Financial Review

The Group delivered underlying PBT in line with 2023

"Performance in 2024 was consistent with expectations, with underlying Group PBT in line with the prior year due to our deliberate increased investment to support our key brands."

Andrew Franklin
Chief Financial Officer

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UNDERLYING PBT
£31.5m
+0%
(2023: £31.5m)

Summary income statement

Year ended 31 December

	2024 £m	2023 £m	Growth
See-through revenue[1]	**180.3**	182.7	-1%
Statutory revenue	**178.8**	180.7	-1%
Gross profit	**109.3**	105.0	4%
Operating costs[2]	**66.2**	60.0	10%
Underlying EBITDA[1]	**43.1**	45.0	-4%
Depreciation and underlying amortisation	**3.2**	3.1	3%
Underlying operating profit ("EBIT")[1]	**39.9**	41.9	-5%
Finance costs	**8.4**	10.4	-19%
Underlying profit before taxation[1]	**31.5**	31.5	0%
Non-underlying items before taxation	**46.0**	80.3	-43%
Reported profit/(loss) before taxation	**(14.5)**	(48.8)	NM[3]
Underlying basic earnings per share[1]	**4.36**	4.55p	-4%
Reported basic earnings per share	**(1.99)p**	(6.13)p	NM[3]
Proposed total dividend per share	**nil**	nil	NM[3]

1. 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 30.

   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 on Nizoral™ sales made on an agency basis is included within revenue, in line with IFRS 15.

   Underlying profitability metrics are presented, as we believe this provides investors with useful information about the performance of the business. In 2024 and 2023, underlying results exclude the amortisation and impairment of acquired intangible assets. Further detail can be found in note 5.
2. Including share-based employee remuneration.
3. Not meaningful to show as a percentage movement given the significant changes in numbers which have been explained elsewhere.

Financial Review continued

Revenue summary

Year ended 31 December

	2024 £m	2023 £m	Growth	CER growth
Kelo-Cote™ franchise	**65.4**	63.2	4%	6%
Amberen®	**10.1**	11.2	-10%	-7%
Nizoral™	**16.4**	21.7	-24%	-21%
MacuShield™	**10.2**	9.2	11%	11%
Other Consumer brands[1]	**28.6**	31.1[1]	-8%	-6%
Total Consumer Healthcare	**130.7**	136.4	-4%	-2%
Hydromol™	**10.3**	9.0	14%	14%
Other Prescription Medicines[1]	**39.3**	37.3	5%	6%
Total Prescription Medicines	**49.6**	46.3	7%	8%
See-through revenue	**180.3**	182.7	-1%	1%
Statutory revenue – Consumer Healthcare	**129.2**	134.3	-4%	-2%
Statutory revenue – Group	**178.8**	180.7	-1%	2%

1 2023 Other Consumer brands restated to exclude MacuShield™, which is now detailed separately. 2023 Other Prescription Medicines restated to exclude Hydromol™, which is now detailed separately.

Revenues

The Group delivered see-through revenues in the period of £180.3m (FY23: £182.7m), up 1% at constant exchange rates ("CER") and down 1% on a reported basis versus the prior period. Whilst revenues declined in some of our brands, namely Nizoral™, we delivered strong performance in Kelo-Cote™, MacuShield™, Hydromol™, Aloclair™ and Forceval™.

Group revenue was adversely affected by exchange rate movements throughout 2024, principally the strengthening of Sterling against the US Dollar and Euro, which decreased see-through revenue by approximately £3.4m. Statutory revenue decreased 1% to £178.8m (2023: £180.7m).

Consumer Healthcare

Total Consumer Healthcare see-through revenues for the Year were £130.7m (2023: £136.4m), down 4% on the prior year (-2% CER). On a statutory basis, reported Consumer Healthcare revenues were £129.2m, down 4% from the previous year (2023: £134.3m) and down 2% CER.

Kelo-Cote™ franchise revenues grew 6% CER to £65.4m (FY23: £63.2m) in line with previous guidance of mid-single digit revenue growth.

Whilst we remain committed to moving to smaller, more regular orders in China, this is taking longer than anticipated.

Nizoral™ see-through revenues declined 21% CER to £16.4m (FY23: £21.7m) due to the timing of distributor orders.

Amberen® revenues declined 7% CER to £10.1m (FY23: £11.2m) due to softer trading on Amazon following the loss of the Buy Box to unauthorised resellers, which has now been resolved, and slower adoption of new product launches than anticipated.

MacuShield™ revenues grew 11% CER to £10.2m (2023: £9.2m) boosted by new product launches in addition to increased focus and investment to optimise Amazon distribution in the UK.

Other Consumer brands declined 6% CER to £28.6m (FY23 restated: £31.1m) due to weakness in Lefuzhi and Ashton & Parsons.

Prescription Medicines

Prescription Medicine revenues increased 8% CER to £49.6m (FY23: £46.3m). Hydromol™ revenues increased 14% CER to £10.3m (FY23: £9.0m) as we launched our first ever direct to consumer communication campaign to target consumers and boost sales via Amazon. Forceval™ delivered another solid performance with revenues up 20% CER to £7.9m (FY23: £6.6m) and other Prescription Medicine revenues showed strong recovery as previously out-of-stock products became available.

Profit and loss development

Whilst see-through revenues decreased 1% in the year, gross profit increased 4% to £109.3m (2023: £105.0m) due to favourable product mix and a reduction in COGS relating to Nizoral™ following the move in manufacturing. Gross margin increased by 310 basis points to 60.6% of see-through revenue (2023: 57.5%) and gross margin relative to statutory revenue was 61.1% (2023: 58.1%).

However, with a deliberate focus on increasing investment to support our key brands and operations, operating costs (defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges) increased 9% versus the prior year to £64.5m (2023: £59.1m).

With a £0.8m increase in share option charges versus prior year (2024: £1.6m, 2023: £0.9m) underlying earnings before interest, taxes, depreciation, and underlying amortisation ("EBITDA") decreased 4% to £43.1m (2023: £45.0m), whilst underlying operating profit ("EBIT") decreased by 5% to £39.9m (2023: £41.9m). Reported operating loss decreased by £30.3m to give an £8.1m loss (2023: £38.4m loss), after non-underlying items of £48.0m (2023: £80.3m).

Net finance costs of £8.4m (2023: £10.4m) include a £0.8m decrease in interest payable to £9.2m (2023: £10.0m), due to lower debt balances, with net exchange gains of £0.8m (£0.5m loss in 2023).

As a result of lower finance costs, underlying profit before tax was unchanged at £31.5m (2023: £31.5m), resulting in a 30 basis-point margin increase to 17.5% of see-through revenues (2023:17.2%). Reported profit before tax increased to a £14.5m loss (2023: £48.8m loss), primarily due to lower non-underlying impairment charges in 2024.

Financial Review continued

With an underlying tax charge of £7.9m (2023: £6.9m) equating to an underlying effective tax rate of 25.2% (2023: 22.0%), underlying basic earnings per share decreased 4% to 4.36p (2023: 4.55p). Reported basic earnings per share was a loss of 1.99p (2023: 6.13p loss), a reduced loss versus the prior year due to the lower impact from non-underlying items on reported earnings in 2024 versus 2023.

Further detail on non-underlying items is provided below and in note 5.

Non-underlying items

Non-underlying items in the year comprised impairment charges identified as a result of the annual impairment review, amortisation charges for Prescription Medicines and certain other brand assets, together with restructuring costs (see note 5).

For 2024, net impairment charges of £36.5m (2023: £79.3m) include a charge of £23.5m in relation to Amberen® (2023: £46.4m), together with £13.0m (net of £2.4m impairment reversals) relating to a number of other products and associated goodwill. These impairments were driven by changes to their financial outlook and updates to central overhead allocations.

Following a comprehensive review of our portfolio to identify brands that were highly complex to maintain, had a high risk of unreliable supply and yielded low profitability, we made the decision to discontinue six assets and divest eight. The disposal of these eight brands yielded cash proceeds of £2.8m in December 2024 and a profit on disposal (net of costs to sell and residual net book value of disposed assets) of £2.4m, which has been included as a non-underlying item.

Balance sheet development

Intangible assets decreased by £46.4m in the year to £253.6m (31 December 2023: £300.0m) reflecting net non-underlying amortisation and impairment charges of £43.0m, underlying amortisation of £1.9m, exchange rate-related revaluation adjustments of £0.7m and £0.8m net book value of disposals.

Net working capital at 31 December 2024 was £40.1m, a decrease of £3.3m on that at the start of the year (31 December 2023: £43.4m).

Inventories, net of provisions, decreased £3.2m to £22.5m at 31 December 2024 (31 December 2023: £25.7m).

Trade and other receivables decreased by £5.3m to £49.4m, reflecting the timing of sales and cash receipts in the second half of the year, versus the equivalent period in 2023. Trade and other payables decreased £5.2m on the prior year to £31.8m.

Cash generation

Free cash flow (see note 30 for definition) for the year rose 37% to £29.1m (2023: £21.3m), due to the strong trading performance in H2 and improved working capital. Cash generated from operations increased by 20% to £44.3m (2023: £36.9m).

This solid cash generation supported a reduction in net debt (excluding lease liabilities) of £31.1m to £60.1m at 31 December 2024 (31 December 2023: £91.2m), with Group leverage (the ratio of net bank debt to EBITDA) decreasing to 1.39 times (31 December 2023: 2.05 times). Interest rate cover (the ratio of EBITDA to finance charges) increased to 5.03 times (31 December 2023: 4.82 times) reflecting the decrease in net interest cost on lower debt outstanding.

Net debt and Group leverage are both expected to fall further during 2025, with Group leverage expected to be below 1.0 times by the end of 2025.

Andrew Franklin

Chief Financial Officer

7 April 2025