



An Alliance of people, partners and brands, working together to achieve more



Strategic Report
Read about the development of our ecosystem in China
See page 08

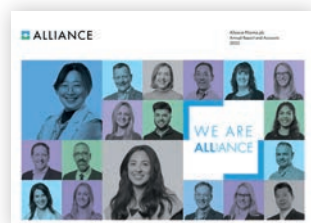


Governance
Read about how we have strengthened our Board
See page 57



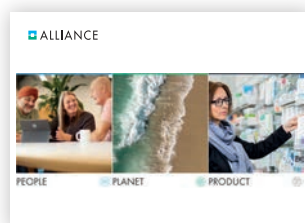
Financial Statements
Read about the roll out of our ERP system in APAC
See page 104

HOW WE REPORT TO OUR STAKEHOLDERS



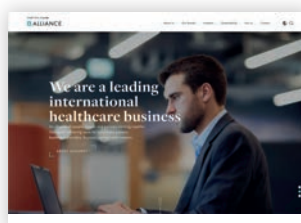
Annual Report

View our report online at alliancepharmaceuticals.com/investors/2023-annual-report



Online Sustainability Report

Sustainability report at osr23.alliancepharmaceuticals.com



Our website

Visit our main site for further information at alliancepharmaceuticals.com

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WHO WE ARE

An international Consumer Healthcare Company, empowering people to make a positive difference to their health and wellbeing, through making our trusted and proven brands available around the world.

WE ARE
ALLIANCE



BASED IN
9
STRATEGIC LOCATIONS

A TEAM OF
292
TALENTED PEOPLE
AS AT 31 DECEMBER 2023

Working together to deliver value for our stakeholders through maximising the value of our brands.



**INVESTING IN OUR
PRIORITY BRANDS
AND CHANNELS**

**INNOVATING
TO ENSURE OUR
BRANDS REMAIN
RELEVANT**

**SELECTIVELY
EXTENDING THE
GEOGRAPHIC
REACH OF OUR
BRANDS**

Outsourcing capital-intensive activities, such as manufacturing and logistics, to allow us to focus on what we do best.

CHAIR'S INTRODUCTION

Chair's introduction

“

I am delighted to have joined the Board as Chair this February. I'd like to thank everyone at Alliance for delivering the 2023 results and for welcoming me to the Company.”

Camillo Pane
Chair



I am delighted to have joined the Board as Chair this February at such an exciting and important time for the Company. Alliance has a strong global footprint in several fast growth Consumer Healthcare categories.

I'd like to start by thanking you for your patience as we endured a number of audit delays. This process has been extremely frustrating for all of us, and whilst it has taken much longer than we anticipated to complete the audit, the delay has allowed us time to implement a thorough review of our processes, and perform more detailed work in respect of impairments. This enhanced impairment review is now more robust, and we are working on a plan to ensure we are in a strong position for future audits.

Over the past few months, I have enjoyed meeting members of the executive team, global senior leaders, and colleagues based in both Chippenham and Paris. I appreciate their knowledge, skills and enthusiasm, and am excited for the opportunities that lie ahead.

I am pleased to have appointed Nick Sedgwick as our new CEO on 13 May 2024, following Peter Butterfield's decision to leave the company. I thank Peter for all that he has done for Alliance over the past 14 years and wish him well in his future endeavours.

In the next few months I will spend time with the management team to deepen my understanding of the business as I look to support the enhancement of the group's strategy, with a strong focus on organic growth through marketing, innovation and geographical diversification, and to ensure we deliver value.

I'd like to thank everyone at Alliance for delivering the 2023 results and for welcoming me to the Company. I look forward to sharing my vision for the long-term future of Alliance later this year.

Finally, I would like to congratulate Alliance for its successful appeal at the Competition Appeal Tribunal, which was announced on 23 May 2024, and unequivocally cleared the company and its former Directors, Peter Butterfield and John Dawson, of any anti-competitive behaviours.

A handwritten signature of Camillo Pane in black ink.

Camillo Pane
Chair
18 June 2024

2023 PERFORMANCE OVERVIEW

SEE-THROUGH REVENUE¹

£182.7m +6%

(2022: £172.0m)

STATUTORY REVENUE

£180.7m +8%

(2022: £167.4m)

FREE CASH FLOW¹

£21.3m +35%

(2022: £15.8m)

UNDERLYING PROFIT/(LOSS) BEFORE TAX¹

£31.5m +4%

(2022: £30.3m)

REPORTED PROFIT/(LOSS) BEFORE TAX

£(48.8)m +111%

(2022: (£23.1)m)²

NET DEBT^{1,3}

£91.2m -11%

(2022: £102.0m)

UNDERLYING BASIC EPS¹

4.55p +6%

(2022: 4.28p)

REPORTED BASIC EPS

(6.13)p +56%

(2022: (3.93)p)²

- 1 Non-IFRS Alternative Performance Measures ("APMs"), (see note 30). 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.
- 2 Restated. See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.
- 3 Net debt excludes leases.

29%

**KELO-COTE™: GROWTH
IN KELO-COTE
FRANCHISE REVENUES**

[Read more on page 21](#)



20%

**SCARAWAY™:
INCREASE IN
LIKE FOR LIKE SALES**

[Read more on page 20](#)



100%

**ON-TIME IN FULL NIZORAL™
DELIVERY, SIGNIFICANT
IMPROVEMENT**

[Read more on page 22](#)



2023 A YEAR IN REVIEW

Following a challenging H1, a strong H2 performance drove record sales for 2023, leading to underlying profit expansion. The performance of our Kelo-Cote™ franchise was particularly impressive, growing 29% CER including sales from ScarAway™, whilst Amberen was weaker than expected. We doubled the amount of revenues from products launched from our own innovation and development pipeline. With further investment planned to support new product development and increased marketing, the Group is well-positioned for growth over the medium term.



- Consumer Healthcare See-through revenue¹ up 11% at constant exchange rates ("CER") to £136.4m (2022: £125.2m) and up 9% on a reported basis.
- Continued strong consumer demand driving significant recovery in Kelo-Cote franchise revenues in H2, with FY revenues reaching £63.2m, +29% CER.



- Prescription Medicines performance broadly stable with revenues of £46.3m (2022: £46.8m).
- Strong performance from latest US acquisition, ScarAway, with £9.9m revenue, up 20% CER on like-for-like basis, exceeding original expectations.



- Progress continues to be made on brand innovation, with £3.5m of revenues from internal development (more than double the £1.7m in 2022).
- Non-cash impairments of £79.3m due to lowered future cash flow expectations and higher cost of capital, of which £46.4m relates to Amberen, £10.3m to Nizoral, and £22.6m to twenty smaller assets in aggregate.
- The correction of valuation errors for the prior year has yielded a £28.3m increase to non-cash impairment charges reported in 2022, of which £20.0m relates to Amberen and £8.3m to other intangibles.
- Underlying PBT increased 4% to £31.5m (2022: £30.3m) and reported loss before tax was £48.8m (2022 restated: £23.1m loss).
- Reported PBT loss of £48.8m on higher impairment charges (2022 restated: £23.1m loss).
- Robust free cash flow of £21.3m (2022: £15.8m), up 35%.
- Group leverage reduced to 2.05x at 31 December 2023 (2.69x at June 2023; 2.57x at 31 December 2022).

- Dividend paused while Board considers new policy.
- Leveraged our ecommerce knowledge to broaden the geographic reach of our ecommerce platforms and enter new markets, with further expansion planned in 2024.
- Nizoral™ manufacturing moved from Belgium to Thailand driving cost savings, improving on-time-in-full order delivery and reducing carbon emissions.
- 48% reduction in Scope 1 and 2 emissions (versus 2018 baseline), on track to meet interim 65% reduction target by 2025 and achieve net zero in 2030. Scope 3 emissions target set to achieve net zero by 2044 (versus 2022 baseline), with an interim reduction target of 25% by 2030.



- Re-certified as a Great Place To Work® in UK, US, China and Singapore.
- Strengthened Board of Directors with appointment of Jeyan Heper, Martin Sutherland, Richard McKenzie and Eva-Lotta Sjöstedt. Post year end appointments of new Independent Chair, Camillo Pane and new CEO, Nick Sedgwick.
- Successful appeal of Competition and Markets Authority decision clearing Alliance, Peter Butterfield and John Dawson (former CEOs) of any wrongdoing. £7.9m provision for potential fine now released.

¹ 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.

² See note 2.20 for an explanation and analysis of the prior year restatement in respect of 31 December 2022.

A CLEAR PURPOSE



PURPOSE

We empower people to make a positive difference to their health and wellbeing



VISION

To be a high-performing consumer healthcare company, built on a portfolio of leading, trusted and proven brands

WHERE WE WILL FOCUS

Helping Damaged Skin

Supporting Healthy Ageing

Other High-Performing Brands

Core Priority Markets

HOW WE WILL WIN – 4 STRATEGIC PRIORITIES

[Read more on page 18](#)



BRAND GROWTH



COMMERCIAL EXECUTION



STRATEGIC SUPPLY PARTNERSHIPS



ORGANISATIONAL AGILITY

UNDERPINNED BY OUR VALUES

[Read more on page 06](#)



Performance



Realism



Accountability



Integrity



Skill



Entrepreneurship

SUPPORTED BY OUR SUSTAINABILITY STRATEGY

[Read more on page 28](#)



PEOPLE



PLANET



PRODUCT

LIVING OUR VALUES

Our PRAISE values are at the heart of how we work together; they are central to what makes Alliance unique.

Performance



“Our UK campaign boosted sales and strengthened the Kelo-Cote™ brand.”

With limited consumer awareness of the scar treatment category in the UK, we sought to develop a creative campaign with a key focus on empowering women, to support Kelo-Cote's retail launch in Boots. We used pilot testing to ensure this message resonated with our target market: 18-50 year old women. Featuring real people with real scars, we ran an out-of-home billboard campaign in the UK during 2023, which delivered 60% sales increase at Boots and a 12 point increase in prompted brand awareness. Our campaign has since been recognised by the Pharmaceutical Marketing Society as Best Digital Brand Promotion.



Listen to **Jessica**
talk about
Living Our Values

Jessica Gray
Marketing Manager



Realism



“Our success is due to great teamwork and outstanding planning and delivery.”

Singles' Day takes place in China every November. It is the world's biggest shopping festival and a global ecommerce phenomenon. Following our success at the festival in 2022, our cross-functional team and our partners worked together closely to plan and accomplish an exceptional performance for Alliance products in 2023. We achieved +197% year-on-year growth and sales worth £3.0m during the festival. We sold 144,000 units of our products and close to one million people visited our Tmall store and live-streaming shows.



Listen to **Natalie**
talk about
Living Our Values

Natalie Bayes
Senior Global Brand
Manager, Kelo-Cote



Accountability



“We take responsibility for ethical conduct in all of our business operations.”

During 2023, we continued to focus on ethical and legal compliance, which is fundamentally important to our business. We launched our Employee Code of Conduct, continued to embed our Partner Code of Conduct and strengthened our suite of policy documents. Employees and other stakeholders now have access to Safecall, an independent speak up helpline that is available in every country in which we operate. In addition, we introduced a new, more comprehensive programme of online compliance training to upskill our employees and contractors.



Listen to **Gaby**
talk about
Living Our Values

Gaby Gray
Head of Legal



LIVING OUR VALUES CONTINUED

WE ARE
ALLIANCE

Integrity



“
We work hard to ensure the integrity
of our products and supply chain.”

As a business, we value integrity in all of our operations and this extends to our products and supply chain. Counterfeiting and illicit trade put our consumers and patients at risk of serious adverse health effects and deprive them of the benefits that our products bring. We work closely with government agencies, law enforcement and other organisations to prevent, detect and respond to illicit trade. In 2023, we substantially reduced counterfeiting of Kelo-Cote™ in China through security measures, which included monitoring, investigations and raids. Further anti-counterfeiting measures will follow in 2024.



Listen to **Rhodri**
talk about
Living Our Values

Rhodri Smith
Head of Global Brand Protection



Skill



“
Our skilled colleagues step up
when faced with a challenge.”

The regulatory transition from the European Medical Device Directive (“MDD”) to the complex and detailed new Medical Device Regulation (“MDR”) has required painstaking and meticulous work from our cross-functional team; necessitating extensive engagement with regulators and notifying bodies to clarify guidance. The new legislation did impact the supply of certain products in 2023, but we worked hard to resolve the situation effectively. We welcome the higher safety standards of the MDR and, thanks to our skilled team, we remain on track in terms of compliance with all affected products now back in stock.



Listen to **Richard**
talk about how Keilli
Lives Our Values

Keili Lawrence
Regulatory Affairs Specialist



Entrepreneurship



“
I have learned more at Alliance
than I could have imagined.”

The Alliance graduate development programme has given me the opportunity to explore and develop my entrepreneurial skills. I was encouraged to choose my own pathway and to step up to hold leadership responsibilities on major projects. The highlight so far has been my three-month rotation in Singapore - an exciting and dynamic environment where I helped to launch Kelo-Cote on ecommerce sites in Australia, Malaysia and Singapore. Exceptional mentoring and support have allowed me to really contribute to the success of the business, and I am excited about my future at Alliance.



Listen to **Georgia**
talk about
Living Our Values

Georgia Wood
Commercial Graduate

