Alliance Pharma plc

For immediate release **20 September 2022**

ALLIANCE PHARMA PLC
("Alliance" or the "Group")

Results for the six months ended 30 June 2022

Alliance Pharma plc (AIM: APH), the international healthcare group, is pleased to announce its interim results for the six months ended 30 June 2022 ("the Period"). The Group navigated the challenges of H1 well and is on track to accelerate revenues in H2 as supply constraints ease and our marketing and product development initiatives stimulate greater demand. We remain on track to meet market expectations for full year financial performance, noting that the timing of certain orders in Q4 is dependent on the rate of recovery in those markets.

FINANCIAL SUMMARY

Unaudited six months ended June 30	2022 Underlying (£m)	2022 Reported (£m)	2021 Underlying (£m)	2021 Reported (£m)	Growth underlying	Growth reported
Revenue (see-through basis)*	81.6	81.6	80.9	80.9	+1%	+1%
Revenue (statutory basis)	78.8	78.8	78.6	78.6	0%	0%
Gross profit	50.6	50.6	51.6	51.6	-2%	-2%
Profit before taxation	19.7	16.5	20.1	16.5	-2%	0%
Basic earnings per share	2.90	2.43	2.99	1.54	-3%	+58%
Free cash flow*		5.1		6.5		
Cash from operations		8.4		14.5		
Net debt*		103.6		31 Dec: 87.0		
Interim dividend per share		0.592p		0.563p		

OPERATING AND FINANCIAL HIGHLIGHTS

- H1 revenue growth impacted by lockdown in Shanghai, and associated temporary disruption to supply chain, therefore, as previously indicated, performance more heavily weighted to H2 due to order phasing
- Consumer Healthcare see-through revenue* up 1% to £57.4m (H1 21: £56.8m) with 15% growth in Other Consumer Healthcare revenues offsetting softer performance in key brands
- Robust Prescription Medicine performance with revenues of £24.1m in line with prior year (H1 21: £24.1m)
- Free cash flow of £5.1m (H1 21: £6.5m). Highly strategic acquisition of ScarAway™ and US rights to Kelo-cote™ for $19.4m (£14.8m) led to an increase in net debt and Group leverage of 2.05x at Period end.

DEVELOPING OUR BUSINESS

- Integration of ScarAway™ and US rights to Kelo-cote completed, with revenues in-line with expectations
- Last remaining Nizoral™ marketing authorisations transferred from J&J to Alliance in China and Vietnam, new top-tier Chinese distributor appointed and manufacturing supply consolidation progressing well which will result in improvements in efficiencies and COGS

Alliance Pharma plc

- Several new complementary proprietary products launched, or planned to launch this year, including Kelo-cote Kids and Kelo-cote Scar Sheets in China, and Canker-X™ in the USA, all of which will contribute to ongoing organic growth
- ERP system successfully rolled out to further territories including North America
- Scope 1 and 2 emissions target set to achieve net zero in 2030, with an interim reduction of 65% by 2025

Commenting on the results, Peter Butterfield, Chief Executive Officer of Alliance, said:

"I am pleased with the performance of the Group in the first half of 2022 against the backdrop of difficult global trading conditions. Our portfolio continues to provide a robust platform from which to grow our consumer healthcare brands. I was also delighted to close a highly strategic US acquisition in the Period which consolidates our position in the scar reduction market. The integration of ScarAway has gone very smoothly and we continue to evaluate opportunities to acquire selective complementary new products to enhance our Consumer Healthcare platform.

"The second half of 2022 has got off to an encouraging start as lockdowns and supply constraints have eased. We anticipate strong sales growth in H2 as our marketing campaigns yield benefits, we integrate our new distribution partners and launch new products to grow our market share. Our FY 22 expectation includes several large distributor orders in Q4 to meet increased demand, with the timing of these orders dependent on the rate of recovery in those markets. Our base business remains strong with further new product launches expected in 2023 to secure future growth."

** The performance of the Group is assessed using Alternative Performance Measures ("APMs"), which are measures that are not defined under IFRS but are used by management to monitor ongoing business performance against both shorter term budgets and forecasts and against the Group's longer term strategic plans. APMs are defined in note 17.*

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

ANALYST MEETING & WEBCAST

A meeting for analysts will be held at 9.30am this morning, 20 September 2022, at Investec Bank plc, 30 Gresham Street, London EC2V 7QP. For further details, analysts should contact Buchanan at alliancepharma@buchanan.uk.com.

A live webcast of the analyst meeting will be available at this link:
https://webcasting.buchanan.uk.com/broadcast/6307905bda906b287e99fad3

A recording of the webcast will be made available at the investor section of Alliance's website, https://www.alliancepharmaceuticals.com/investors/

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Corporate Broking: Patrick Robb

About Alliance

Alliance Pharma plc (AIM: APH) is an international healthcare group. Our purpose is to improve the lives of consumers and patients through making available a range of clinically valuable healthcare products.

Our core focus is on the marketing of Consumer Healthcare brands, complemented by a smaller Prescription Medicines business. In total, we hold marketing rights to around 80 brands, with revenues generated from a mix of direct, distributor and e-commerce sales.

Headquartered in the UK, the Group employs around 250 people based in locations across Europe, North America, and the Asia Pacific region. By outsourcing our manufacturing and logistics operations, we remain asset-light and focused on maximising the value of our brands.

For more information on Alliance, please visit our website: www.alliancepharmaceuticals.com

Trading performance

Overview

Group see-through revenue of £81.6m was up 1% on the prior period at actual exchange rates ("AER") (H1 21: £80.9m) and down 2% at constant exchange rates ("CER"), with statutory revenue in line with the prior period at £78.8m (H1 21: £78.6m) AER and down 2% CER. As detailed in our AGM trading statement on 18 May 2022, Group performance is expected to be more heavily weighted to H2 than in previous years owing to the lockdown in Shanghai and associated temporary disruption to our supply chain, coupled with the anticipated revenue trajectory for our consumer brands.

Revenue summary

Unaudited six months ended 30 June	**2022 £m**	**2021 £m**	**Growth**	**CER growth**
Kelo-cote franchise	22.9	21.9	+5%	-3%
Amberen	7.5	9.5	-21%	-25%
Nizoral*	7.9	9.0	-12%	-12%
Other consumer brands	19.0	16.5	+15%	+15%
Consumer Healthcare	57.4	56.8	+1%	-3%
Prescription Medicines	24.1	24.1	0%	+1%
See-through revenue*	81.6	80.9	+1%	-2%
LFL Consumer Healthcare see-through revenue, excl. ScarAway*	*55.3*	*56.8*	-3%	-6%
LFL see-through revenue, excluding ScarAway*	*79.4*	*80.9*	-2%	-4%
Statutory revenue – Consumer Healthcare	54.6	54.6	0%	-4%
Statutory revenue - Group	78.8	78.6	0%	-2%
LFL Consumer Healthcare statutory revenue, excluding ScarAway	*52.5*	*54.6*	*-4%*	*-8%*
LFL Group statutory revenue, excluding ScarAway	*76.6*	*78.6*	*-3%*	*-5%*

Consumer Healthcare

Consumer Healthcare revenues of £57.4m were up 1% versus the prior period (H1 21: £56.8m), benefitting from the recent US acquisition (ScarAway and the US rights to Kelo-cote) in addition to currency tailwinds. On a statutory basis, reported revenues were flat on the prior period at £54.6m and down 4% CER.

Excluding the impact of the US acquisition, like-for-like see-through Consumer Healthcare revenue decreased by 3% AER and 6% CER to £55.3m whilst reported revenue decreased by 4% AER and 8% CER to £52.5m.

Kelo-cote – scar prevention and treatment

Revenues from the Kelo-cote franchise rose 5% in the Period to £22.9m. Adjusting for the recent acquisition and currency tailwinds, like-for-like revenues for the Kelo-cote franchise declined 12% mainly due to lower order volumes from our China cross-border e-commerce (CBEC) partner. The CBEC scar treatment market declined during H1 22 as lockdowns prevented product from entering China for some months, however the online domestic market grew, and Kelo-cote gained share. In-market demand remains strong, and the latest available data shows a return to growth for the CBEC scar treatment market in July as Chinese lockdowns have eased, with Kelo-cote gaining share in both CBEC and the domestic e-commerce market.

We continue to work with our new CBEC distributor to further develop this channel, expand reach and optimise sales as we complete the first year of implementation of this relationship. Our B2C channel is well developed and in September our Kelo-cote flagship on-line store was awarded a prestigious Tmall Global award, alongside a small number of other prominent brands, for surpassing RMB100m in annual sales for the first time. We have refined our strategy to increase our presence in the significant B2B channel, which incorporates additional distributor support with associated orders expected in Q4 to meet demand in the mid-term.

We expanded the Kelo-cote range with the launch of Kelo-cote Kids in the CBEC channel in April 2022. With only two other products in the children's CBEC scar treatment market in China we were able to drive market share gains to 20% in June 2022, driving incremental growth in the brand.

The performance of this launch has exceeded our initial expectations; new product innovation approvals have been submitted in both the UK and Germany which will allow us to launch Kelo-cote Kids in these markets in 2023.

We acquired ScarAway and the rights to Kelo-cote in the US in March 2022 to create the Group's first fully global brand. The integration of both assets has gone very smoothly with full transition completed in just four months and sales remaining in-line with expectations.

New, modernised packaging is in development and is scheduled for launch at the end of 2022 alongside a comprehensive consumer marketing campaign.

Amberen – dietary supplement for the relief of menopause symptoms (US)

Amberen revenues of £7.5m (H1 21: £9.5m) were 21% lower (-25% CER) reflecting tougher prior year comparators for the entire category in the discount bricks and mortar stores and increasing competition on-line.

We have focused our efforts on the faster growth e-commerce channel, which represents c.75% of the total market by value and are delivering market share gains in this area. We have strengthened our capabilities to optimise our positioning on Amazon in particular which should support future share gains in this channel.

We have also refreshed our claim set to support our premium pricing, engaged a new media agency and have revised our digital tactics to include connected TV, such as YouTube and Hulu. The early results are promising, and we have further initiatives planned.

In late H1 22 we launched new marketing assets, to reinforce the message that Amberen is differentiated with a clinically validated formula and is not available as a store brand. By contrast, the competitor products are composed of ingredients that might have some supportive studies individually, but no clinical validation of their specific combination.

These marketing campaigns are already showing new and improved user engagement which allows for more efficient use of marketing spend that should drive subsequent margin expansion. Whilst these campaigns are expected to drive future sales improvement in the medium term, sales in H2 22 are now expected to be in-line with H1 22. We continue to invest to ensure a strong sales strategy which, complemented by new packaging and new product development, is expected to deliver growth in 2023 and beyond.

Nizoral – medicated anti-dandruff shampoo

Following the completion of the marketing authorisation transfer for Nizoral in China from Johnson & Johnson, we transitioned to a new top-tier local distributor at the end of the Period to service the brand's largest market. Our new distributor offers a larger sales team than the partner we inherited from Johnson & Johnson and has fewer products in its portfolio which ensures more sales resources are dedicated to our account.

Nizoral see-through revenues of £7.9m (H1 21: £9.0m) were 12% lower (-12% CER), primarily due to the phasing of orders to the new distributor. However, the delayed sales from H1 22 were booked in July 2022, and full year revenues are expected to be in line with expectations. We received marketing authorisation in Vietnam in May completing the transfer from J&J to Alliance for all our markets in APAC and allowing Nizoral to be sold in Vietnam for the first time in two years.

The roll-out of our strategic brand plan for Nizoral is now well underway, with consumer activation campaigns ongoing across a number of key territories where Nizoral commands a market leading position, including Australia, South Korea, Thailand and the Philippines. These campaigns are run in partnership with our local distributors, as part of a growth strategy centred around consumer and healthcare professional activation, e-commerce, and Innovation and Development (I&D).

Our South Korean advertising campaign was launched in Q4 21, marking the first advertising initiative for the brand in nearly 10 years, and has yielded 39% growth in in-market revenue over the first four months of 2022 versus the equivalent period in 2021.

New, more environmentally sustainable packaging is being developed for launch in 2023 featuring lower plastic content in the cap and bottle. We are also in the process of consolidating our manufacturing which will deliver COGS reductions in the future, whilst lowering our carbon footprint.

Other Consumer Healthcare brands

Our underlying business remains strong, demonstrating the benefits of a diversified portfolio, with Other Consumer Healthcare revenues increasing 15% to £19.0m (H1 21: £16.5m) in both reported and constant currency.

MacuShield (eye health supplement) continues to deliver mid-single digit growth whilst Vamousse revenues began to recover as children returned to school following the end of social distancing in the US. Aloclair revenues rebounded strongly, as the destocking effects which hindered 2021 performance unwound.

Further sales detail on these brands is available in note 4.

Prescription Medicines

The Prescription Medicines business delivered robust revenues of £24.1m in-line with the prior period (H1 21: £24.1m) and up 1% at CER. Key drivers of revenue growth included Hydromol (an emollient for the treatment of eczema) where we delivered strong volume growth and successfully negotiated a price increase, and Forceval (a reimbursed vitamin and mineral supplement), where our campaign to raise awareness and educate clinicians regarding the benefits of our unique treatment for malnutrition have driven market share gains within the NHS.

We continue to manage this part of our portfolio actively, to ensure appropriate levels of investment. The overall cash generation from these assets remains good and, coupled with their limited requirement for promotional investment, this business continues to play an important part in our overall product portfolio.

Profit and loss account

We continued to manage our direct costs well in the Period. Around half of our cost base is related to the price we pay for finished goods, warehousing and distribution with approximately a quarter relating to labour. The remaining 25% comprises around 15% of discretionary marketing spend and 10% fixed overheads.

We consciously increased the level of contingency stock holding and worked closely with our CMOs to buy forward key raw materials and componentry to secure supply and to protect against inflation. As a result of these mitigating actions, we have been able to delay and offset pricing pressure to a large extent in H1.

However, changes in revenue mix, coupled with a degree of cost inflation, including warehousing and distribution costs, led to a 170 basis point (bp) decline in gross margin to 62.1% of see-through revenue (H1 21: 63.8%) and a 2% decline in gross profit to £50.6m (H1 21: £51.6m). Gross margin relative to statutory revenue was 64.3% (H1 21: 65.6%).

Allied to this, we continued our investment in the business in H1 22, improving our operating capabilities and boosting the level of marketing support provided to a number of our brands, whilst maintaining good cost control through ensuring a targeted approach to spend. Accordingly, underlying operating costs (defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges) increased by 50bp as a proportion of revenue to 34.4% (H1 21: 33.9%) of see-through sales.

This increase in investment was partially offset by a £0.5m reduction in the IFRS 2 share options charge to £1.0m for the Period (H1 21: £1.5m).

Net of the increase in operating costs and reduction in the share options charge, underlying earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased 5.4% in the Period to £21.5m

(H1 21: £22.8m), whilst underlying operating profit (EBIT) decreased by 8.5% to £19.8m (H1 21: £21.7m). A similar reduction was seen in reported operating profit, which decreased by £1.5m to £16.6m (H1 21: £18.1m).

With net finance costs of £0.1m significantly lower than the prior period (H1 21: £1.6m) due to net exchange gains of £1.9m, and an underlying tax charge of £4.1m (H1 21: £4.1m) equating to a tax rate of 20.8% (H1 21: 20.5%), underlying basic earnings per share decreased 3% to 2.90p (H1 21: 2.99p).

Cash generation

Free cash flow in the Period was £5.1m (H1 21: £6.5m). Net debt increased £16.6m to £103.6m as at 30 June 2022 (31 December 2021: £87.0m), due to the $19.4m (£14.8m) US acquisition of ScarAway and the US rights to Kelo-cote. As a result, Group leverage increased to 2.05x at Period end (31 December 2021: 1.73x).

The record trading performance in June, as reported in the market update on 20 July 2022, resulted in a strong increase in trade and other receivables at the Period end, leading to a 42% reduction in cash generated from operations to £8.4m (H1 21: £14.5m).

We expect our cash generation to increase in H2, reflecting the expected H2 weighted performance, and for leverage to reduce to approximately 1.8 times by the end of the year, in the absence of further acquisitions.

Dividend

The Board is pleased to announce that it is declaring an interim dividend payment of 0.592p per share for 2022, an increase of 5% on the interim dividend payment of 0.563p for 2021.

The interim dividend for 2022, will be paid on 19 January 2023, to shareholders on the register on 23 December 2022.

Innovation and development (I&D)

We recognise the need to invest in our business to maintain strong organic revenue growth and are committed to spending some £1m-£2m per annum on I&D with a view to generating 10% of net consumer sales from new product innovation in the future. Our dedicated I&D team has a number of projects in the pipeline, some of which will come to market in 2022, providing potential for significant organic growth in future years.

These include Canker-X, part of our Aloclair franchise, offering a differentiated treatment for mouth ulcers, specifically for the US market. Canker-X has clinically validated claims and will be the only product in the category that is free of both benzocaine and alcohol, to eliminate burning and numbing on application as well as the potential health concerns relating to these ingredients. The product will be launched in the US later this year, with bold modern packaging highlighting the use of natural ingredients in its formulation. A number of leading retailers have already committed to stocking the product which we estimate to have annual net sales potential in the low single million dollars.

As part of our strategy to leverage our Kelo-cote brand capital, in China we will also launch a range of Kelo-cote Sheets in the CBEC channel this year. Scar treatment sheets represent 15% of the scar treatment market in the US in value terms, with the remainder comprising gel or spray formulations. The Chinese sheet market is less well developed due to a limited number of competitors, particularly in the CBEC channel at 4% by value, therefore we see the potential for market expansion. We previously had no sheet product to sell in China and we intend to follow the CBEC launch with a launch in the domestic on-line channel once the necessary regulatory approvals have been received.

The sheet launch is part of our new product expansion in China and is designed to appeal to consumers who prefer to use sheets for certain conditions such as eyelid surgery, as research has shown they are keen to avoid using gel near eyes, whilst c-section patients prefer the comfort and protection of the sheet. We believe we can also encourage consumers to use both formulations in conjunction, applying one during the day and the other one at night, thereby increasing the basket value per transaction.

Operational and corporate developments

The rollout of our ERP system continues following the launch of the platform in Europe and part of North America in 2021 and is progressing well. In H1 22 we integrated our Irish affiliate and commenced work on the remainder of the North American business. All US products (Vamousse, Amberen and ScarAway) will be fully managed within our global template by the end of this month. Focus is now shifting to planning the rollout to support our global model in China and the APAC region, together with projects that will help improve our ERP Finance and Supply Chain processes and leverage the efficiency benefits of a single business platform for the whole company.

We continue to evolve our office estate to ensure it stays aligned with business needs and hybrid working patterns. We have re-located our Paris office to a more modern, fit for purpose, building. We have also made the decision not to renew the lease on our Chester office, in recognition of the fact that colleagues previously based there now work on a hybrid basis from our Chippenham HQ, so this facility is no longer required.

As we reported on 2 September 2022, the long-running Competition and Markets Authority ("CMA") investigation into anti-competitive behaviours relating to a small, out-licensed prescription product (prochlorperazine) continues, with the CMA seeking competition disqualification orders ("CDOs") against a total of seven directors from all four companies, including Mr. Peter Butterfield (Chief Executive Officer of Alliance).

Alliance fundamentally disagrees with the CMA, both in relation to the findings and in applying for a CDO against Mr. Butterfield. More information can be found by following this link:

https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=4158549&lang=en-GB&companycode=uk-aph&v=

Continuing our sustainability journey

The development and implementation of our sustainability strategy continued during the Period, under the direction of the Board Sustainability Committee. Our Sustainability Framework has been simplified, with our areas of focus now grouped under three main themes of People, Planet and Product.

Following a complete audit of our packaging estate we now have a much better understanding of the make-up of our product packaging and have the necessary resources in place to develop an actionable strategy through which to drive measurable improvements to our sustainability profile.

We have also made good progress in developing our broader environmental strategy, including our response to climate change, and have recently set our Scope 1 and 2 net zero emissions target of 2030, with an interim target of 65% reduction by 2025, versus our 2018 baseline. We continue to progress the data gathering needed to support our Scope 3 target and have now actively engaged with all our CMOs and a number of our logistics partners to understand where they are on their respective emissions reduction journeys and to request their Scope 1, 2 and 3 emissions data to help improve the methodology used for our Scope 3 calculations.

We will continue to raise the profile of sustainability within Alliance more widely throughout the remainder of 2022, with an all-employee conference in October providing a great opportunity to drive wider engagement.

For further detail, please see the Sustainability section of our website.

Board changes

As previously announced, in line with good corporate governance, David Cook, Alliance's Chair, will be stepping down next year, following the AGM in May 2023, after serving on the Board for nine years.

Jo LeCouilliard, currently a Non-executive Director of Alliance, will become Chair following the AGM in May 2023. Jo joined the Alliance Board on 1 January 2019, bringing more than 25 years of international healthcare management experience through her career at GlaxoSmithKline where, amongst other roles, she headed the US vaccines business and the Asia Pacific Pharmaceuticals business.

Current trading and outlook

The second half of 2022 has got off to an encouraging start with trading in-line with expectations. We anticipate strong sales growth in H2 across many of our major brands, including Kelo-cote and Nizoral, as we continue to work closely to integrate our new distribution partners and launch new products to grow our market share. Our FY 22 expectation includes certain large distributor orders in Q4 to meet increased demand, the timing of which is dependent on the rate of recovery in those markets. We remain committed to ensuring that consumers can access our brands in the event of potential volatility in supply chains in the future. As usual, we will continue to monitor the situation closely.

Whilst the inflationary environment remains challenging, we anticipate a stabilisation of prices for goods and support services in the mid-term and we continue to review our manufacturing and distribution network to look for efficiency benefits.

Our base business remains strong with further new product launches expected in 2023 to secure future growth.

Peter Butterfield	Andrew Franklin
Chief Executive Officer	Chief Financial Officer
20 September 2022	20 September 2022

Alliance Pharma plc

Unaudited Consolidated Income Statement

For the six months ended 30 June 2022

	Note	Unaudited Six months ended 30 June 2022			Unaudited Six months ended 30 June 2021		
		Underlying £000s	Non-Underlying £000s (Note 6)	Total £000s	Underlying £000s	Non-Underlying £000s (Note 6)	Total £000s
Revenue	4	**78,765**	**-**	**78,765**	78,629	-	78,629
Cost of sales		**(28,127)**	**-**	**(28,127)**	(27,029)	-	(27,029)
Gross profit		**50,638**	**-**	**50,638**	51,600	-	51,600
Operating expenses							
Administration and marketing expenses		**(28,820)**	**369**	**(28,451)**	(28,469)	-	(28,469)
Amortisation of intangible assets	6	**(948)**	**(3,619)**	**(4,567)**	-	(3,584)	(3,584)
Share-based employee remuneration		**(1,048)**	**-**	**(1,048)**	(1,476)	-	(1,476)
Operating profit/(loss)		**19,822**	**(3,250)**	**16,572**	21,655	(3,584)	18,071
Finance costs							
Interest payable and similar charges	5	**(2,023)**	**-**	**(2,023)**	(1,773)	-	(1,773)
Finance income	5	**1,933**	**-**	**1,933**	217	-	217
Net finance costs		**(90)**	**-**	**(90)**	(1,556)	-	(1,556)
Profit/(loss) before taxation		**19,732**	**(3,250)**	**16,482**	20,099	(3,584)	16,515
Taxation	7	**(4,102)**	**724**	**(3,378)**	(4,126)	(4,149)	(8,275)
Profit/(loss) for the period attributable to equity shareholders		**15,630**	**(2,526)**	**13,104**	15,973	(7,733)	8,240
Earnings per share							
Basic (pence)	9	**2.90**		**2.43**	2.99		1.54
Diluted (pence)	9	**2.86**		**2.40**	2.94		1.52

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Profit for the period	**13,104**	8,240
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Forward exchange forward contracts - cash flow hedge (net of deferred tax)	**(1,195)**	303
Foreign exchange translation differences (net of deferred tax)	**10,690**	(1,790)
Total comprehensive income for the period	**22,599**	6,753

Alliance Pharma plc

Unaudited Consolidated Balance Sheet

As at 30 June 2022

	Note	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Assets			
Non-current assets			
Goodwill and intangible assets	**10**	**441,240**	413,744
Property, plant and equipment	**11**	**5,166**	4,826
Deferred tax asset		**4,138**	3,526
Other non-current assets		**701**	371
		451,245	422,467
Current assets			
Inventories		**23,036**	21,075
Trade and other receivables	**12**	**44,907**	30,821
Derivative financial instruments		**-**	64
Cash and cash equivalents		**29,380**	29,061
		97,323	81,021
Total assets		**548,568**	503,488
Equity			
Ordinary share capital		**5,397**	5,382
Share premium account		**151,603**	151,328
Share option reserve		**10,728**	10,058
Other reserve		**(329)**	(329)
Cash flow hedging reserve		**(1,147)**	48
Translation reserve		**10,271**	(419)
Retained earnings		**120,406**	116,418
Total equity		**296,929**	282,486
Liabilities			
Non-current liabilities			
Loans and borrowings	**15**	**133,002**	116,060
Other liabilities	**14**	**2,540**	2,637
Deferred tax liability		**65,651**	61,728
		201,193	180,425
Current liabilities			
Corporation tax		**2,843**	1,178
Trade and other payables	**13**	**30,670**	29,930
Provisions	**16**	**9,318**	9,469
Derivative financial instruments		**1,529**	-
Dividend payable	**8**	**6,086**	-
		50,446	40,577
Total liabilities		**251,639**	221,002
Total equity and liabilities		**548,568**	503,488

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Ordinary Share Capital £000s	Share Premium account £000s	Share Option reserve £000s	Other reserve £000s	Cash flow Hedging reserve £000s	Translation reserve £000s	Retained earnings £000s	Total Equity £000s
Balance 1 January 2022 (audited)	5,382	151,328	10,058	(329)	48	(419)	116,418	282,486
Issue of shares	15	275	-	-	-	-	-	290
Dividend paid/payable	-	-	-	-	-	-	(9,116)	(9,116)
Share options charge (including deferred tax)	-	-	670	-	-	-	-	670
Transactions with owners	15	275	670	-	-	-	(9,116)	(8,156)
Profit for the period	-	-	-	-	-	-	13,104	13,104
Other comprehensive income								
Foreign exchange forward contracts - cash flow hedge (net of deferred tax)	-	-	-	-	(1,195)	-	-	(1,195)
Foreign exchange translation differences	-	-	-	-	-	10,690	-	10,690
Total comprehensive income for the period	-	-	-	-	(1,195)	10,690	13,104	22,599
Balance 30 June 2022 (unaudited)	5,397	151,603	10,728	(329)	(1,147)	10,271	120,406	296,929

	Ordinary Share Capital £000s	Share Premium account £000s	Share Option reserve £000s	Other reserve £000s	Cash flow Hedging reserve £000s	Translation reserve £000s	Retained earnings £000s	Total Equity £000s
Balance 1 January 2021 (audited)	5,329	150,645	8,426	(329)	239	(1,055)	117,703	280,958
Issue of shares	24	319	-	-	-	-	-	343
Dividend paid	-	-	-	-	-	-	(8,605)	(8,605)
Share options charge (including deferred tax)	-	-	720	-	-	-	-	720
Transactions with owners	24	319	720	-	-	-	(8,605)	(7,542)
Profit for the period	-	-	-	-	-	-	8,240	8,240
Other comprehensive income								
Foreign exchange forward contracts - cash flow hedge (net of deferred tax)	-	-	-	-	303	-	-	303
Foreign exchange translation differences	-	-	-	-	-	(1,790)	-	(1,790)
Total comprehensive income for the period	-	-	-	-	303	(1,790)	8,240	6,753
Balance 30 June 2021 (unaudited)	5,353	150,964	9,146	(329)	542	(2,845)	117,338	280,169

Alliance Pharma plc

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Operating activities			
Profit for the period before tax		**16,482**	16,515
Interest payable and similar charges	**5**	**2,023**	1,773
Interest income	**5**	**-**	(21)
Foreign exchange gain	**5**	**(1,933)**	(196)
Amortisation of intangible assets	**10**	**4,567**	3,584
Depreciation of property, plant and equipment	**11**	**765**	1,100
Share-based employee remuneration		**1,048**	1,476
Change in inventories		**(959)**	(306)
Change in trade and other receivables		**(14,415)**	(8,879)
Change in trade and other payables		**850**	(553)
Cash generated from operations		**8,428**	14,493
Tax paid		**(1,081)**	(2,236)
Cash flows from operating activities		**7,347**	12,257
Investing activities			
Acquisitions (consideration adjustment)		**(15,480)**	183
Interest received	**5**	**-**	21
Purchase of intangible assets	**10**	**(219)**	-
Purchase of property, plant and equipment	**11**	**(333)**	(4,284)
Proceeds from the disposal of intangibles		**-**	500
Net cash used in investing activities		**(16,032)**	(3,580)
Financing activities			
Interest paid and similar charges		**(1,706)**	(1,481)
Proceeds from exercise of share options		**290**	343
Capital lease payments		**(478)**	(436)
Dividend paid	**8**	**(3,030)**	(2,858)
Proceeds from borrowing	**15**	**14,925**	-
Repayment of borrowings	**15**	**(1,261)**	(5,362)
Net cash used in financing activities		**8,740**	(9,794)
Net movement in cash and cash equivalents		**55**	(1,117)
Cash and cash equivalents at beginning of period		**29,061**	28,898
Effects of exchange rate movements		**264**	(391)
Cash and cash equivalents at end of period		**29,380**	27,390

Notes to the Half Year Report

For the six months ended 30 June 2022

1. General information

Alliance Pharma plc ('the Company') and its subsidiaries (together 'the Group') acquire, market, and distribute consumer healthcare products and prescription medicines. The Company is a public limited company, limited by shares, registered, incorporated, and domiciled in England and Wales in the UK. The address of its registered office is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB.

The Company is listed on the London Stock Exchange, Alternative Investment Market ('AIM').

The information in these financial statements does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and is unaudited. These financial statements have been prepared in accordance with the AIM rules, and IAS 34 has not been adopted. A copy of the Group's statutory accounts for the year ended 31 December 2021, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRS'), has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006.

These consolidated financial statements for the six-month period ended 30 June 2022 have been approved for issue by the Board of Directors on 19 September 2022.

2. Going concern

The Group has access to a £165m fully Revolving Credit Facility ('RCF'), with an additional £50m accordion facility, expiring in July 2024.

The RCF is drawn in short to medium-term tranches of debt which are repayable within 12 months of draw-down. These tranches of debt can be rolled over provided certain conditions are met, including covenant compliance. The Group considers that it is highly unlikely it would be unable to exercise its right to roll over the debt. This due to mitigating actions it could take to maintain compliance with these conditions, including future covenant requirements, even in downside scenarios.

The Directors have prepared cashflow forecasts for a period of 12 months from the date of approval of these financial statements (the forecast period), that include current estimates for the impact of cost inflation in raw materials, componentry and labour, amongst other factors, on the Group's trading position. These indicate that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore determined it is appropriate to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

Judgements and estimates

The principal judgements and estimates made in this period are the same as those published by the Group in the 31 December 2021 Annual Report, which is available on the Group's website: www.alliancepharmaceuticals.com.

Non-underlying items

Amortisation and impairment charges for intangible assets relating to goodwill and brand and distribution rights are included as non-underlying items. The revaluation of deferred tax balances following substantial tax legislation changes are also included as non-underlying items. The Directors believe that this classification of underlying and non-underlying items, when considered together with total statutory results, provides investors, analysts and other stakeholders with helpful complementary information to better understand the financial performance and position of the Group from period to period, and allows the Group's performance to be more easily compared against the majority of its peer companies. These measures are also used by management for planning and reporting purposes. They may not be directly comparable with similarly described measures used by other companies. For further detail, please refer to note 6.

Other accounting policies

The remaining accounting policies applied in these interim financial statements are the same as those published by the Group in the 31 December 2021 Annual Report. The Annual Report is available on the Group's website.

4. Revenue

Revenue information by brand	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Consumer healthcare brands:		
Kelo-cote franchise	**22,948**	21,871
Amberen	**7,536**	9,491
Nizoral*	**5,133**	6,738
MacuShield	**4,628**	4,367
Aloclair	**4,233**	2,722
Vamousse	**2,417**	2,332
Other Consumer healthcare brands	**7,745**	7,057
Total Revenue - Consumer healthcare brands	**54,640**	54,578
Prescription medicines:		
Hydromol	**4,116**	3,384
Flamma Franchise	**3,115**	3,575
Forceval	**2,908**	2,675
Other Prescription medicines	**13,986**	14,417
Total Revenue - Prescription medicines	**24,125**	24,051
Total Revenue	**78,765**	78,629

Revenue information by geography	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Europe, Middle East and Africa (EMEA)	**40,607**	49,940
Asia Pacific and China (APAC)	**24,554**	15,653
Americas (AMER)	**13,604**	13,036
Total Revenue	**78,765**	78,629

* Nizoral is shown on a net profit basis in statutory revenue. Nizoral revenue presented on a see-through income statement basis is included as an alternative performance measure in note 17.

5. Finance costs

	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
On loans and overdrafts	**(1,662)**	(1,408)
Amortised finance issue costs	**(314)**	(318)
Interest on lease liabilities	**(47)**	(47)
Interest payable and similar charges	**(2,023)**	(1,773)
Interest income	**-**	21
Net exchange gain	**1,933**	196
Finance income	**1,933**	217
Net finance costs	**(90)**	(1,556)

6. Non-underlying items

The Group presents a number of non-IFRS measures which exclude the impact of significant non-underlying items. This is to allow investors to understand the underlying trading performance of the Group and can exclude items such as: amortisation and impairment of acquired intangible assets; restructuring costs; gains or losses on disposal; remeasurement and accounting for the passage of time in respect of contingent considerations; and the revaluation of deferred tax balances following substantial tax legislation changes. This assessment requires judgement to be applied by the Directors as to which transactions are non-underlying and whether this classification enhances the understanding of the users of the financial statements.

	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Amortisation of intangible assets	**3,619**	3,584
ScarAway acquisition costs	**(369)**	-
Total non-underlying items before taxation	**3,250**	3,584
Taxation on amortisation	**(724)**	(903)
Impact of UK tax rate change from 19% to 25%	**-**	5,052
Non-underlying taxation	**(724)**	4,149
Total non-underlying items after taxation	**2,526**	7,733

Amortisation of intangible assets

The amortisation costs of acquired intangible assets are a significant item considered unrelated to trading performance and, as such, have been presented as non-underlying. This classification is in line with the majority of peer companies of the Group.

ScarAway acquisition costs

Transaction costs related to the acquisition of ScarAway have been capitalised, including £0.4m costs accrued at 31 December 2021 which have been credited to the income statement in 2022.

Impact of UK tax rate change from 19% to 25%

In the Budget on 3 March 2021, a further change to UK corporation tax rates was announced, increasing the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. The impact on deferred tax of this further rate increase for the six months ended 30 June 2021 is included in these financial statements as a non-underlying item.

7. Taxation

Analysis of charge for the period is as follows:

	Unaudited Six months ended 30 June 2022			Unaudited Six months ended 30 June 2021		
	Underlying £000s	Non-Underlying £000s (Note 6)	Total £000s	Underlying £000s	Non-Underlying £000s (Note 6)	Total £000s
Corporation tax	**2,684**	**-**	**2,684**	4,126	-	4,126
Deferred tax	**1,418**	**(724)**	**694**	-	4,149	4,149
Taxation	**4,102**	**(724)**	**3,378**	4,126	4,149	8,275

The difference between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to profit before tax is as follows:

	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Profit before taxation	**16,482**	**16,515**
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom at 19% (2021: 19%)	**3,132**	**3,138**
Effects of:		
Non-deductible expenses and non-taxable income	**(70)**	**988**
Non-underlying amortisation and impairment	**113**	**(903)**
Differences between current and deferred tax rate (note 6)	**114**	**5,052**
Different tax rates on overseas earnings	**89**	**-**
Total tax charge	**3,378**	**8,275**

8. Dividends

The Board has declared an interim dividend payment of 0.592p per share for the 2022 financial year. This will be paid to shareholders in January 2023.

	Pence/share	Six months ended 30 June 2022 £000s
Amounts recognised as distributions to shareholders in 2022		
Interim dividend for the 2021 financial year	0.563	3,030
Final dividend for the 2021 financial year	1.128	6,086
		9,116

The interim dividend for 2021 was paid on 7 January 2022. The final dividend for 2021 was paid on 7 July 2022.

	Pence/share	Six months ended 30 June 2021 £000s
Amounts recognised as distributions to shareholders in 2021		
Interim dividend for the 2020 financial year	0.536	2,858
Final dividend for the 2020 financial year	1.074	5,747
		8,605

The interim dividend for 2020 was paid on 7 January 2021. The final dividend for 2020 was paid on 8 July 2021.

9. Earnings per share ('EPS')

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. For diluted EPS, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares.

A reconciliation of the weighted average number of Ordinary Shares used in the measures is given below:

	Weighted average number of shares 000s	
	Six months ended 30 June 2022	**Six months ended 30 June 2021**
For basic EPS	**539,077**	534,189
Share options	**7,846**	8,667
For diluted EPS	**546,923**	542,855

	Six months to 30 June 2022 £000s	Six months to 30 June 2021 £000s
Earnings for basic and diluted EPS	13,104	8,240
Non-underlying items (note 6)	2,526	7,733
Earnings for underlying basic and diluted EPS	15,630	15,973

The resulting EPS measures are:

	Six months to 30 June 2022 Pence	Six months to 30 June 2021 Pence
Basic EPS	**2.43**	1.54
Diluted EPS	**2.40**	1.52
Underlying basic EPS	**2.90**	2.99
Underlying diluted EPS	**2.86**	2.94

10. Goodwill and intangible assets

	Goodwill £000s	Consumer Healthcare brands and distribution rights £000s	Prescription Medicines brands and distribution rights £000s	Computer software £000s	Total £000s
Cost					
At 1 January 2022 (audited)	32,382	260,080	151,544	15,043	459,049
Additions	-	15,178	-	219	15,397
Exchange adjustments	2,026	14,089	551	-	16,666
At 30 June 2022 (unaudited)	**34,408**	**289,347**	**152,095**	**15,262**	**491,112**
Amortisation and impairment					
At 1 January 2022 (audited)	1,144	8,185	34,614	1,362	45,305
Amortisation for the period (note 6)	-	113	3,506	948	4,567
At 30 June 2022 (unaudited)	**1,144**	**8,298**	**38,120**	**2,310**	**49,872**
Net book amount					
At 30 June 2022 (unaudited)	**33,264**	**281,049**	**113,975**	**12,952**	**441,240**
At 1 January 2022 (audited)	31,238	251,895	116,930	13,681	413,744

Included in additions in the year is £15.2m, including transaction costs, relating to the purchase of the ScarAway brand asset which completed in March 2022.

11. Property, plant and equipment

The Group	Computer software and equipment £000s	Fixtures, fittings and equipment £000s	Plant & machinery £000s	Right-of-use lease assets £000s	Total £000s
Cost					
At 1 January 2022 (audited)	2,037	3,730	73	6,306	12,146
Additions	86	138	-	881	1,105
Disposals	-	-	-	(553)	(553)
At 30 June 2022 (unaudited)	**2,123**	**3,868**	**73**	**6,634**	**12,698**
Depreciation					
At 1 January 2022 (audited)	1,670	1,741	36	3,873	7,320
Provided in the period	84	245	6	430	765
Disposals	-	-	-	(553)	(553)
At 30 June 2022 (unaudited)	**1,754**	**1,986**	**42**	**3,750**	**7,532**
Net book amount					
At 30 June 2022 (unaudited)	**369**	**1,882**	**31**	**2,884**	**5,166**
At 1 January 2022 (audited)	367	1,989	37	2,433	4,826

12. Trade and other receivables

	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Trade receivables	**39,459**	23,929
Other receivables	**1,680**	1,953
Prepayments	**2,598**	3,102
Accrued income	**1,170**	1,837
	44,907	30,821

13. Trade and other payables

	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Trade payables	**11,575**	8,341
Other taxes and social security costs	**2,170**	2,773
Accruals and deferred income	**15,806**	17,512
Other payables	**213**	848
Lease liabilities	**906**	456
	30,670	29,930

14. Other non-current liabilities

	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Lease liabilities	**2,331**	2,426
Other non-current liabilities	**209**	211
	2,540	2,637

15. Loans and borrowings

The Group has a £165m fully Revolving Credit Facility ('RCF'), together with a £50m accordion facility, with a syndicate of lenders. This facility is available until July 2024. This has been classified as a non-current liability.

The bank facility is secured by a fixed and floating charge over the Company's and Group's assets registered with Companies House.

The Group also has access to an overdraft facility of £2m.

Movements in borrowings are analysed as follows:

	£000s
At 1 January 2022 (audited)	116,060
Net (payment) /receipts from borrowing	(1,261)
Additional borrowings	14,925
Amortisation of prepaid arrangement fees	332
Exchange movements*	2,946
At 30 June 2022 (unaudited)	**133,002**

* Exchange movements on loans and borrowings with effective net investment hedges are reported in other comprehensive income and accumulated in the translation reserve.

The Group's debt is provided on a floating interest rate basis.

The interest rate exposure of the financial liabilities of the Group at the period end was:

Floating rate interest exposure	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Bank loans - Sterling denominated	**96,817**	96,817
Bank loans - US Dollar denominated	**30,013**	12,313
Bank loans - Euro denominated	**6,807**	7,895
Total financial liabilities	**133,637**	117,025
Unamortised issue costs	**(635)**	(965)
Net book value of financial liabilities	**133,002**	116,060

16. Provisions

The Group	CMA provision £000s	Restructuring provision £000s	Total £000s
Cost			
At 1 January 2022 (audited)	7,900	1,569	9,469
Utilised during the period	-	(151)	(151)
At 30 June 2022 (unaudited)	**7,900**	**1,418**	**9,318**

On 23 May 2019 the UK's Competition and Markets Authority ('CMA') issued a Statement of Objection alleging anti-competitive agreement involving the Group and certain other pharmaceutical companies in relation to the sale of prescription prochlorperazine. Prochlorperazine is one of the Group's smaller products and had peak sales in 2015 of £1.9m and sales of £0.7m in 2021.

On 3 February 2022, the CMA announced its finding that four companies, including Alliance, had infringed competition law (the "Infringement Decision"). The Alliance Board fundamentally disagree with the CMA's finding. The Group believes that it has a strong case and has appealed the CMA's decision, and the proposed fine of £7.9m, with its appeal now fixed to be heard at the Competition Appeal Tribunal from 5th June 2023.

Despite its Appeal, the Directors believe that, as a result of the Infringement Decision, a provision of £7.9m should be recorded at 30 June 2022 (31 December 2021: £7.9m).

This reflects the amount of the proposed fine communicated by the CMA, and therefore, notwithstanding the Directors' belief as to the merits of the grounds on which it is appealing the CMA decision, the Directors consider this to be the appropriate position given that, in the event that the Group's appeal proved to be unsuccessful, the ultimate level of the fine cannot be greater than this. In addition, in the event the Group's appeal were to prove to be unsuccessful, the Directors consider that there are strong grounds upon which the amount of the fine could be reduced. However, as this is a matter which cannot be predicted with certainty at this time the Directors believe that the most appropriate course of action is to include the maximum potential amount of the fine.

If the appeal is unsuccessful, the Group may also be liable for a proportion of the legal costs of the CMA relating to the appeal. The Group has not recorded a provision in relation to these potential litigation costs as their amount cannot be reliably estimated.

In accordance with IAS 37.92, the Group does not provide further information on the grounds that this could seriously prejudice the outcome of the appeal.

The restructuring provision of £1.4m at 30 June 2022 (31 December 2021: £1.6m) relates to the balance of restructuring costs in relation to the closure of the Milan office following a change to the operating model for our direct-to-market business in Italy.

17. Alternative performance measures

The performance of the Group is assessed using Alternative Performance Measures ('APMs'). The Group's results are presented both before and after non-underlying items. Adjusted profitability measures are presented excluding non-underlying items as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next and with similar businesses. In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts but also against the Group's longer-term strategic plans. APMs used to explain and monitor Group performance are:

Measure	**Definition**	**Reconciliation to GAAP measure**
Underlying EBIT and EBITDA	Earnings before interest, tax and non-underlying items (EBIT also referred to as underlying operating profit), then depreciation, amortisation and underlying impairment (EBITDA). Calculated by taking profit before tax and financing costs, excluding non-underlying items and adding back depreciation and amortisation. EBITDA margin is calculated using see-though revenue.	Note A below
Free cash flow	Free cash flow is defined as cash generated from operations less cash payments made for interest payable and similar charges, capital expenditure and tax.	Note B below
Net debt	Net debt is defined as the Group's gross bank debt position net of finance issue costs and cash.	Note C below
See-through income statement	Under the terms of the transitional services agreement with certain supply partners, Alliance receives the benefit of the net profit on sales of Nizoral from the date of acquisition up until the product licences in the Asia-Pacific territories transfer to Alliance. The net product margin is recognised as part of statutory revenue. The see-through income statement recognises the underlying sales and cost of sales which give rise to the net product margin, as management consider this to be a more meaningful representation of the underlying performance of the business, and to reflect the way in which it is managed.	Note D below
Constant exchange rate (CER) revenue	Like-for-like revenue, impact of acquisitions and total see-through revenue stated so that the portion denominated in non-sterling currencies is retranslated using foreign exchange rates from the previous financial year.	Note E below
Like-for-like	Like-for-like figures compare financial results in one period with those for the previous period, excluding the impact of acquisitions and disposals made in either period. For 2021, like-for-like revenue excludes the impact of ScarAway & Kelo-cote US brand and distribution rights which were acquired in March 2022	Not needed

A. Underlying EBIT and EBITDA

Reconciliation of Underlying EBIT and EBITDA	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Profit before tax	**16,482**	16,515
Non-underlying items (note 6)	**3,250**	3,584
Net finance costs (note 5)	**90**	1,556
Underlying EBIT	**19,822**	21,655
Depreciation (note 11)	**765**	1,100
Underlying amortisation (note 10)	**948**	-
Underlying EBITDA	**21,535**	22,755

B. Free cash flow

Reconciliation of free cash flow	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
Cash generated from operations	**8,428**	14,493
Financing costs	**(1,706)**	(1,481)
Capital expenditure	**(552)**	(4,284)
Tax paid	**(1,081)**	(2,236)
Free cash flow	**5,089**	6,492

C. Net debt

Reconciliation of net debt	Unaudited 30 June 2022 £000s	Audited 31 December 2021 £000s
Loans and borrowings – non-current	**(133,002)**	(116,060)
Cash and cash equivalents	**29,380**	29,061
Net debt	**(103,622)**	(86,999)

D. See-through income statement

	Unaudited Six months ended 30 June 2022 statutory values £000s	See-through adjustment £000s	Unaudited Six months ended 30 June 2022 see-through values £000s
Revenue	**78,765**	**2,789**	**81,554**
Cost of sales	(28,127)	(2,789)	(30,916)
Gross profit	**50,638**	**-**	**50,638**
Gross profit margin	64.3%	-	62.1%

	Unaudited Six months ended 30 June 2021 statutory values £000s	See-through adjustment £000s	Unaudited Six months ended 30 June 2021 see-through values £000s
Revenue	**78,629**	**2,224**	**80,853**
Cost of sales	(27,029)	(2,224)	(29,253)
Gross profit	**51,600**	**-**	**51,600**
Gross profit margin	65.6%	-	63.8%

There is no impact from the see-through adjustment on income statement lines below gross profit.

E. Constant exchange rate revenue

See-through revenue	Unaudited Six months ended 30 June 2022 £000s	Foreign exchange impact £000s	Unaudited Six months ended 30 June 2022 CER £000s
LFL see-through revenue - Consumer Healthcare brands	**55,246**	**(2,002)**	**53,244**
LFL see-through revenue - Prescription Medicines	**24,125**	**186**	**24,311**
Like-for-like see-through revenue	**79,371**	**(1,816)**	**77,555**
Impact of acquisitions (ScarAway & Kelo-cote US)	**2,183**	**(176)**	**2,007**
See-through revenue (Note E)	**81,554**	**(1,992)**	**79,562**