,717
Taxation	**891**	188
Interest-bearing borrowings	**3,867**	620
Current Liabilities	**16,483**	10,525
Interest-bearing borrowings	**22,979**	12,109
Statutory employment provision	**1,461**	1,236
Deferred tax liability	**8,707**	6,597
Non-Current Liabilities	**33,147**	19,942
Net Assets / (Liabilities)	**75,659**	73,164

Results for the year continued

Exceptional costs of £1.3 million (2021: £1.3 million) were in line with the previous year and reflected legal and professional fees associated with the acquisition of HL Healthcare as well as integration costs incurred during the year in relation to the previous year acquisitions plus the acquisition of HL Healthcare on 30 November 2022.

Operating profit was £2.2 million (2021: £1.4 million) with the profit before tax for the Group of £0.7 million (2021: £0.9 million). The delta between operating profit and profit before tax is attributable to finance costs which increased to £1.5 million (2021: £0.4 million). The increased finance costs of £1.1 million includes an increase of £0.4 million comprising additional interest payable on the Group's revolving credit facility which accrues at SONIA +2.5%, plus £0.3 million of non-cash cost arising from balance sheet timing due to effective interest rate adjustments and £0.4 million of FX impact attributable to EUR borrowings. The Group reported profit after tax of £0.5 million (2021: £2.4 million) which translated into adjusted earnings per share[1] of 4.30 pence (2021: 4.94 pence).

Non-current assets including goodwill, increased by £14.1 million during the year to £91.2 million (2021: £77.2 million) which was driven by the acquisition of HL Healthcare Ltd on 30 November 2022 for a consideration of £13.0 million.

Inventory increased by 33.0% to £12.0 million versus 2021, reflecting the Group's continued focus on ensuring supply of input materials and thus maintaining production at our facilities. The inventory build also reflected the strength of the Group's order book which ended the year 114% ahead of the same point in the previous year.

Trade and other receivables increased by 34.5% to £16.4 million (2021: £12.2 million) and Trade and other payables grew 20.6% to £11.7 million, with the movements being reflective of the growth of the business.

1 Adjusted earnings per share is profit after tax excluding amortisation, exceptional items and share-based payments.

Cash and net debt

Net cash from operating activities increased to £5.6 million (2021: £0.6 million) which included outflows for cash exceptional items amounting to £0.5 million. Adding back these cash exceptional items increases the underlying net cash generated from operating activities to £6.1 million.

Operating cash conversion, calculated as net cash from operating activities excluding cash exceptional items as a proportion of Adjusted EBITDA, increased to 69.0% (2021: 29.6%).

During the year, there was a negative working capital outflow of £1.4 million (2021: £3.2 million negative) reflecting the growth of the business, timing of revenues and a significant inventory build of £3.0 million. Inventory build out was a vital investment protecting against rising input prices and ensuring supply and hence delivery of customer orders.

Cash used in investing activities amounted to £11.7 million (2021: £39.6 million) and comprised outflows of £9.9 million for the acqusiiton of subsidiaries of HL Healthcare Ltd on 30 November 2022 and the final payment for the Helsinn brands acquired in the previous year, plus £0.9 million of capital investment into the manufacturing facilities in Italy and Sweden, plus £0.9 million of intangibles development costs.

Net cash from financing activities amounted to £6.9 million (2021: £1.5 million) and comprised £8.3 million of net drawdown on interest bearing borrowings from the Group's revolving credit facility, plus proceeds raised from share issuance of £0.2 million, less leasing obligation repayments of £0.9 million and associated interest thereon.

Net debt, excluding finance lease obligations was £16.6 million at 31 December 2022 (2021: Net debt £3.2 million on the same basis). The increase in the net debt position derived principally from the payments made for acquisitions during 2022; the second and final instalment of the consideration for the acquisition of Gelclair, Pomi-T and Xonrid from Helsinn SA in 2021 of £2.2 million; and the payment of the first part of the consideration for the acquisition of HL Healthcare Ltd ("HL") (including the Earol products) of £10.0 million which includes £2.0 million of loan notes. Also included in net debt is deferred contingent consideration of up to a maximum of £3.0 million for the acquisition of HL, which is dependent on the trading results of HL for the year ended 31 March 2023 and would become payable during 2023.

This net debt figure of £16.6 million represents an adjusted EBITDA (including the last 12 months for HL) to net debt (excluding IFRS 16 finance leases) leverage of 1.4x at 31 December 2022. Cash generation during 2023 is expected to reduce this to 1.0x or lower by the end of 2023. With an overall available RCF facility of £30 million (plus £20 million accordion), including an adjusted EBITDA to gross debt leverage limit of 2.5x, the Group retains access to meaningful funding.

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 £17.3 million had been drawn at 31 December 2022.The revolving credit facility bears interest at a fixed rate of 2.5% plus SONIA on drawn funds as well as a commitment fee at the rate of 1.0% on the balance of undrawn funds up to the facility limit.

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 and stay within the existing lending facilities as set out in the going concern note of the annual report. The Directors therefore conclude that the Going Concern basis remains the appropriate basis upon which to prepare the Group's financial statements.

Daniel Wells
Chief Financial Officer
3 April 2023

Cash flow and net cash

	2022 £'000	2021 £'000
Operating cash flow before movements in working capital	**7,544**	5,135
Change in working capital	**(1,357)**	(3,179)
Cash generated from operations	**6,187**	1,956
Income taxes paid	**(621)**	(1,355)
Net cash from operating activities	**5,566**	601
Cash outflow from investing activities – acquisitions	**(9,860)**	(35,917)
Cash outflow from investing activities – additions	**(1,828)**	(3,262)
Cash inflow from financing activities – equity raise	**224**	-
Cash inflow from financing activities – other financing	**6,698**	1,502
Increase in cash and cash equivalents	**800**	(37,076)
Cash and cash equivalents at beginning of year	**5,235**	42,095
Effect of foreign exchange rates	**(404)**	216
Cash and cash equivalents at end of year	**5,631**	5,235

Leading with an experienced team

Mr Paul McGreevy
Non-Executive Chair

Appointed
May 2022

Background
Paul joined Venture Life as Non-Executive Chair in May 2022. Paul currently holds several Non-Executive roles in healthcare, retail, and manufacturing. Over the past 30+ years Paul has held numerous Senior Executive position across FMCG and retail, enabling a broad perspective across the business. Having had a successful strategic consulting career across diverse sectors, an advisor to various PE, and extended experience of M&A, Paul brings a wealth of experience to the board. Paul chairs the Group's Nomination Committee and is a member of the Audit and Risk and Remuneration Committees.

Committee memberships
Paul chairs the Group's Nomination Committee and is a member of the Audit 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 plc, an AIM listed 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.

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.

Mark Adams
Non-Executive Director

Appointed
October 2022

Background
Mark joined Venture Life in October 2022, bringing a wealth of relevant experience and expertise to the Board, including significant time as a main Board director of publicly listed companies. His most recent role was as Group Finance Director at Marlowe plc, a UK leader in business critical services and software which assure safety and regulatory compliance. Prior to Marlowe, Mark has held senior financial and board level roles at Stobart Group, Pets at Home Group plc, easyJet plc and a number of other businesses.

Mark is currently a Non-Executive Director and Audit Committee Chair at One Media iP Group plc and Development Media International CIC.

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

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 is a member of the Group's Remuneration Committee and the Audit and Nomination Committees.

Angela Couzens
Company Secretary

Appointed
February 2023

Background
During 2022 Angela was appointed Group Financial Controller following the acquisition of private equity backed BBI Healthcare where she had been Financial Controller. Angela gained a first-class B.Sc. (Hons) degree in Accounting and Finance (2003), qualifying as a Certified Chartered Accountant (2007) and gained a distinction in her MSc dissertation in Accounting and Finance (2012).

Angela has over 20 years' accountancy experience split between practice working for Haines Watts a top 15 firm of Chartered Accountants and industry roles within the manufacturing sector notably BAE Systems PLC, Zeon Corporation and Abingdon Flooring Limited.

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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 Committee, a Nomination Committee and a Remuneration Committee with written terms of delegated responsibilities for each.

The Audit Committee

The Audit Committee is chaired by Mark Adams. The other members of the Committee are Paul McGreevy and Carl Dempsey. 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 Committee is expected to meet at least twice a year.

During the year, the Committee agreed that the Company's audit of the Group and UK entities should be put out for tender following several years with the previous audit firm. Evelyn Partners LLP were appointed in August 2022 following a competitive tender.

The Remuneration Committee

The Remuneration Committee is chaired by Paul McGreevy. Carl Dempsey and Mark Adams 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 Paul McGreevy, with Mark Adams and Carl Dempsey 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.

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 and reported;
- 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 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 22 May 2023 and a Notice of Annual General Meeting can be found enclosed with this report.

Paul McGreevy
Non-Executive Chair
3 April 2023

Attendance at Board meetings and Committees

The Directors attended the following Board meetings and Committee meetings during the year.

Director	Board	Audit	Remuneration
Dr Lynn Drummond[3]	2/6	0/2	1/2
Paul McGreevy[1]	4/6	1/2	1/2
Peter Bream[4]	4/6	1/2	1/2
Jerry Randall	6/6	-	2/2
Sharon Daly (née Collins)	5/6	-	-
Carl Dempsey	1/6	0/2	1/2
Gianluca Braguti	6/6	-	-
Daniel Wells	6/6	2/2	1/2
Mark Adams[2]	2/6	1/2	1/2
Total meetings held in the year	**6**	**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.

1 Paul McGreevy – Appointed 17 May 2022.
2 Mark Adams – Appointed 10 October 2022.
3 Lynn Drummond – Resigned 17 May 2022.
4 Peter Bream – Resigned 10 October 2022.

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General matters

The Directors submit their report and the financial statements of Venture Life Group plc for the year ended 31 December 2022. 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, Sweden and Switzerland and a branch located in Italy.

Results

The profit before tax for the year ended 31 December 2022 was £0.7 million (2021: £2.4 million). The detailed results for the year and the financial position at 31 December 2022 are shown in the Consolidated Statement of Comprehensive Income on page 74 and the Consolidated Statement of Financial Position on page 75. 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 an operating profit during the year of £2.2 million and generated in excess of £5.6 million in operating cash flow. The order book at 31 December 2022 was 114% ahead of the same point in the previous year and provides good visibility over 2023 revenues. Business operations are cash generative and significantly exceed financing outflows. Group net leverage[1] at the period end was c1.4x net debt to Adjusted EBITDA[3] and Group Gross leverage[2] was c1.9x which is well within the Group's banking covenants of 2.5x gross debt to Adjusted EBITDA[3].

Group net leverage is expected to fall in 2023 to c1.0x due to the cash generative nature of the business, now including the highly cash generative Earol brand acquired as part of the HL Healthcare Ltd acquisition on 30 November 2022, and bolstered by strong post year end cash collection.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of approving 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 these projections, the Directors believe that the Group is well placed to manage its business risks successfully.

The acquisition of HL Healthcare Ltd, in addition to the prior year acquisitions of BBI Healthcare Ltd and the Helsinn brands has provided the Group with far greater hedging capacity against risk i.e. more customers, more brands, new therapy areas, new markets and more diversification i.e. less reliance on any one given customer or product which further reduce dependencies.

Our teams have continued to worked relentlessly to manage against a difficult supply chain backdrop in the wake of the COVID-19 pandemic and the impact of the Ukraine conflict. The company has demonstrated its ability to manage short term spikes in commodities pricing and the securing of raw materials supply through its longstanding strong relationship with suppliers. Our ability to increase inventory levels has been aided by even longer standing relationships with our customers, of whom many have worked with us by placing their orders much further in advance than historically to help secure supply.

The Directors have as a prudent exercise evaluated the financial impact of scenarios such as a disruption in manufacturing, for example sustained energy outages which could result in a temporary closure of the Italian or Swedish factories or reduced demand as was seen during the COVID-19 pandemic. Management does not expect the factories to close or foresee a decline in consumer demand, but acknowledges that there is a risk that unforeseeable events could occur.

1 Group net leverage calculated as net debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
2 Group Gross leverage calculated as gross debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
3 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments, less IFRS16 leases.

Going concern continued

These scenarios stress test the revenue forecast against a 20% reduction versus budget 2023 plus associated loss of marginal gross profits and assume no reduction in forecasted capital expenditure. The key findings of this evaluation showed that the Group would remain within its banking covenants of 2.5x gross debt to Adjusted EBITDA.

The evaluation also considered the Group's revolving credit facility ("RCF") which provides access to draw up to £30 million. The facility is managed and co-ordinated by Santander UK plc ("Santander"), and Silicon Valley Bank UK ("SVB") also participate. Under the facility the Group can draw a maximum of 2.5x the trailing EBITDA[3] for the latest twelve month period and at 31 December 2022 there had been £17.3m drawn. In light of the recent events at SVB, the Directors have closely reviewed the Group's position with its lenders. An insolvency of a participating lender would have no impact on the term of the RCF which is not due for renewal until June 2024; and would not result in any acceleration of the repayments due by the Group under the RCF. The company has already commenced discussions with lenders in respect of a refinance of the RCF given the term expiry in June 2024, and those initial discussions have been positive.

Based upon the financial forecasts, the Directors believe that the business has sufficient balance sheet strength to weather even an unrealistically long disruption in operations or fall in consumer demand and that the Group has sufficient resources to continue in operational existence for the foreseeable future.

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

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 (2021: £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 (resigned 17 May 2022)
Paul McGreevy	Non-Executive Chair (appointed 17 May 2022)
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 (resigned 22 October 2022)
Mark Adams	Non-Executive Director (appointed 22 October 2022)
Daniel Wells	Chief Financial Officer

Information on Directors' remuneration, share options, long-term executive plans, pension contributions and benefits is set out in the Remuneration Report on pages 58 to 62.

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:

Paul McGreevy is a Director of McGreevy Consulting Ltd, S&J International (UK) Limited, Normal A/S and Revive Active.

Daniel Wells is a Director of Susandan Limited.

Carl Dempsey is a Director of Big Blue Bear Limited.

Sharon Daly (née Collins) is a Director of Brickability Group PLC.

Mark Adams is a Director of CeGe Aviation (Holdings) Limited, CeGe Aviation Services Limited, CeGe Aviation Technical Services Limited, Cotterill Drainage Limited, Development Media International Associates C.I.C, One Media IP Group plc and Redlotus Services Limited.

1 Group net leverage calculated as net debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
2 Group Gross leverage calculated as gross debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
3 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments, less IFRS16 leases.

Directors' share interests

The Directors in office at 31 December 2022 and their interests in the shares of the Company were as follows:

Director	Title	**Number of ordinary 0.3p shares held at 31 December 2022**	**% of issued share capital**	Number of ordinary 0.3p shares held at 31 December 2021	% of issued share capital
Jerry Randall[1]	Chief Executive Officer	**2,084,865**	**1.65%**	2,084,865	1.7%
Gianluca Braguti[1]	Chief Manufacturing Director	**3,742,730**	**2.96%**	3,742,730	3.0%
Sharon Daly (née Collins)	Chief Commercial Director	**1,209,977**	**0.96%**	1,209,977	1.0%
Daniel Wells	Chief Financial Officer	**-**	**-**	-	-
Paul McGreevy[2]	Non-Executive Chair	**564,590**	**0.45%**	-	-
Carl Dempsey	Non-Executive Director	**48,500**	**0.04%**	48,500	0.04%
Mark Adams[3]	Non-Executive Director	**-**	**-**	-	-

Share capital

As at 31 December 2022, the authorised and issued share capital of the Company was:

	Number of ordinary 0.3p shares	**Amount £**
Issued and fully paid up	126,498,197	379,495

The average market price of the Company's ordinary shares at close of business on 31 December 2022 was 32.40 pence. The maximum share price during the period was 51.20 pence and the minimum price was 23.50 pence per share.

1 Includes indirect holdings.
2 Appointed 17 May 2022.
3 Appointed 10 October 2022.

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 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. The Group disposes of its waste products through regulated channels using reputable agents. Further details of the Group's ESG progress is outlined on pages 34 to 39.

Principal risks and uncertainties

A summary of the principal risks and uncertainties and financial risk management objectives and policies are set out on pages 40 to 43.

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

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

2022 Annual General Meeting

The 2022 AGM will be held on May 2023 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
3 April 2023

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 Executive Officer and Chief Financial Officer are 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.

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 Group'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 Group.

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 £100,000 each 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.

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 were granted the following share options:

	Share option scheme	Options as at 31 December 2021	Options granted during the year	Options exercised during the year	**Options as at 31 December 2022**	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 (née 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
Daniel Wells	Unapproved	-	300,000	-	**300,000**	21 Feb 2025	21 Feb 2032	43.0p	Non-market

None of the Directors exercised any options during 2022 (2021: none).

Since 2016, 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 2022. 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 23. 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 is compliant 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	

Non-Executive Directors	Date of contract	Notice period
Paul McGreevy	17 May 2022	Three months
Mark Adams	22 October 2022	Three months
Carl Dempsey	20 September 2018	Three months

Directors' remuneration 2022

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social security contributions £	Total £
Executive Directors							
Jerry Randall	235,440	-	4,171	239,611	63,460	40,661	343,732
Sharon Daly (née Collins)	188,028	-	2,972	191,000	28,204	28,648	247,852
Daniel Wells	154,550	-	349	154,899	23,175	20,020	198,094
Gianluca Braguti[1]	225,610	-	5,978	231,588	43,383	21,324	296,295
Non-Executive Directors							
Lynn Drummond[4]	29,553	-	-	29,553	-	3,763	33,316
Peter Bream[5]	23,888	-	-	23,888	-	1,883	25,771
Carl Dempsey	30,900	-	-	30,900	-	3,236	34,136
Paul McGreevy[2]	37,538	-	-	37,538	-	4,745	42,283
Mark Adams[3]	7,530	-	-	7,530	-	741	8,271
Total	**933,037**	**-**	**13,470**	**946,506**	**158,222**	**125,021**	**1,229,750**

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 (2021: €250,000 and €10,000 respectively), translated at average exchange rate over the period.
2 Appointed 17 May 2022.
3 Appointed 10 October 2022.
4 Resigned 17 May 2022.
5 Resigned 10 October 2022.

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

Directors' remuneration 2021

	Salary/fees £	Bonus £	Benefits £	Total £	Pension contributions £	Social security contributions £	Total £
Executive Directors							
Jerry Randall	279,691	100,000	3,753	383,444	10,500	51,179	445,123
Sharon Daly (née Collins)	201,429	100,000	2,573	304,002	8,507	40,378	352,887
Daniel Wells[3]	12,500	-	-	12,500	1,875	561	14,936
Gianluca Braguti[1]	225,230	-	5,660	230,890	43,046	20,292	294,228
Andrew Waters[2]	149,971	50,000	2,579	202,550	22,496	26,377	251,423
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 (2020: €250,000 and €10,000 respectively), translated at average exchange rate over the period.
2 Resigned 22 December 2021.
3 Appointed 22 December 2021.

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

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 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,

Paul McGreevy.
Chairman of the Remuneration Committee
3 April 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the Group 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. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they aresatisfied that they give a true and fair view of the state of affairs of the company and of the group and of the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report (Group)

to the members of Venture Life Group plc

Opinion

We have audited the group financial statements of Venture Life Group plc (the "group") for the year ended 31 December 2022 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the notes to the group financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- 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 group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group 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.

Emphasis of matter

We draw attention to note 15 of the financial statements which explains, for the Dentyl® brand, the international growth included as part of the annual impairment review is reliant on an existing partner in China placing orders for at least 65% of the minimum purchase obligations from 2024. The ultimate outcome of this matter is not certain, and the financial statements do not reflect any impairment that might be required against the Dentyl® brand should the orders not be placed.

Our opinion is not modified in respect of this matter.

Our approach to the audit

The group has 14 reporting components. The Parent Company financial statements were audited by ourselves.

Of the group's 14 reporting components, we directly subjected 4 to audits for group reporting purposes and 1 to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter component was not individually significant enough to require an audit for group reporting purposes but were still material to the group.

2 further components were subjected to audits by other audit firms in Italy and Sweden. Video conference meetings were held with the component auditors in Italy and Sweden at the planning stage. At these meetings, the group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the group audit team were discussed in more detail, and any further work required by the group audit team was then performed by the component auditor. In addition to these planned meetings, the group audit team sent detailed instructions to the component audit teams and reviewed their relevant audit working papers.

For the remaining 7 components, which were not significant to the group either individually or in aggregate, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
The carrying value of goodwill and other intangible assets arising from the acquisitions of BBI Healthcare Ltd, PharmaSource BV and Dentyl® brand.	The valuation of goodwill and other acquired intangible assets brought forward is an area where we have assessed that there is an increased risk of material misstatement due to error. For goodwill and other indefinite life intangible assets the directors are required to perform an annual impairment review. The process used by management for undertaking impairment reviews under International Accounting Standards (ISA 36 "Impairment of Assets") is to determine the value in use through forecasting cash flow based on growth rates, and the determination of the appropriate discount rate. We have targeted the key audit risk to those impairment reviews where there is limited headroom and consequently small changes to judgements could significantly impact the results.	We challenged the assumptions used in the impairment models for intangible assets, described in note 15. As part of our procedures we: • considered historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments; • assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations; and • considered management's assertions about the group's future utilisation of assets following a review of the business's strategic plan by CGU. In performing our procedures, we used our internal valuation specialists and third-party evidence to assess the appropriateness of the discount rate applied.
Fraud arising in revenue recognition	Revenue is one of the most significant items in the group's statement of comprehensive income and impacts several KPIs. Under ISA (UK) 240, it is presumed that there are risks of fraud in revenue recognised. As the group's revenue is substantially driven from the sale of products, we have determined that, due to pressure to meet market expectations, there is a significant risk that management might fictitiously record revenue around the year end. We have also identified that rebate arrangements are an area of judgement and either through error or pressure to meet market expectations, there is a significant risk that management may look to under record the value of these at the year end.	For revenue as described in note 3.5 we have performed the following procedures: • Performed substantive testing across material revenue streams by agreeing a sample of transactions to supporting documentation and vouching that it has been appropriately recognised in the correct period. We focused our testing towards the final two months of the year. • For a sample of customers, we have tested the year end rebate provision by inspecting the agreement and recalculating the expected value.

Key audit matters continued

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of assets recognised on business combinations for HL Healthcare Ltd	The valuation of assets recognised on business combinations is an area where we have assessed that there is an increased risk of material misstatement due to error. IFRS3 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 intangibles such as customer relationships, brands, and goodwill. Management's judgements are involved in the application of the discount rate and estimated growth rates.	As described in note 14 the group acquired HL Healthcare Ltd during the year resulting in additions of £11.9m to intangible assets. We challenged the work performed by management's valuation expert in relation to the valuation of acquired intangible assets. This included: • whether the methodology used in the valuations in line with acceptable valuation methods and whether inputs such as future profits, attrition rates and discount rates used are appropriate. • 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; • agreeing the consideration paid, by reference to acquisition agreements and to bank statements; • reperforming the calculation of goodwill and comparing to the amount determined by management to gain assurance over the mathematical accuracy of the calculation; 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. In performing our procedures, we used our internal valuation specialists.

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £549,750. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 1.25% of the group's revenue as presented on the face of the Consolidated Statement of Comprehensive Income.

In determining materiality, we made the significant judgements that revenue is considered to be the most appropriate benchmark because this is the key performance indicator as measured by the directors.

Performance materiality for the group financial statements was set at £412,300, being 75% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements. In determining performance materiality, we considered 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 and whether there were any significant changes in business objectives and strategy.

Conclusions relating to going concern

In auditing the group financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the group financial statements is appropriate.

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial year ending 2023 and into 2024.
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments;
- Assessing the appropriateness of the assumptions concerning growth rates and other inputs used against the value in use calculations performed as part of the impairment reviews.
- Comparing the forecast results to those actually achieved in the 2023 financial period to date;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Considering the group's funding position and requirements;
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report and Accounts 2022, other than the group and parent company financial statements and our auditor's reports thereon. The directors are responsible for the other information contained within the Annual report and Accounts 2022. Our opinion on the group 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the group financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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:
- 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
As explained more fully in the directors' responsibilities statement set out on page 63, the directors are responsible for the preparation of the group 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 group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the group financial statements
Our objectives are to obtain reasonable assurance about whether the group 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 group financial statements.

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

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.

We understand that the group complies with the framework through:
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:
- The UK Companies Act 2006
- the relevant taxation regulations in the jurisdictions in which the parent company and group operates.
- UK-adopted international accounting standards
- AIM Rules for Companies
- the implementation of the EU Medical Device Regulations (MDR) scheduled to come into force from 2024.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:
- understood the regulatory timeframes and, based on the information set out in the bi-monthly board meetings, managements plans to achieve the MDR registrations. We discussed progress with management as part of our procedures on the costs incurred and read the updates included in the board minutes.

Auditor's responsibilities for the audit of the group financial statements continued
The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Due to pressure to meet market expectations management might fictitiously record revenue around the year end;
- Management's assumptions made as part of the impairment reviews may not be balanced; and
- Management may look to under record the value of rebates at the year end.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- The procedures set out in the Key Audit Matters section in respect of fraud risks relating to revenue recognition;
- Assessing the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations and inputs to the discount rate against latest market expectations;
- 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; 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matter
We have reported separately on the parent company's financial statements of Venture Life Group plc for the year ended 31 December 2022.

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.

Mark Bishop FCA
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

Onslow House
Onslow Street
Guildford
GU1 4TL

3 April 2023

Opinion

We have audited the financial statements of Venture Life Group plc (the "parent company") for the year ended 31 December 2022 which comprise Parent Company Balance Sheet and Parent Company Statement Changes of in Equity and the parent company notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the parent company financial statements:
- give a true and fair view of the state of the parent company's affairs as at 31 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 parent company financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of investments in subsidiary undertakings	The valuation of investments in subsidiary undertakings is the most significant assets of the parent and has a risk of misstatement due to potential impairment. These are held at cost less impairment on an individual basis. Management performs an annual assessment to determine whether there are indicators of impairment. Where indicators are identified, the assumptions contained in the impairment review can be highly judgemental and can significantly impact the results.	For the investments detailed in note 5, we have challenged management's impairment calculation, discounted future cashflows and key assumptions used to support the carrying value of the investments.

Our application of materiality

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £412,300. This has been determined with reference to the benchmark of the parent company's total assets, as its purpose is to hold investments in subsidiaries, and set at 75% of the group's overall materiality.

Performance materiality for the parent company financial statements was set at £309,225, being 75% of parent FS materiality. In determining performance materiality, we considered 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 and whether there were any significant changes in business objectives and strategy.

Conclusions relating to going concern

In auditing the parent company financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the parent company financial statements is appropriate.

Our evaluation of the directors' assessment of the parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the financial years ending 2023 and into 2024.
- Considering historical trading performance by comparing recent growth rates of both revenue and operating profit across the group's geographical and market segments;
- Assessing the appropriateness of the assumptions concerning growth rates and other inputs used against the value in use calculations performed as part of the impairment reviews.
- Comparing the forecast results to those actually achieved in the 2023 financial period so far;
- Reviewing bank statements to monitor the cash position of the group post year end, and obtaining an understanding of significant expected cash outflows (such as capital expenditure) in the forthcoming 12-month period;
- Considering the group's funding position and requirements;
- Reviewing and challenging management's calculations suggesting the Group is able to comply with all loan facility covenants in the 12 months from approval of the financial statements; and
- Considering the sensitivity of the assumptions and re-assessing headroom after sensitivity.

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 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Accounts 2022, other than the group and parent company financial statements and our auditor's reports thereon. The directors are responsible for the other information contained within Annual report and Accounts 2022. Our opinion on the parent company 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the parent company financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of 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.

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

As explained more fully in the directors' responsibilities statement set out on page 63, the directors are responsible for the preparation of the parent company 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company financial statements.

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

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.

We understand that the company complies with the framework through:
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:
- The UK Companies Act 2006
- the relevant taxation regulations in the jurisdictions in which the parent company operates.
- United Kingdom Accounting Standards
- AIM Rules for Companies

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:
- Management's assumptions made as part of the impairment reviews may not be balanced.

These areas were communicated to the other members of the engagement team not present at the discussion.

Auditor's responsibilities for the audit of the parent company financial statements continued
The procedures we carried out to gain evidence in the above areas 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;
- Tested management's impairment calculation by challenging discounted future cash flows and key assumptions, as further described in the Key Audit Matter above; 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.
This description forms part of our auditor's report.

Other matter
We have reported separately on the group financial statements of Venture Life Group plc for the year ended 31 December 2022. That report includes an emphasis of matter. This separate auditor's report on the group financial statements includes the key audit matters and other audit planning and scoping matters that relate to the parent company audit.

Use of our report
This report is made solely to the parent 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 parent 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 parent company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Bishop FCA
Senior Statutory Auditor, for and on behalf of
CLA Evelyn Partners Limited
Statutory Auditor
Chartered Accountants

Onslow House
Onslow Street
Guildford
GU1 4TL

3 April 2023

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

Company number 05651130

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	5	**43,980**	32,762
Cost of sales		**(26,315)**	(19,804)
Gross profit		**17,665**	12,958
Administrative expenses			
Operating expenses		**(10,927)**	(8,441)
Impairment losses of financial assets	18	**180**	134
Amortisation of intangible assets	15	**(3,564)**	(2,287)
Total administrative expenses		**(14,311)**	(10,594)
Other income		**151**	338
Operating profit before exceptional items		**3,505**	2,702
Exceptional costs	6	**(1,278)**	(1,331)
Operating profit	7	**2,227**	1,371
Finance income		**1**	89
Finance costs		**(1,522)**	(514)
Profit before tax		**706**	946
Tax	10	**(186)**	1,456
Profit for the year		**520**	2,402
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss			
Foreign exchange gain / (loss) on translation of subsidiaries		**1,679**	(1,543)
Total comprehensive profit for the year attributable to equity holders of the parent		**2,199**	859

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

		Year ended 31 December 2022	Year ended 31 December 2021
Earnings per share			
Basic earnings per share (pence)	12	**0.41**	1.91
Diluted earnings per share (pence)	12	**0.39**	1.79

Consolidated Statement of Financial Position

for the year ended 31 December 2022
Company number 05651130

	Notes	At 31 December 2022 £'000	At 31 December 2021 £'000
Assets			
Non-current assets			
Intangible assets	14, 15	**78,694**	65,079
Property, plant and equipment	16	**10,090**	9,737
Deferred tax		**2,443**	2,349
		91,227	77,165
Current assets			
Inventories	17	**11,998**	9,019
Trade and other receivables	18	**16,433**	12,212
Cash and cash equivalents	19	**5,631**	5,235
		34,062	26,466
Total assets		**125,289**	103,631
Equity and liabilities			
Capital and reserves			
Share capital	20	**379**	377
Share premium account	20	**65,960**	65,738
Merger reserve	21	**7,656**	7,656
Foreign currency translation reserve	22	**1,565**	(114)
Share-based payments reserve	23	**812**	856
Retained earnings	24	**(713)**	(1,349)
Total equity attributable to equity holders of the parent		**75,659**	73,164
Liabilities			
Current liabilities			
Trade and other payables	25	**11,725**	9,717
Taxation		**891**	188
Interest-bearing borrowings	26	**3,867**	620
		16,483	10,525
Non-current liabilities			
Interest-bearing borrowings	26	**22,979**	12,109
Statutory employment provision	27	**1,461**	1,236
Deferred tax liability	11	**8,707**	6,597
		33,147	19,942
Total liabilities		**49,630**	30,467
Total equity and liabilities		**125,289**	103,631

The financial statements on pages 74 to 113 were approved and authorised for issue by the Board on 3 April 2023 and signed on its behalf by:

Jerry Randall
Director
3 April 2023

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	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 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 1 January 2022	377	65,738	7,656	(114)	856	(1,349)	73,164
Profit for the year	-	-	-	-	-	520	520
Foreign exchange on translation	-	-	-	1,679	-	-	1,679
Total comprehensive income	**-**	**-**	**-**	**1,679**	**-**	**520**	**2,199**
Share-based payments charge	-	-	-	-	72	-	72
Share-based payments charge recycling	-	-	-	-	(116)	116	-
Contributions of equity, net of transaction costs	2	222	-	-	-	-	224
Transactions with Shareholders	2	222	-	-	(44)	116	296
Balance at 31 December 2022	**379**	**65,960**	**7,656**	**1,565**	**812**	**(713)**	**75,659**

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flow from operating activities			
Profit before tax		**706**	946
Finance expense		**1,521**	425
Operating profit		**2,227**	1,371
Adjustments for:			
– Depreciation of property, plant and equipment	16	**1,821**	1,415
– Impairment gains of financial assets	18	**(180)**	(134)
– Amortisation of intangible assets	15	**3,564**	2,287
– Loss on disposal of non-current assets	15	**40**	-
– Share-based payment expense		**72**	196
Operating cash flow before movements in working capital		**7,544**	5,135
(Increase) / decrease in inventories		**(2,329)**	718
(Increase) in trade and other receivables		**(2,517)**	(2,989)
Increase / (decrease) in trade and other payables		**3,489**	(908)
Cash generated from operations		**6,187**	1,956
– Tax paid		**(674)**	(1,472)
– Tax receipt		**53**	117
Net cash from operating activities		**5,566**	601
Cash flow from investing activities:			
Acquisition of subsidiaries, net of cash acquired	14	**(7,482)**	(35,917)
Purchases of property, plant and equipment	16	**(860)**	(371)
Expenditure in respect of intangible assets	15	**(3,346)**	(2,891)
Net cash used in investing activities		**(11,688)**	(39,179)
Cash flow from financing activities:			
Proceeds from issuance of ordinary shares	20	**224**	-
Drawdown of interest-bearing borrowings	26	**14,985**	16,336
Repayment of interest-bearing borrowings	26	**(6,728)**	(13,614)
Leasing obligation repayments	26	**(922)**	(728)
Interest paid		**(637)**	(492)
Net cash from financing activities		**6,922**	1,502
Net increase / (decrease) in cash and cash equivalents		**800**	(37,076)
Net foreign exchange difference		**(404)**	216
Cash and cash equivalents at beginning of period		**5,235**	42,095
Cash and cash equivalents at end of period	19	**5,631**	5,235

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 principal activities of the Company and its subsidiaries (the Group) 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.

2. Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, in accordance with UK adopted IFRS and 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 Group made an operating profit during the year of £2.2 million and generated in excess of £5.6 million in operating cash flow. The order book at 31 December 2022 was 114% ahead of the same point in the previous year and provides good visibility over 2023 revenues. Business operations are cash generative and significantly exceed financing outflows. Group net leverage[1] at the period end was c1.4x net debt to Adjusted EBITDA[3] and Group Gross leverage[2] was c1.9x which is well within the Groups banking covenants of 2.5x gross debt to Adjusted EBITDA[3].

Group net leverage is expected to fall in 2023 to c1.0x due to the cash generative nature of the business, now including the highly cash generative Earol brand acquired as part of the HL Healthcare Ltd acquisition on 30 November 2022, and bolstered by strong post year end cash collection.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of approving 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 these projections, the Directors believe that the Group is well placed to manage its business risks successfully.

The acquisition of HL Healthcare Ltd, in addition to the prior year acquisitions of BBI Healthcare Ltd and the Helsinn brands have provided the Group with far greater hedging capacity against risk i.e. more customers, more brands, new therapy areas, new markets and more diversification i.e. less reliance on any one given customer or product which further reduce dependencies.

Our teams have continued to worked relentlessly to manage against a difficult supply chain backdrop in the wake of the COVID-19 pandemic and the impact of the Ukraine conflict. The company has demonstrated its ability to manage short term spikes in commodities pricing and the securing of raw materials supply through its longstanding strong relationship with suppliers. Our ability to increase inventory levels has been aided by even longer standing relationships with our customers, of whom many have worked with us by placing their orders much further in advance than historically to help secure supply.

The Directors have as a prudent exercise evaluated the financial impact of scenarios such as a disruption in manufacturing, for example sustained energy outages which could result in a temporary closure of the Italian or Swedish factories or reduced demand as was seen during the COVID-19 pandemic. Management does not expect the factories to close or foresee a decline in consumer demand, but acknowledges that there is a risk that unforeseeable events could occur.

These scenarios stress test the revenue forecast against a 20% reduction versus budget 2023 plus associated loss of marginal gross profits and assume no reduction in forecasted capital expenditure. The key findings of this evaluation showed that the Group would remain within its banking covenants of 2.5x gross debt to Adjusted EBITDA[3].

The evaluation also considered the Group's revolving credit facility ("RCF") which provides access to draw up to £30 million. The facility is managed and co-ordinated by Santander UK plc ("Santander"), and Silicon Valley Bank UK ("SVB") also participate. Under the facility the Group can draw a maximum of 2.5x the trailing EBITDA for the latest twelve month period and at 31 December 2022 there had been £17.3m drawn. In light of the recent events at SVB, the Directors have closely reviewed the Group's position with its lenders. An insolvency of a participating lender would have no impact on the term of the RCF which is not due for renewal until June 2024; and would not result in any acceleration of the repayments due by the Group under the RCF. The company has already commenced discussions with lenders in respect of a refinance of the RCF given the term expiry in June 2024, and those initial discussions have been positive.

Based upon the financial forecasts, the Directors believe that the business has sufficient balance sheet strength to weather even an unrealistically long disruption in operations or fall in consumer demand and that the Group has sufficient resources to continue in operational existence for the foreseeable future.

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

1 Group net leverage calculated as net debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
2 Group Gross leverage calculated as gross debt (excluding finance leases) and using proforma Adjusted EBITDA on a trailing 12-month basis.
3 Adjusted EBITDA is EBITDA before deduction of exceptional items and share based payments, less IFRS16 leases.

3. Summary of significant accounting policies continued

3.2 Basis of consolidation

The Group financial statements consolidate those of the parent Company and its subsidiaries as at 31 December 2022. All subsidiaries have a reporting date of 31 December except for HL Healthcare Ltd which has a year end 31 March. 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.

3.4 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 sterling 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 2022**	Year ended 31 December 2021
Average exchange rate for the period	**1.173**	1.159
Exchange rate at the period end	**1.129**	1.191

Sterling/SEK exchange rates	**Year ended 31 December 2022**	Year ended 31 December 2021
Average exchange rate for the period	**12.461**	11.780
Exchange rate at the period end	**12.583**	12.218

3. Summary of significant accounting policies continued

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.

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%-33% per annum, straight-line
Fixtures and fittings over £500	20%-33% per annum, straight-line
Manufacturing plant equipment	4%-33% per annum, straight-line
Buildings	2%-33% 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. Summary of significant accounting policies continued

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.

3.10. 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. Summary of significant accounting policies continued

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.

3.13 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. Summary of significant accounting policies continued

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.

The Group's expected credit loss model uses a credit reference agency's 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.

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 ceased invoice financing in 2021. The Group utilised an invoice financing with recourse facility whereby the Group continued to recognise the receivables and the amount received under the facility was recorded as a liability. Cash received was classified as a financing cash inflow. When cash was collected from the customer, the liability and the receivables were de-recognised. De-recognition of the liability was 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.

In the event where an option owing to an employee has vested but remains unexercised and that employee subsequently leaves the business, the option is then cancelled and the accumulated share based payments reserve remains charged into the profit and loss account as the option achieved its purpose of incentivising the individual to deliver their service across the vesting period. As the element of the share based payments reserve for such employees is no longer required, this charge is recycled through profit and loss reserves.

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. Subsequently, when required transfers will be made to the profit and loss account reserve from the merger reserve of an amount equal to the amount that becomes realised by virtue of either:
  (i) the disposal of the related investment for qualifying consideration; or
  (ii an amount being written off the related investment and charged to profit or loss, for example, as the result of an impairment.
- 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 2021 and 2022, 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 2021 and 31 December 2022 however do recognise that there is a material uncertainty over the future performance of its distribution partner in China which impacts the assessment of the Dentyl® brand (see Note 15 for further details).

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

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:

- 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)

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2022 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)
- Insurance Contracts (IFRS 17)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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, the acquisition of BBI Healthcare Ltd (subsequently renamed as Venture Life Healthcare Ltd on 18 June 2021) and the acquisition of HL Healthcare Ltd on 30 November 2022.
- 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 2022			
Revenue			
Sale of goods	**24,579**	**25,621**	**50,200**
Intercompany sales elimination	**(1,444)**	**(4,776)**	**(6,220)**
Total external revenue	**23,135**	**20,845**	**43,980**
Results			
Operating profit before exceptional items and excluding central administrative costs	**3,799**	**3,674**	**7,473**
Year ended 31 December 2021			
Revenue			
Sale of goods*	18,853	19,070	37,923
Intercompany sales elimination*	(881)	(4,280)	(5,161)
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

* Prior year figures have been re-presented to reflect the sales of goods and intercompany sales elimination. External revenues are unchanged.

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Operating profit before exceptional items and excluding central administrative costs	**7,473**	6,067
Exceptional items	**(1,278)**	(1,331)
Central administrative costs	**(3,968)**	(3,365)
Finance costs	**(1,521)**	(425)
Profit before tax	**706**	946

One customer generated revenue of £8,327,607 which accounted for 10% or more of total revenue (2021: one customer generated revenue of £4,383,290 which accounted for 10% or more of total revenue).

5. Segmental information continued

5.2 Segmental assets and liabilities

	At 31 December 2022 £'000	At 31 December 2021 £'000
Assets		
Venture Life Brands	**102,295**	71,785
Customer Brands	**22,149**	28,783
Central Group assets	**845**	3,063
Consolidated total assets	**125,289**	103,631
Liabilities		
Venture Life Brands	**19,669**	13,500
Customer Brands	**10,839**	10,976
Central Group liabilities	**19,122**	5,991
Consolidated total liabilities	**49,630**	30,467

5.3 Other segmental information

	Depreciation and Amortisation £'000	Addition to non-current Assets £'000
Year ended 31 December 2022		
Venture Life Brands	**4,838**	17,381
Customer Brands	**490**	811
Central administration	**57**	-
	5,385	18,192
Year ended 31 December 2021		
Venture Life Brands	**2,868**	44,038
Customer Brands	**445**	564
Central administration	**389**	-
	3,702	44,602

5.4 Geographical information

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue		
UK	**20,338**	15,888
Italy	**13,000**	8,882
Switzerland	**1,830**	1,842
Germany	**485**	951
Netherlands	**1,391**	658
Rest of Europe	**3,469**	2,444
USA	**477**	266
Ireland	**1,297**	460
Rest of the World	**1,693**	1,371
Total revenue*	**43,980**	32,762

* Prior year figures reanalysed to expand geographical analysis.

The aggregated amount of transaction prices that relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2022 is £nil (2021: £nil).

6. Exceptional items

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Costs incurred in the acquisition of HL Healthcare Ltd	**860**	-
Costs incurred in the acquisition of BBI Healthcare Ltd and Helsinn portfolio of assets	**-**	964
Integration of acquisitions	**202**	261
Restructure	**216**	106
Total exceptional items	**1,278**	1,331

During the period the Group incurred legal and professional fees in relation to the acquisition of HL Healthcare Ltd plus associated integration costs, as well as further integration costs in relation to the previous year acquisitions of BBI Healthcare Ltd and Helsinn portfolio of assets. Other exceptional items related to restructuring costs.

7. Operating profit

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Depreciation of property, plant and equipment included in operating expenses	**1,821**	1,415
Amortisation of intangible assets included in administrative expenses	**3,564**	2,287
Research and development costs included in operating expenses	**206**	316
Share-based payments charge	**72**	196
Staff costs excluding share-based payment charge (Note 8)	**7,300**	6,564
Auditor's remuneration:		
– Fees for the audit of the Company's annual accounts	**145**	150
– Audit of the accounts of the Company's subsidiaries	**28**	37
– Audit related assurance services	**7**	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 2022 Number	Year ended 31 December 2021 Number
Product development and manufacturing	**98**	100
Sales and marketing	**18**	15
Directors	**4**	4
Administration	**33**	26
Total	**153**	145

Their aggregate remuneration comprises:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**5,404**	4,900
Social security costs	**1,276**	1,185
Pension costs	**503**	385
Other benefits	**117**	94
Equity settled share-based payments	**72**	196
Total	**7,372**	6,760

8. Employee information continued

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Charged into cost of sales and a proportion absorbed into closing inventory	**2,868**	2,495
Charged into research and development costs and a proportion into capitalised development costs	**411**	410
Charged into operating expenses	**4,093**	3,855
Total	**7,372**	6,760

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**933**	966
Social security costs	**125**	117
Pension costs	**158**	84
Other benefits	**14**	9
Equity settled share-based payments	**-**	-
Total	**1,230**	1,176

Further information on Directors remuneration is included in the Remuneration Report on pages 58 to 62.

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 £503,000 (2021: £385,000). At year end an amount of £16,000 (2021: £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 2022 £'000	Year ended 31 December 2021 £'000
Current tax:		
Current tax on profits for the year	**1,195**	665
Adjustments in respect of earlier years	**11**	99
Total current tax expense	**1,206**	764
Deferred tax:		
Origination and reversal of temporary differences	**(1,020)**	(2,220)
Total deferred tax credit	**(1,020)**	(2,220)
Total income tax credit	**186**	(1,456)

10. Income tax expense continued

Tax on the Group's profit 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 2022 £'000	Year ended 31 December 2021 £'000
Profit before tax	**706**	946
Profit before taxation multiplied by the local tax rate of 19% (2021: 19%)	**134**	180
Expenses not deductible for tax purposes	**166**	15
Change in recognised deferred tax liability	**-**	51
Change in unrecognised deferred tax asset	**-**	(2,183)
Current year losses for which no deferred tax asset has been recognised	**117**	166
Utilised losses	**(112)**	(213)
Previously recognised deferred tax	**-**	174
Other adjustments	**-**	65
Re-measurement of deferred tax balances	**(281)**	-
Higher rate on foreign taxes	**151**	190
Adjustments for current tax of prior periods	**11**	99
Income tax charge	**186**	(1,456)

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 25.8% on profits in excess of €395,000 and 15% 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 £9,867,000 (2021: £9,938,000) 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 £435,000 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 SRL and PharmaSource B.V. as profits from the UK entities are Group relieved against current year and prior year losses within the UK Group. The group recognises a deferred tax asset in relation to losses carried forward in the UK entities as the performance of these entities is expected to become more profitable in future following the integration of previous year acquisitions and new distribution agreements secured and consequently the deferred tax asset has reduced during the year. The deferred tax liabilities generated on the acquisition of HL Healthcare Ltd in the current year and previous years are released to the income statement over time.

11. Deferred tax

Deferred taxes arising from temporary differences are summarised as follows:

Deferred tax liabilities/(assets)	At 1 January 2022 £'000	Recognised in profit and loss £'000	Arising upon acquisitions in the year £'000	Movements Attributed to foreign exchange £'000	**At 31 December 2022 £'000**
Purchased goodwill	(40)	-	-	(2)	**(42)**
Other intangibles	6,357	(827)	2,976	37	**8,543**
Inventories	76	(43)	-	3	**36**
Fixed asset timing differences	130	(2)	-	-	**128**
Losses carried forward	(2,183)	(129)	-	-	**(2,312)**
Other	(92)	(19)	-	22	**(89)**
Deferred tax liability/(asset)	4,248	(1,020)	2,976	60	**6,264**
Assets	(2,349)				**(2,443)**
Liabilities	6,597				**8,707**
Net deferred tax balance	4,248				**6,264**

In 2021 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 £2,312,000 has been recognised for these losses in 2022 (2021: £2,183,000). The losses can be carried forward indefinitely and have no expiry date.

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 2022 Number	Year ended 31 December 2021 Number
For basic EPS calculation	**126,257,101**	125,831,530
For diluted EPS calculation	**133,393,929**	133,819,347

The dilution reflects the inclusion of the options and LTIPs that have been issued, amounting to 6,582,713 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	**520**	2,402
Add back: Amortisation	**3,564**	2,287
Add back: Exceptional costs	**1,278**	1,331
Add back: Share based Payments	**72**	196
For adjusted EPS calculation[1]	**5,434**	6,216

The resulting EPS measures are:

	Pence	Pence
Basic EPS	**0.41**	1.91
Diluted EPS	**0.39**	1.79
Adjusted EPS[1]	**4.30**	4.94
Adjusted diluted EPS	**4.07**	4.65

13. Dividends

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Final dividend	**-**	-

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

14. Business combinations

On 30 November 2022 the Company completed the acquisition of 100% of the equity of HL Healthcare Ltd, a UK based company engaged in the supply of ear, nose and throat products to customers in the UK and international partners. The acquisition consideration was £13.0 million, comprising £8.0 million payment on day one, £2.0 million by way of a fully sub-ordinated loan note which is redeemable on the second anniversary following completion and accrues interest at SONIA plus 5.0%, plus up to a further £3.0 million based on the performance of the acquired business in the year ending 31 March 2023. 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 of HL Healthcare introduces additional strong brands and products into the Group and customers in the areas of ear, nose and throat care. 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 increases the leverage of its trading infrastructure. The acquisition has been accounted for under IFRS 3 as a business combination. The Consolidated Financial Statements to 2022 include the results of the HL Healthcare business for the period from 1 December 2022 to 31 December 2022.

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

Acquisition of HL Healthcare Ltd on 30 November 2022

	Book value £'000	Fair value adjustments £'000	**Fair Value £'000**
Assets			
Non-current assets			
Licenses, Trademarks, Intellectual Property	75	(75)	**-**
Brands*	-	9,282	**9,282**
Customer relationships*	-	2,628	**2,628**
Tangible fixed assets	13	-	**13**
	88	11,835	**11,923**
Current assets			
Inventories	135	101	**236**
Trade receivables	1,066	-	**1,066**
Other receivables	45	-	**45**
Cash	2,439	-	**2,439**
	3,685	101	**3,786**
Total assets	3,773	11,936	**15,709**
Current liabilities			
Trade payables	574	-	**574**
Other payables	382	-	**382**
	956	-	**956**
Non-current liabilities			
Deferred tax	-	2,976	**2,976**
	-	2,976	**2,976**
Total net assets	2,817	8,960	**11,777**
Net assets acquired	-	-	**11,777**
Goodwill	-	-	**3,407**
Total consideration	-	-	**15,184**

HL Healthcare was acquired on 30 November 2022. It generated revenues of £0.2 million and adjusted EBITDA of £0.1 million in the period from acquisition to 31 December 2022. HL Healthcare generated revenues of £5.0 million and adjusted EBITDA of £2.0 million for the twelve months ended 31 December 2022.

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

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 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
Acquired through business combinations	-	9,282	-	3,407	2,628	15,317
Additions	923	-	45	-	-	968
Disposals	(84)	-	-	-	-	(84)
Foreign exchange movements	231		35	762	168	1,196
At 31 December 2022	5,119	29,375	1,059	39,652	13,523	88,728
Amortisation:						
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
Charge for the year	585	1,522	164	-	1,293	3,564
Disposals	(46)	-	-	-	-	(46)
Foreign exchange movements	129		18		117	264
At 31 December 2022	2,780	2,344	693	-	4,217	10,034
Carrying amount:						
At 31 December 2021	1,937	19,271	468	35,483	7,920	65,079
At 31 December 2022	**2,339**	**27,031**	**366**	**39,652**	**9,306**	**78,694**

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, the Helsinn Brands and HL Healthcare Ltd. 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 5.9 years (2021: 7.1 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, the Helsinn brands and HL Healthcare Ltd (part of the Venture Life Brands comprising six CGU's) impairment review are outlined below:

Biokosmes SRL

- In 2022, Biokosmes SRL achieved 34.0% revenue growth over the previous year with an EBIT (Earnings before interest and tax) improvement of 5.8%. The assets of the business increased significantly during the year due to an inventory build of £2.5 million which was made in order to secure supply of key raw materials and packaging in light of a challenging supply chain backdrop. Management have forecasted revenue growth of CAGR 6.6% for the three years ending 31 December 2025.
- 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 12.4% 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 headroom of £1.5 million over the assets of the business held at the balance sheet date. The level of headroom would have been significantly higher if not for the level of the inventory build described.
- An increase in the Group WACC rate by 0.65ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.

PeriProducts Ltd

- In 2022, PeriProducts Ltd revenue declined 2.2% versus the previous year with an EBIT improvement of 0.4%. Management have forecasted UK revenue growth of CAGR 6.5% and international revenue growth of CAGR 180.0% for the three years ending 31 December 2025.
- The growth in the international forecast is compared against a base of less than £0.05 million revenue delivered in 2022. Approximately half of the forecasted revenue improvement, amounting to £0.3 million annual revenue is due to materialise from existing EU based distribution partners where orders have already been placed for 2023. The other half of the forecasted revenue improvement, amounting to £0.3 million annual revenue is reliant on the performance of Venture Life's existing partner in China recovering order volumes to 50% of the minimum purchase obligations set out in our agreement and it has been assumed that no orders will be placed until 2024 at the earliest.
- The Group has applied a discount rate to the future cash flows of PeriProducts for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.9%. These assumptions generate a significant headroom of £2.9 million over the assets of the business held at the balance sheet date.
- An increase in the Group WACC rate by 7.2ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to exclude any future revenues from the China partner and shows that the future cashflows still generate a headroom of £2.1 million over the assets of the business held at the balance sheet date.

Dentyl® Brand

- In 2022, revenues from the Dentyl® brand declined 15.7% versus the previous year following the implementation of a customer price increase in the UK. Management have forecasted UK revenue growth of CAGR 10.3% and international revenue growth of CAGR 98.4% for the three years ending 31 December 2025.
- The growth in the international forecast is reliant on the performance of Venture Life's existing partner in China recovering order volumes to 65% of the minimum purchase obligations set out in our agreement and it has been assumed that no orders will be placed until 2024 at the earliest. There is a material uncertainty around when the Chinese economy will recover back to the levels that existed prior to the COVID-19 pandemic. This uncertainty directly impacts our distribution partner for oral care products in this market and the level of growth rates in future.
- The Group has applied a discount rate to the future cash flows of the Dentyl® Brand for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.9%. These assumptions generate a significant headroom of £0.8 million over the assets of the business held at the balance sheet date.
- An increase in the Group WACC rate by 3.7ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed on scenarios to further reduce revenues from the China partner to 33% of the minimum purchase obligations in the agreement which shows that the future cashflows would result in an impairment of £0.6 million arising. In a scenario where no further revenues were generated from the China partner, this would result in a significant impairment. Under either scenario, the Group would seek to mitigate this impact and the Directors are satisfied that the forecasts included in the original impairment assessment already apply a cautious approach.

15. Intangible assets continued

PharmaSource BV

- In 2022, revenues from the PharmaSource Group declined 21.9% versus the previous year due primarily to the loss of a key distribution partner in Germany. Management have forecasted revenue growth of CAGR 10.9% for the three years ending 31 December 2025. The forecasted growth is reliant on finding a replacement partner for the German market on or before 1 January 2024. Excluding the revenue to be secured from a replacement partner, the forecasted revenue growth applied is a CAGR of 2.9% over the period.
- The Group has applied a discount rate to the future cash flows of the PharmaSource Group for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 14.5%. These assumptions generate a significant headroom of £1.8 million over the assets of the business held at the balance sheet date.
- An increase in the Group WACC rate by 2.3ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to model a scenario whereby no replacement partner is secured to replace the revenue lost from the previous partner in the German market and shows that the future cashflows would result in an impairment of £0.2 million arising.

BBI Healthcare Ltd

- In 2022, BBI Healthcare Ltd achieved 16.1% revenue growth on a pro-forma[1] basis versus the previous year with an EBIT improvement of 1.3%. Management have forecasted revenue growth of CAGR 14.1% for the three years ending 31 December 2025.
- The level of projected growth is underpinned by key license and supply agreements and in particular the Groups' key women's health partner Bayer Consumer Care AG which provides revenue visibility in significant excess of the forecasts applied within the impairment assessment.
- The Group has applied a discount rate to the future cash flows of BBI Healthcare Ltd for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.9%. These assumptions generate a significant headroom of £0.8 million over the assets of the business held at the balance sheet date.
- An increase in the Group WACC rate by 0.2ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to reduce revenues of the UK business by 5.0% and shows that the future cashflows could result in an impairment of £1.0 million arising. Management are of the view that there are significant upsides from existing customer agreements which would prevent this in reality and can be used to support a significant forecast improvement.

Helsinn Brands

- In 2022, revenues from the Helsinn brands declined 3.3% on a pro-forma[1] basis versus the previous year reflecting the loss of a key US distribution partner prior to the acquisition of the brand by Venture Life in August 2021. Management have forecasted revenue growth of CAGR 17.5% for the three years ending 31 December 2025.
- The level of projected growth is underpinned by newly secured customer agreements in Brazil and Canada during 2022 which become effective from 2023.
- The Group has applied a discount rate to the future cash flows of the Helsinn brands for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.9%. These assumptions generate a significant headroom of £7.3 million over the assets of the business held at the balance sheet date.
- An increase in the Group WACC rate by 13.2ppt would have resulted in no headroom over the assets of the business held at the balance sheet date.
- Sensitivity analysis has been performed to reduce revenues from the new agreements by 50% as a prudent scenario and shows that the future cashflows still generate a significant headroom of £5.8 million over the assets of the business held at the balance sheet date.

HL Healthcare Ltd (acquired 30 November 2022)

- In 2022, revenues from HL Healthcare Ltd increased 8.7% on pro-forma1 basis versus the previous year. Management have forecasted revenue growth of CAGR 5.3% for the three years ending 31 December 2025.
- The Group has applied a discount rate to the future cash flows of HL Healthcare Ltd for five years, with a terminal value reflecting future years. The rate is based upon the Group WACC of 12.4% and adjusted for specific segment, country and currency risk and then converted onto a pre-tax basis to derive a rate of 15.9%. These assumptions generate a significant headroom of £7.6 million over the assets of the business held at the balance sheet date.

The above impairment assessments of Biokosmes SRL, PeriProducts Ltd, the Dentyl® brand, the PharmaSource roup, BBI Healthcare Ltd, the Helsinn brands and HL Healthcare Ltd 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.

1 Proforma basis i.e. if the acquisitions had been in place for the whole of the prior year.

15. Intangible assets continued

Intangible assets with indefinite useful lives allocated to operating segments

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Goodwill	PeriProducts Ltd	**3,337**	3,337
	Dentyl®	**3,100**	3,100
	PharmaSource BV	**4,279**	4,057
	BBI Healthcare Ltd	**13,252**	13.252
	The Helsinn brands	**1,925**	1,925
	HL Healthcare Ltd	**3,406**	-
	Venture Life Brands Total	**29,299**	25,671
	Biokosmes SRL	**10,351**	9,812
	Customer Brands Total	**10,351**	9,812
	Total	**39,652**	35,483
Brands	Dentyl®	**-**	1,089
	The Helsinn brands	**2,010**	2,010
	Venture Life Brands Total	**2,010**	3,099
	Customer Brands Total	**-**	-
	Total	**2,010**	3,099

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 2022 £'000	Year ended 31 December 2021 £'000
PeriProducts Ltd	**7,719**	5,958
Dentyl®	**6,370**	5,262
PharmaSource BV	**9,509**	7,332
BBI Healthcare Ltd	**36,553**	36,981
The Helsinn brands	**12,749**	6,433
HL Healthcare Ltd	**20,735**	-
Venture Life Brands Total	**93,635**	61,966
Biokosmes SRL	**28,501**	14,435
Customer Brands	**28,501**	14,435

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. In particular, there is a material uncertainty around when the Chinese economy will recover back to the levels that existed prior to the COVID-19 pandemic which directly impacts on the impairment review of the Dentyl® brand. 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 of all other operating segments and indicate sufficient headroom in the event of reasonably possible changes in key assumptions and these are unlikely to result in an impairment.

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 2021	3,702	233	-	6,485	10,420
Acqired 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
Acquired through business combination	-	13	-	-	13
Additions	835	25	-	1,034	1,894
Disposals	(45)	-	-	(325)	(370)
Foreign exchange movements	110	13	(35)	364	452
At 31 December 2022	**6,639**	**279**	**1,430**	**7,839**	**16,187**
Depreciation:					
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	(171)	(9)	(14)	(133)	(327)
At 31 December 2021	1,749	140	45	2,527	4,461
Charge for the year	821	27	100	873	1,821
Disposals	(43)	-	-	(325)	(368)
Foreign exchange movements	38	8	(13)	150	183
At 31 December 2022	**2,565**	**175**	**132**	**3,225**	**6,097**
Carrying amount:					
At 31 December 2021	3,990	88	1,420	4,239	9,737
At 31 December 2022	**4,074**	**104**	**1,298**	**4,614**	**10,090**

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 2022 £'000	At 31 December 2021 £'000
Raw materials	**6,882**	5,221
Finished goods	**5,116**	3,798
Total	**11,998**	9,019

An amount of £23,447,000 (2021: £17,309,000) was recognised in respect of expenditure on inventory in the Statement of Comprehensive Income within Cost of Sales.

	At 31 December 2022 £'000	At 31 December 2021 £'000
At 1 January inventory provision	**729**	331
Increase in inventory provision	**209**	560
Utilisation in inventory provision	**(314)**	(144)
Foreign exchange movements	**17**	(18)
At 31 December inventory provision	**641**	729

18. Trade and other receivables

	At 31 December 2022 £'000	At 31 December 2021 £'000
Trade receivables	**14,827**	10,650
Prepayments and accrued income	**281**	511
Other receivables	**1,325**	1,051
Total	**16,433**	12,212

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 2022 £'000	At 31 December 2021 £'000
31 to 60 days past due	**418**	507
60 to 90 days past due	**28**	270
90 to 120 days past due	**342**	-
>120 days past due	**-**	87
Overdue trade receivables gross	**788**	864
Allowance for credit losses	**(210)**	(382)
Trade receivables - net	**578**	482

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).

Allowances for credit losses:

	At 31 December 2022 £'000	At 31 December 2021 £'000
At 1 January	**382**	516
Decrease in credit loss provision	**(19)**	(51)
Decrease in bad debt provision	**(161)**	(83)
Utilisation in bad debt provision	**-**	-
Foreign exchange	**8**	-
At 31 December	**210**	382

19. Cash and cash equivalents

	At 31 December 2022 £'000	At 31 December 2021 £'000
Available cash and cash equivalents	**5,631**	5,235

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 2022	**126,498,197**	**379,495**	**65,960**	**7,656**
At 31 December 2021	125,831,530	377,495	65,738	7,656

The Company issued 666,667 new shares during 2022 for total consideration of £224,667 (no new shares were issued during 2021).

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. Further details are included in the Directors' Remuneration Report set out on pages 58 to 62.

21. Merger reserve

In 2010 the Company acquired 100% of the issued share capital of Venture Life Ltd 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 (2021: £7,656,000) has arisen through the acquisition of Venture Life Ltd 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 £72,000 (2021: £196,000) and is included in administrative expenditure in the Statement of Comprehensive Income. The share option provision recycling for the year was £116,000 (2021: £nil.) This sum comprised £50,000 in respect of staff stock option exercises and £66,000 in respect of cancellation of vested stock options in respect of leavers.

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

	2022 Number	**2022 WAEP (p)**	2021 Number	2021 WAEP (p)
Total outstanding at beginning of the year	**7,433,702**	**39.8**	6,460,766	35.5
Granted during the year	**1,253,000**	**32.4**	972,936	61.5
Exercised	**(666,667)**	**33.7**	-	-
Forfeited	**(1,437,322)**	**43.2**	-	-
Total outstanding at 31 December	**6,582,713**	**38.2**	7,433,702	39.8
Exercisable at 31 December	**5,141,166**	**36.2**	1,278,666	44.6

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

	2022 Number	2021 Number
Range of exercise prices 0p - 49p	**5,964,166**	6,348,766
50p - 99p	**618,547**	1,084,936
100p - 149p	**-**	-
Total	**6,582,713**	7,433,702

At 31 December 2022, the weighted average remaining contractual life of options exercisable is 6.57 years (2021: 7.24 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 2022 and which are exercisable at 31 December 2022 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 2022 and 2021:

	2022	2021
Weighted average share price (p)	**32.4**	61.5
Weighted average exercise price (p)	**32.4**	61.5
Weighted average expected volatility (%)	**64.0**	55.0
Weighted average expected life (years)	**4**	4
Weighted average risk free rate (%)	**2.712**	0.258
Expected dividends (%)	**0.600**	0.599

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 58 to 62. 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:

	2022 Number	2021 Number
At 1 January	**-**	554,115
Granted	**-**	-
Did not meet vesting conditions	**-**	-
Vested	**-**	(554,115)
At 31 December	**-**	-

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.

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 2022 £'000	At 31 December 2021 £'000
Trade payables	**7,392**	4,308
Accruals and deferred income	**2,976**	1,800
Social security and other taxes	**1,080**	976
Deferred consideration	**-**	2,397
Other payables	**277**	236
Total	**11,725**	9,717

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).

26. Interest-bearing borrowings

	At 31 December 2022 £'000	At 31 December 2021 £'000
Current		
Invoice financing	**-**	-
Leasing obligations	**920**	620
Deferred contingent consideration	**2,947**	-
Total	**3,867**	620
Non-current		
Leasing obligations	**3,651**	3,626
Secured bank loans due after one year	**17,314**	8,483
Subordinated loan note (Deferred consideration)	**2,014**	-
Total	**22,979**	12,109

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 £17.3 million has been drawn at 31 December 2022 (31 December 2021: £8.5million). Invoice financing includes the Italian RiBa (or "Ricevuta Bancaria") facility which is a short-term facility. The balance shown above of £nil (2021: £nil) 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% on the balance of undrawn funds up to the facility limit. The RiBa invoice financing balance bears interest at variable rates.

26. Interest-bearing borrowings continued

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

	2022 GBR £'000	2022 EUR £'000	2022 All £'000	2021 GBP £'000	2021 EUR £'000	2021 All £'000
Opening balance at 1 January	**4,000**	**5,039**	**9,039**	-	-	-
Drawdown	**10,400**	**4,585**	**14,985**	9,500	5,884	15,384
Repayments	**(2,500)**	**(4,228)**	**(6,728)**	(5,500)	(818)	(6,318)
Impact of foreign exchange	**-**	**361**	**361**	-	(27)	(27)
Closing balance at 31 December	**11,900**	**5,757**	**17,657**	4,000	5,039	9,039

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

	2022 £'000	2021 £'000
Opening balance at 1 January	**-**	888
Drawdown	**-**	953
Repayments	**-**	(1,804)
Impact of foreign exchange	**-**	(37)
Closing balance at 31 December	**-**	-

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

	At 31 December 2022			At 31 December 2021		
	Leasing obligations £'000	**Other £'000**	**2022 £'000**	Leasing obligations £'000	Other £'000	2020 £'000
Amounts and timing of debt repayable:						
Within 1 year	**985**	**5,250**	**6,235**	660	433	1,093
1-2 years	**665**	**17,736**	**18,401**	633	435	1,068
2-3 years	**613**	**-**	**613**	419	9,284	9,703
3-4 years	**503**	**-**	**503**	418	-	418
4-5 years	**432**	**-**	**432**	410	-	410
After more than 5 years	**1,595**	**-**	**1,595**	1,899	-	1,899
Total	**4,793**	**22,986**	**27,779**	4,439	10,152	14,591

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 1 January 2021	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 / (debt) at 31 December 2021	**8,483**	**4,246**	**12,729**	**5,235**	**(7,494)**
Net cashflow	-	-	-	800	800
Finance lease repayments	-	(922)	(922)	-	922
Fees and interest	240	-	240	-	(240)
Drawdown	14,985	1,034	16,019	-	(16,019)
(Repayments)	(6,728)	-	(6,728)	-	6,728
Deferred consideration arising on business combination	4,933	-	4,933	-	(4,933)
Foreign exchange movements	362	213	575	(404)	(979)
Net cash / (debt) at 31 December 2022	**22,275**	**4,571**	**26,846**	**5,631**	**(21,215)**

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 2022 of £4,571,000 (2021: £4,246,000) and right-of-use assets of £4,614,000 (2021: £4,239,000) are recognised, giving a net liability position of £43,000 (2021: £7,000).

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 2022 £'000	At 31 December 2021 £'000
At 1 January	**1,236**	1,201
Additional provisions	**220**	175
Amount utilised	**(64)**	(58)
Foreign exchange movements	**69**	(82)
At 31 December	**1,461**	1,236

28. Leases

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.

Right-of-use assets

	Office Equipment £'000	Motor vehicles £'000	Property £'000	Total £'000
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
Carrying value 1 January 2022	-	3	4,236	4,239
Additions	55	6	973	1,034
Depreciation charge in the year	(18)	(5)	(850)	(873)
Foreign exchange movements	2	-	212	214
Carrying value 31 December 2022	**39**	**4**	**4,571**	**4,614**
Interest charge in the year	4	-	66	70
Cash outflow for leases in the year	15	5	902	922

Lease liabilities were calculated as the present value of the future lease obligations of the Group amounting to £4.57 million (31 December 2021: £4.25 million). The future leasing obligations were discounted using the relevant Italian and UK local borrowing rates of between 1% and 11.5%. 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 2023 and 2026. 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 six 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 three years.
- The Group's current UK operation is headquartered in a leased premises in Bracknell. The lease contract commenced in July 2022 and expires in June 2027.

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 £119,000 (2021: £83,000) and profit before tax would be reduced by £50,000 (2021: reduced by £36,000).

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 2022		31 December 2021	
	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]	**16,152**	**16,152**	11,701	11,701
Cash and cash equivalents	**5,631**	**5,631**	5,235	5,235
Total	**21,783**	**21,783**	16,936	16,936

	31 December 2022		31 December 2021	
	Financial liabilities at amortised cost £'000	**Total financial liabilities £'000**	Financial liabilities at amortised cost £'000	Total financial liabilities £'000
Financial liabilities:				
Trade and other payables[2]	**11,725**	**11,725**	9,711	9,711
Leasing obligations	**4,571**	**4,571**	4,246	4,246
Interest-bearing debt	**22,275**	**22,275**	8,483	8,483
Total	**38,571**	**38,571**	22,440	22,440

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 40 to 43.

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

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 SEK, 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 2022						
Assets						
Trade and other receivables	182	-	-	-	9,259	**9,441**
Cash and cash equivalents	134	46	69	5	3,642	**3,896**
	316	46	69	5	12,901	**13,337**
Liabilities						
Trade and other payables	534	-	-	-	6,801	**7,335**
Interest-bearing debt	-	-	-	-	9,718	**9,718**
	534				16,519	**17,053**

	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

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 2022		
Assets	**1,334**	**(1,334)**
Liabilities	**(1,705)**	**1,705**
At 31 December 2021		
Assets	1,080	(1,080)
Liabilities	(1,240)	1,240

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 2022, the Group was also owed £3,569,102 (2021: £1,836,400) from three (2021: three) of its major customers, the balance being shown under trade receivables.

A provision of £210,000 (2021: £105,000) 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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Sterling	**-**	-	**1,735**	1,383	**1,735**	1,383
Euro	**-**	-	**3,642**	3,531	**3,642**	3,531
RMB	**-**	-	**69**	63	**69**	63
USD	**-**	-	**46**	11	**46**	11
Swiss franc	**-**	-	**5**	-	**5**	-
SEK	**-**	-	**134**	247	**134**	247
Total	**-**	-	**5,631**	5,235	**5,631**	5,235

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Sterling	**-**	-	**17,128**	3,465	**17,128**	3,465
Euro	**-**	-	**9,718**	9,264	**9,718**	9,264
RMB	**-**	-	**-**	-	**-**	-
USD	**-**	-	**-**	-	**-**	-
Swiss franc	**-**	-	**-**	-	**-**	-
Total	**-**	-	**26,846**	12,729	**26,846**	12,729

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 2022 £'000	At 31 December 2021 £'000
Total equity	**75,659**	73,164
Cash and cash equivalents	**(5,631)**	(5,235)
Capital	**70,028**	67,929
Total equity	**75,659**	73,164
Secured borrowings	**17,314**	8,483
Unsecured borrowings	**4,961**	-
Leasing obligations	**4,571**	4,246
Overall financing	**102,505**	85,893
Capital to overall financing ratio	**0.68**	0.79

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 2022 were £nil (2021: £nil).

Gianluca Braguti, a Director and shareholder of the Group, was provided with services by the Group totalling £1,308 (2021: £3,685). At 31 December 2022, Gianluca Braguti owed the Group £nil (2021: £4,375).

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 SRL 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 31December 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 £405,962 in the year to 31 December 2022 (2021: £402,010). At 31 December 2022, the Group owed Braguti's real estate SRL £33,953 (£nil at 31 December 2021).

Services provided to Biokosmes Immobiliare SRL totalled £6,140 (2021: £4,674). At 31st December 2022, Biokosmes Immobiliare SRL owed to the Group £nil (2021: £nil).

Services purchased from Biogenico SRL, a company 47% owned by Gianluca Braguti, a Director and shareholder of the Group, totalled £nil (2021: £nil). At 31 December 2022, the Group owed Biogenico SRL £nil (2021: £nil). Services provided to Biogenico SRL totalled £nil (2021: £nil). At 31 December 2022, Biogenico SRL owed the Group £nil (2021: £nil). During 2021, Biogenico SRL was closed down.

Services purchased from A. Erre, a company 10% owned by Gianluca Braguti, a Director and shareholder of the Group, totalled £28,769 (2021: £38,843) and services provided totalled £nil (2021: £1,914). At 31 December 2022, the Group owed A. Erre £nil (2021: £2,273). At 31 December 2022, A. Erre owed the Group £nil (2021: £4,536). During 2022, A. Erre was closed down.

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 £60 (2021: £2,053). At 31 December 2022, Farmacia San Francesco owed the Group £nil (2021: £117).

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 2022 £'000	Year ended 31 December 2021 £'000
Operating profit	**2,227**	1,371
Add back:		
Depreciation	**1,821**	1,415
Amortisation	**3,564**	2,287
EBITDA	**7,612**	5,073
Add back:		
Share-based payments charge	**72**	196
Exceptional costs	**1,278**	1,331
Adjusted EBITDA	**8,962**	6,600

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 2022

Company number 05651130

	Note	At 31 December 2022 £'000	At 31 December 2021 £'000
Fixed assets			
Investments	5, 7	**67,450**	53,282
Intangible assets	6	**8,659**	9,238
		76,109	62,520
Current assets			
Inventory		**133**	142
Debtors	8	**17,360**	18,170
Cash at bank		**706**	603
		18,199	18,915
Creditors			
Amounts falling due within one year	9	**(8,844)**	(4,610)
Net current assets		**9,355**	14,305
Total assets less current liabilities		**85,464**	76,825
Creditors			
Amounts falling due after one year	10	**(19,328)**	(9,471)
Net assets		**66,136**	67,354
Capital and reserves			
Called up share capital	11	**379**	377
Share premium account		**65,960**	65,738
Merger reserve		**7,656**	7,656
Foreign currency translation reserve		**-**	(25)
Share-based payments reserve		**812**	856
Profit and loss account*		**(8,671)**	(7,248)
Shareholders' funds		**66,136**	67,354

The financial statements on pages 114 to 122 were approved and authorised for issue by the Board on 3 April 2023 and signed on its behalf by:

Jerry Randall
Director
3 April 2023

* 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 £1,539,000 (2021: loss £1,912,000).

Parent Company Statement of Changes in Equity

for the year ended 31 December 2022

	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 2021	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
Share-based payments charge recycling	-	-	-	-	-	-	-
Contributions of equity, net of transaction costs	-	-	-	-	-	-	-
Transactions with shareholders	-	-	-	-	196	-	196
Balance at 31 December 2021	377	65,738	7,656	(25)	856	(7,248)	67,354
Loss for the year	-	-	-	-	-	(1,539)	(1,539)
Foreign exchange on translation	-	-	-	25	-	-	25
Total comprehensive income / (expenses)	-	-	-	25	-	(1,539)	(1,514)
Share-based payments charge	-	-	-	-	72	-	72
Share-based payments charge recycling	-	-	-	-	(116)	116	-
Contributions of equity, net of transaction costs	2	222	-	-	-	-	224
Transactions with shareholders	2	222	-	-	(44)	116	296
Balance at 31 December 2022	**379**	**65,960**	**7,656**	**-**	**812**	**(8,671)**	**66,136**

During 2021 the fourth tranche of the management long-term incentive matured and met its vesting conditions. The options had not yet been exercised at 31st December 2022. The respective accumulated provision within the Share Based Payments reserve of £147,000 continues to remain in place pending the execution of these options.

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 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.

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.

2. Accounting convention continued

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 which results in a foreign currency translation reserve recognised in the Statement of Changes in Equity.

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.

Key sources of estimation uncertainty and judgements

Estimates: Impairment of other non-financial assets

The Company 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 fair value less costs to sell 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 Parent's assets in future financial years.

The Directors considered that no impairment was necessary in respect of goodwill recognised in the years ended 31 December 2021 and 31 December 2022.

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.

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.

Judgements

There are no key judgements other than those mentioned above.

2. Accounting convention continued

Intangible assets

Goodwill

Goodwill represents the difference between the cost of a business combination and the Company's interest in the fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses (which are not reversed).

Goodwill can be subsequently adjusted for changes to estimates of contingent considerations given in a business combination.

Goodwill is amortised on a straight-line basis over its useful economic life. This is assessed individually for each acquisition taking into account the period over which the Company expects to realise the synergies from the combination. In the rare situation that a reliable estimate cannot be made the useful life would be set to ten years but this does not apply at present.

Other intangible assets

Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. In the rare situation that a reliable estimate cannot be made the useful life would be limited to ten years but this does not apply to the Company at present.

Intangible assets are amortised over their useful economic lives using a straight-line method as follows:

Goodwill	5%-10% per annum, straight-line
Brands	5%-10% per annum, straight-line
Other intangible assets	10%-20% per annum, straight-line

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

The Company assesses at each reporting date whether there is any indication that the intangible asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the intangible asset and recognises an impairment loss for any shortfall below carrying amount.

Business combinations

Business combinations are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, on acquisition date, to the cash generating units that are expected to benefit from the synergies of the combination.

Contingent consideration is included in the cost of the combination at the acquisition date if additional payment is probable and can be measured reliably. The liability is measured at the present value of the estimated future payment, using a discount rate reflecting conditions at the acquisition date. If the additional payment becomes probable and/or reliably measurable only after the acquisition date it is recognised as an adjustment to the cost of the combination and goodwill at that time. Similarly, if estimated future payments are revised, for example due to the non-occurrence of future events that had been expected to occur, the resulting adjustment is recorded against goodwill. However, changes resulting from the unwinding of the discount are recognised in profit or loss. The Company has not recognised any contingent consideration at present.

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 £1,539,000 (2021: loss £1,912,000).

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 2022 Number	Year ended 31 December 2021 Number
Product development and manufacturing	**-**	-
Sales and marketing	**-**	-
Directors	**7**	7
Administration	**-**	-
Total	**7**	7

Their aggregate remuneration comprises:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**933**	966
Social security costs	**125**	117
Pension costs	**158**	84
Other benefits	**14**	9
Equity settled share-based payments	**-**	-
Total	**1,230**	1,176

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'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	**1,230**	1,176
Total	**1,230**	1,176

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 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**933**	966
Social security costs	**125**	117
Pension costs	**158**	84
Other benefits	**14**	9
Equity settled share-based payments	**-**	-
Total	**1,230**	1,176

Further information on Directors remuneration is included in the Remuneration Report on page 58 to 62.

5. Investments

	Investments in subsidiary undertakings shares £'000	Capital contributions from share-based payments £'000	Other investments £'000	Total £'000
Cost				
At 1 January 2022	52,671	611	31	53,313
Additions	16,015*	74	-	16,089
Dividend received out of pre-acquisition profits	(1,921)	-	-	(1,921)
At 31 December 2022	**66,765**	**685**	**31**	**67,481**
Accumulated impairment				
At 1 January 2022	-	-	(31)	(31)
Charge for the year	-	-	-	-
At 31 December 2022	**-**	**-**	**(31)**	**(31)**
Net book value				
At 31 December 2021	52,671	611	-	53,282
At 31 December 2022	**66,765**	**685**	**-**	**67,450**

Venture Life Group plc has five UK subsidiary undertakings, Venture Life Ltd (Company number 07186207), Lubatti Ltd (Company number 06704099), PeriProducts Ltd (Company number 02864374), HL Healthcare Ltd (Company number 05234145) and Venture Life Healthcare Ltd (Company number 05623945) 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 Ltd	Ordinary	100%	UK
Lubatti Ltd	Ordinary	100%	UK
PeriProducts Ltd	Ordinary	100%	UK
HL Healthcare Ltd	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

6. Intangible assets

	Brands £'000	Goodwill £'000	Other intangible assets £'000	Total £'000
Cost or valuation:				
At 1 January 2022 and 31 December 2022	**3,099**	**5,830**	**1,271**	**10,200**
Amortisation:				
At 1 January 2022	219	611	132	962
Charge for the year	179	294	106	579
At 31 December 2022	**398**	**905**	**238**	**1,541**
Carrying amount:				
At 1 January 2022	2,880	5,219	1,139	9,238
At 31 December 2022	**2,701**	**4,925**	**1,033**	**8,659**

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.

7. Acquisition

On 30 November 2022 the Company completed the acquisition of 100% of the equity of HL Healthcare Ltd, a UK based company engaged in the supply of ear, nose and throat products to customers in the UK and international partners. The acquisition consideration was £13.0 million based on enterprise value, comprising £8.0 million payment on day one, £2.0 million by way of a fully sub-ordinated loan note which is redeemable on the second anniversary following completion and accrues interest at SONIA plus 5.0%, plus up to a further £3.0 million based on the performance of the acquired business in the year ending 31 March 2023.

The price paid reflects the future value that the Company 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 of HL Healthcare introduces additional strong brands and products into the Group and customers in the areas of ear, nose and throat care. The Company 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 increases the leverage of its trading infrastructure. The acquisition has been accounted for as a business combination in the Consolidated Financial Statements of the Group to December 2022 which include the results of the HL Healthcare business for the period from 1 December 2022 to 31 December 2022.

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

Acquisition of HL Healthcare Ltd on 30 November 2022

	Fair value of Consideration
Initial consideration	8,000
Deferred consideration	2,000
Deferred contingent consideration	2,933
Working capital adjustment upon acquisition	2,251
Transaction costs	831
Total cost of investment	**16,015**

8. Debtors

	At 31 December 2022 £'000	At 31 December 2021 £'000
Amounts falling due within one year:		
Trade debtors	**127**	120
Other debtors	**12**	11
Other taxation	**170**	45
Prepayments and accrued income	**84**	375
Amounts owed by Group undertakings	**-**	-
	393	551
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	**16,967**	17,619
Aggregate amounts	**17,360**	18,170

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 Ltd in the amount of £13.2 million was re-assessed at 31 December 2022 and its impairment was unchanged at £5.5 million resulting in an impairment charge of £nil (2021: £nil) recognised in the Income Statement in respect of this. A Group loan to Lubatti Ltd in the amount of £0.8 million was re-assessed at 31 December 2022 and its impairment was unchanged at £0.5 million resulting in an impairment charge of £nil (2021: £0.5 million) recognised in the Income Statement in respect of this.

9. Creditors: amounts falling due within one year

	At 31 December 2022 £'000	At 31 December 2021 £'000
Trade creditors	**588**	184
Other taxation and social security costs	**28**	18
Accruals and deferred income	**1,217**	349
Bank loan	**-**	-
Amounts owed to Group undertakings	**4,058**	1,632
Deferred consideration	**2,947**	2,397
Other payables	**6**	30
Total	**8,844**	4,610

10. Creditors: amounts falling due after more than one year

	At 31 December 2022 £'000	At 31 December 2021 £'000
Amounts owed to Group undertakings	**-**	-
Bank loan - unsecured	**-**	-
Bank loan - secured	**17,314**	8,483
Deferred tax	**-**	988
Subordinated loan note (deferred consideration)	**2,014**	-
Total	**19,328**	9,471

As at 31 December 2022, there were no unsecured bank loans outstanding (31 December 2021, none).

11. Share capital

	At 31 December 2022 £'000	At 31 December 2021 £'000
Allotted, issued and fully paid:		
666,667 ordinary shares were issued during the year. (2021: no shares were issued during the year).		
At the balance sheet date there were 126,498,197 (2021: 125,831,530) ordinary shares of 0.3 pence each	**379**	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
Angela Couzens

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 Group
Central Square, 29 Wellington Street, Leeds, LS1 4DL

Telephone: +44 (0)871 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Email: shareholderenquiries@linkgroup.co.uk

Investor relations
Any shareholders with enquiries regarding the Group are welcome to contact Jerry Randall or Daniel Wells 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,
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Venture
Life

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