Financial Statements

Independent Auditor's Report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Alliance Pharma plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 31 of the group financial statements and notes a to f of the company financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. 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 financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: › Carrying value of the Amberen® cash generating unit (CGU). › Carrying value of the Nizoral™ brand intangible asset. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the group financial statements was £2,000,000 (2023: £1,190,000). See section 6.1 for further details on materiality.
Scoping	Our group scoping results in 89% (2023: 95%) of group revenues, 88% of absolute group profit before tax adjusted for non-underlying items (2023: 95%) and 92% (2023: 96%) of group net assets being subject to full audit procedures.
Significant changes in our approach	We have continued to identify key audit matters in relation to the carrying value of the Amberen® CGU and the carrying value of the Nizoral™ brand intangible asset. In relation to the Amberen® CGU, the accuracy of the prior year restatement is no longer relevant. No new key audit matters have been identified in the current year.

Independent Auditor's Report continued

4. Conclusions relating to going concern

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

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

- assessing the financing facilities available to the group, including the nature of available facilities, repayment terms and required covenants;
- assessing the assumptions and sensitivity scenarios used in the forecasts;
- performing independent sensitivity analysis on management's forecasts and assessing the consistency of assumptions and forecasts used against those in the impairment models;
- assessing management's identified potential mitigating actions and the appropriateness of the inclusion of these in the going concern assessment;
- assessing the historical accuracy of forecasts prepared by management;
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- assessing the impact of the potential acquisition of the business by DBAY Advisors, including the directors' evaluation of DBAY's financing arrangements and intentions for the business;
- reading analyst reports and other external information to determine if it provided corroborative or contradictory evidence in relation to assumptions used; and
- evaluating the disclosures made within the financial statements.

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 and 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included 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.

5.1. Carrying value of the Amberen® cash generating unit (CGU)

Key audit matter description	The group holds an Amberen® indefinite life brand intangible asset with a carrying value as at 31 December 2024 of £12.1m, £8.6m net of deferred tax which is subject to an annual impairment review. Management assessed the recoverable amount of the Amberen® CGU by reference to a fair value less costs of disposal calculation. The valuation model is dependent upon a number of key estimates, including short-term base capsule revenue growth assumptions, long term marketing spend assumption within the terminal value calculation, determination of operating costs and discount rate. Therefore, we have assessed this to be a key audit matter. Management's valuation model showed the recoverable amount for the Amberen® CGU is lower than the carrying value. 'As a result an impairment charge of £23.5m, £16.7m net of deferred tax, has been recorded against the brand intangible assets relating to Amberen® for the year ended 31 December 2024. There was an impairment charge of £46.4m, £32.9m net of deferred tax recorded relating to Amberen® in the year ended 31 December 2023. Note 2.3 to the financial statements provides details of the key sources of estimation uncertainty and the key assumptions used in discounted cash flow projections for impairment testing of Amberen® intangible assets. Note 2.10 to the financial statements sets out the group's accounting policy. Note 11 to the financial statements outlines sensitivity analysis for reasonably possible changes in the key assumptions used in the discounted cash flow projections for impairment testing of Amberen® intangible assets which could cause further impairment. The Financial Review on page 21 provides information on the impairment of the Amberen® brand and the commercial background including challenging market conditions.

Independent Auditor's Report continued

5. Key audit matters continued

5.1. Carrying value of the Amberen® cash generating unit (CGU) continued

How the scope of our audit responded to the key audit matter

We completed the following audit procedures:

- obtained an understanding of the key controls in the impairment process, including the review controls performed by the group;
- assessed that the fair value less costs to dispose was higher than the value in use and therefore was determined to be the recoverable amount;
- assessed the mechanical accuracy of the impairment models;
- evaluated and challenged underlying assumptions relating to short-term base capsule revenue growth and margins through comparison to independent market forecasts, historical trading trends and through inspection of post year-end trading;
- reviewed third party evidence in order to assess the e-commerce capsule revenue assumptions;
- assessed warehousing and distribution costs by comparison to historical evidence, current run rates and known contracted rates, determining whether the allocated costs were directly attributable to the Amberen® CGU;
- evaluated and challenged underlying assumptions relating to short-term and long-term marketing spend by comparison to market benchmarking, historical spend and comparison to alternative similar products;
- with involvement of our valuation specialists assessed the discount rate and long-term growth rate;
- assessed consistency of assumptions used to determine the impact of tax amortisation benefit with those used in the prior year;
- evaluated underlying assumptions relating to the allocation of overheads within the impairment model;
- performed a 'stand back' assessment, including consideration of the group's enterprise value utilising the DBAY offer price compared to management's assessment of the fair value less costs to dispose;
- performed an assessment of indicators of management bias;
- assessed the impact of events after the reporting period up to and including the date of approval of the financial statements;
- assessed sensitivities to calculations prepared by management for contradictory and confirmatory evidence, to determine the impact of reasonably possible changes in the key assumptions; and
- assessed the completeness and accuracy of disclosures in the financial statements.

Key observations

Our work highlighted that there was an improvement in the process of the internal review of significant assumptions, data, estimation uncertainty and model used by management in forming their estimate as to the valuation of the Amberen® CGU.

For the year ended 31 December 2024 a further impairment of £23.5m, £16.7m net of deferred tax, was recorded against Amberen® intangible assets and we are satisfied that the judgements applied, impairment charges recorded and the disclosures within the financial statements are appropriate.

5.2. Carrying value of the Nizoral™ brand intangible asset

Key audit matter description

The group holds a Nizoral™ indefinite life brand intangible asset with a carrying value of £50.0m which is subject to an annual impairment review.

Management has assessed the recoverable amount of the Nizoral™ brand intangible asset by reference to a fair value less costs of disposal calculation, consistent with prior year. The valuation model is dependent upon a number of key estimates, including short-term China revenue growth assumptions, short-term China cost of sales growth assumptions, marketing spend assumptions, determination of operating costs and discount rate. Therefore, we have assessed this to be a key audit matter.

Management's valuation model shows the recoverable amount for the Nizoral™ brand intangible asset is similar to the carrying value. As a result no impairment charge has been recorded against the brand intangible assets relating to Nizoral™ for the year ended 31 December 2024.

Note 2.3 to the financial statements provides details of the key sources of estimation uncertainty and the key assumptions used in discounted cash flow projections for impairment testing of Nizoral™ intangible assets. Note 2.10 to the financial statements sets out the group's accounting policy.

Note 11 to the financial statements outlines sensitivity analysis for reasonably possible changes in the key assumptions used in the discounted cash flow projections for impairment testing of Nizoral™ brand intangible assets which could cause further impairment.

The Financial Review on page 21 provides details on the performance of the Nizoral™ brand.

Independent Auditor's Report continued

5. Key audit matters continued

5.2. Carrying value of the Nizoral™ brand intangible asset continued

How the scope of our audit responded to the key audit matter	We completed the following audit procedures: › obtained an understanding of the key controls in the impairment process, including the review controls performed by the group; › assessed that the fair value less costs to dispose was higher than the value in use and therefore was determined to be the recoverable amount; › assessed the mechanical accuracy of the impairment model; › evaluated and challenged underlying assumptions related to short-term China revenue growth and margins by comparing them to independent market forecasts and historical trading trends; › inspected post year end run rate of China revenue performance and the distributor agreement to assess price and volumes assumptions; › assessed short-term China cost of sales growth assumptions, including warehousing and distribution costs by comparison to historical evidence, current run rates and known contracted rates, determining whether the allocated costs were directly attributable to the Nizoral™ brand intangible asset; › evaluated and challenged underlying assumptions relating to marketing spend by comparison to market benchmarking and historical spending; › with involvement of our valuation specialist assessed the discount rate and long-term growth rate; › assessed consistency of assumptions used to determine the impact of tax amortisation benefit with those used in the prior year; › evaluated underlying assumptions relating to the allocation of overheads within the impairment model; › performed a 'stand back' assessment, including consideration of enterprise value utilising the DBAY offer price compared to management's assessment of the fair value less costs to dispose; › performed an assessment of indicators of management bias; › assessed the impact of events after the reporting period up to and including the date of approval of the financial statements; › assessed sensitivities to calculations prepared by management for contradictory and confirmatory evidence, to determine the impact of reasonably possible changes in the key assumptions; and › assessed the completeness and accuracy of disclosures in the financial statements.
Key observations	Our work highlighted that there was an improvement in the process of the internal review of significant assumptions, data, estimation uncertainty and model used by management in forming their estimate as to the valuation of the Nizoral™ brand intangible. For the year ended 31 December 2024 no further impairment is being recorded against Nizoral™ acquired brand intangible assets and we are satisfied that the judgements applied, impairment charges recorded and the disclosures within the financial statements are appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£2.0m (2023: £1.2m)	£1.1m (2023: £0.7m)
Basis for determining materiality	Materiality has been determined by considering a range of possible benchmarks used by investors and other readers of the financial statements. In particular, we considered revenue, net assets, underlying EBITDA, and profit before tax adjusted for non-underlying items as defined in note 5. Our materiality represents:	Parent company materiality equates to 0.6% (2023: 0.5%) of net assets, which is capped at 55% (2023: 58%) of group materiality.

Metric	2024
Profit before tax adjusted for non-underlying items	6.3%
Revenue	1.1%
Underlying EBITDA	4.6%
Net Assets	1.0%
Profit before tax adjusted for impairment	7.0%

Independent Auditor's Report continued

6. Our application of materiality continued

6.1. Materiality continued

Rationale for the benchmark applied	In the prior year, materiality was determined to be £1.2m and represented 3.9% of profit before tax adjusted for impairment, which was considered to be the most relevant benchmark for investors. However, in the current year, we determined that in light of the changes in the business' strategy and focus, during this transition, using a range of benchmarks was more appropriate.	The company is non-trading and operates primarily as a holding company. As such, we determine the net assets position is the most appropriate benchmark to use.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2023: 65%) of group materiality	65% (2023: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our understanding of the group and its environment, together with changes in the business; b. the overall quality of the control environment; and c. the nature, volume and size of uncorrected misstatements identified in the previous audits.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £100,000 (2023: £59,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

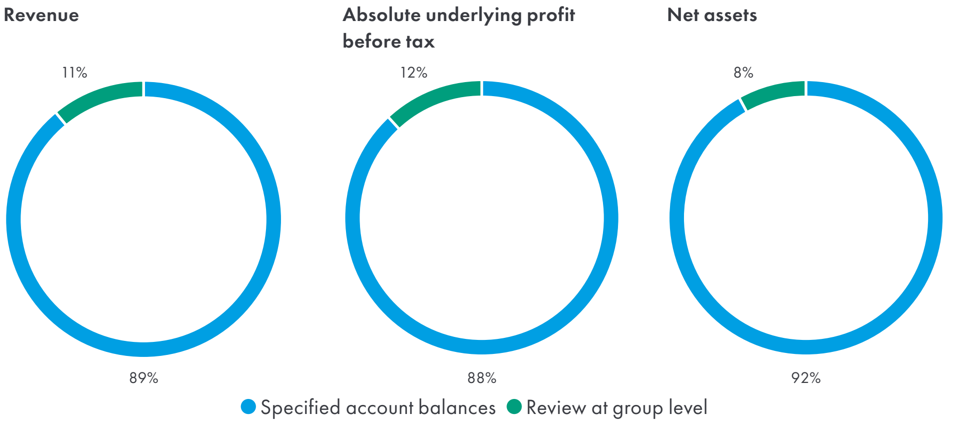
7.1. Identification and scoping of components

Our audit scoping considered the nature of the group and its environment and an assessment of the risks of material misstatement across the group.

The group is headquartered in Chippenham, UK and operates in UK, US, France, Italy, China, Spain, Thailand, Philippines, India, Republic of Ireland, Germany, Switzerland, Singapore and Hong Kong. Based on our assessment, we focused our group audit scope on five components, including the parent company. For these components, we applied specified account balance procedures, with the extent of our testing determined by our assessment of the risks of material misstatement and the materiality of the group's operations at these components. This is consistent with our scoping in the previous year, with a reduction of one in the number of components being subject to specified account balance testing.

The five components represent the principal business units within the group's reportable segments and account for 89% of the group's revenue (2023: 95%), 88% of the group's absolute profit before tax adjusted for non-underlying items (2023: 95%) and 92% of the group's net assets (2023: 96%). They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at these components was executed at levels of performance materiality applicable to each individual entity, which were lower than group materiality ranging from £0.7m to £1.0m (FY23: £0.3m to £0.7m). At the parent company level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audits of specified account balances.

The group is audited by one audit team, led by the senior statutory auditor.



Independent Auditor's Report continued

7. An overview of the scope of our audit continued

7.2. Our consideration of the control environment

For all in scope components we obtained an understanding of the relevant controls associated with the financial reporting process, accounting estimates and revenue recognition.

With the involvement of our IT specialists, we obtained an understanding of the relevant IT environment and key General IT Controls ("GITC"). In the prior year audit we identified a number of control deficiencies and reported these to those charged with governance. Since then, management have implemented a number of controls, specifically to address some of the deficiencies previously identified in relation to GITC.

As reported at Sections 5.1 and 5.2 above, we have noted an improvement in the process in relation to impairment where there was previously insufficient appropriate audit evidence to support significant assumptions and a lack of review and challenge.

Whilst we have observed improvements, management are still in the process of implementing a formal controls framework and designing controls that address risks appropriately. The improvements noted in processes has resulted in fewer deficiencies and misstatements identified in the current year.

As noted above, the group is in the process of updating its controls and processes. In planning our audit our expectation was that there would be deficiencies in the group's control environment and therefore this was reflected in the nature, timing and extent of our audit procedures. The control environment will continue to be a significant area of focus of the Audit and Risk Committee in the forthcoming year as discussed in its Report on page 59.

7.3. Our consideration of climate-related risks

The group has assessed that climate did not have a material impact on the group's carrying value of assets and liabilities at the balance sheet date. Refer to the Notes to the Financial Statements on page 95.

We assessed the climate related risk of material misstatement and concur with management's assessment. With support from our climate specialists we read the related narrative in the annual report to consider whether it is materially consistent with the financial statements and our knowledge obtained in the audit.

While management has acknowledged that the transition and physical risks posed by climate change have the potential to impact the medium to long term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements as at 31 December 2024 as explained in note 2.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the 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 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 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.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, IT, climate, analytics, modelling and impairment specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Carrying value of the Amberen® cash generating unit (CGU)
- Carrying value of the Nizoral™ brand intangible asset

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the AIM rules, UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified the carrying value of the Amberen® cash generating unit (CGU) and the carrying value of the Nizoral™ brand intangible asset as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report continued

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. 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 financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Opinion on other matter prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. 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.

Dawn Harris, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

7 April 2025

Consolidated Income Statement

	Note	Year ended 31 December 2024 Underlying £000s	Year ended 31 December 2024 Non-underlying £000s (Note 5)	Year ended 31 December 2024 Total £000s	Year ended 31 December 2023 Underlying £000s	Year ended 31 December 2023 Non-underlying £000s (Note 5)	Year ended 31 December 2023 Total £000s
Revenue	3, 30	**178,836**	–	**178,836**	180,680	–	180,680
Cost of sales		**(69,550)**	–	**(69,550)**	(75,661)	–	(75,661)
Gross profit		**109,286**	–	**109,286**	105,019	–	105,019
Operating income/(expenses)							
Administration and marketing expenses	5	**(65,839)**	**(5,009)**	**(70,848)**	(60,366)	6,147	(54,219)
Amortisation of intangible assets	5, 11	**(1,908)**	**(6,469)**	**(8,377)**	(1,903)	(7,198)	(9,101)
Impairment of goodwill and intangible assets	5, 11	–	**(38,896)**	**(38,896)**	–	(79,252)	(79,252)
Impairment reversals of goodwill and intangible assets	5, 11	–	**2,383**	**2,383**	–	–	–
Share-based employee remuneration	23	**(1,646)**	–	**(1,646)**	(889)	–	(889)
Operating profit/(loss)		**39,893**	**(47,991)**	**(8,098)**	41,861	(80,303)	(38,442)
Finance expense	6	**(9,225)**	–	**(9,225)**	(10,471)	–	(10,471)
Finance income	6	**837**	–	**837**	113	–	113
Net finance expense		**(8,388)**	–	**(8,388)**	(10,358)	–	(10,358)
Profit on disposal of intangible assets	5	–	**2,026**	**2,026**	–	–	–
Profit/(loss) before taxation	4	**31,505**	**(45,965)**	**(14,460)**	31,503	(80,303)	(48,800)
Taxation	8	**(7,925)**	**11,656**	**3,731**	(6,915)	22,579	15,664
Loss for the period attributable to equity shareholders		**23,580**	**(34,309)**	**(10,729)**	24,588	(57,724)	(33,136)
Earnings per share							
Basic (pence)	10	**4.36**		**(1.99)**	4.55		(6.13)
Diluted (pence)	10	**4.32**		**(1.99)**	4.54		(6.13)

All of the activities of the Group are classed as 'continuing'.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Loss for the year	**(10,729)**	(33,136)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign exchange translation differences (gross)	**(1,177)**	(6,221)
Foreign exchange translation differences (deferred tax)	**319**	1,202
Interest rate swaps – cash flow hedge (gross)	**1,116**	(1,771)
Interest rate swaps – cash flow hedge (deferred tax)	**(279)**	443
Foreign exchange forward contracts – cash flow hedge (gross)	**(1,580)**	497
Foreign exchange forward contracts – cash flow hedge (deferred tax)	**395**	(122)
Total comprehensive deficit for the year	**(11,935)**	(39,108)

Consolidated Balance Sheet

	Note	31 December 2024 £000s	31 December 2023 £000s
Assets			
Non-current assets			
Goodwill and intangible assets	11	**253,608**	299,978
Property, plant and equipment	12	**5,436**	5,721
Deferred tax asset	21	**5,645**	4,648
Derivative financial instruments	20	**–**	77
Other non-current assets		**122**	404
		264,811	310,828
Current assets			
Inventories	13	**22,519**	25,711
Trade and other receivables	14	**49,380**	54,716
Derivative financial instruments	20	**69**	1,232
Cash and cash equivalents	15	**32,360**	22,436
		104,328	104,095
Total assets		**369,139**	414,923
Equity			
Ordinary share capital	22	**5,406**	5,404
Share premium account		**151,703**	151,684
Share option reserve		**12,844**	11,159
Other reserve		**(329)**	(329)
Cash flow hedging reserve		**(1,170)**	(822)
Translation reserve		**6,553**	7,411
Retained earnings		**32,637**	43,366
Total equity		**207,644**	217,873

	Note	31 December 2024 £000s	31 December 2023 £000s
Liabilities			
Non-current liabilities			
Loans and borrowings	17	**92,477**	113,646
Derivative financial instruments	20	**759**	1,771
Other liabilities	18	**2,822**	3,200
Deferred tax liability	21	**28,746**	37,863
		124,804	156,480
Current liabilities			
Corporation tax		**2,738**	2,454
Trade and other payables	16	**31,844**	37,066
Derivative financial instruments	20	**1,130**	413
Provisions	19	**979**	637
		36,691	40,570
Total liabilities		**161,495**	197,050
Total equity and liabilities		**369,139**	414,923

The financial statements were approved by the Board of Directors on 7 April 2025.

Nick Sedgwick
Director

Andrew Franklin
Director

The accompanying accounting policies and notes form an integral part of these financial statements.
Company number 04241478

Consolidated Statement of Changes in Equity

	Note	Ordinary share capital £000s	Share premium account £000s	Other reserve £000s	Cash flow hedging reserve £000s	Translation reserve £000s	Share option reserve £000s	Retained earnings £000s	Total equity £000s
Balance 1 January 2023		5,400	151,650	(329)	131	12,430	10,141	86,094	265,517
Issue of shares	22	4	34	–	–	–	–	–	38
Dividend paid	9	–	–	–	–	–	–	(9,592)	(9,592)
Share options charge (including deferred tax)		–	–	–	–	–	1,018	–	1,018
Transactions with owners		4	34	–	–	–	1,018	(9,592)	(8,536)
Loss for the year		–	–	–	–	–	–	(33,136)	(33,136)
Other comprehensive income									
Interest rate swaps – cash flow hedge (net of deferred tax)		–	–	–	(1,328)	–	–	–	(1,328)
Foreign exchange forward contracts – cash flow hedge (net of deferred tax)		–	–	–	375	–	–	–	375
Foreign exchange translation differences (net of deferred tax)		–	–	–	–	(5,019)	–	–	(5,019)
Total comprehensive deficit for the year		–	–	–	(953)	(5,019)	–	(33,136)	(39,108)
Balance – 31 December 2023		5,404	151,684	(329)	(822)	7,411	11,159	43,366	217,873
Balance 1 January 2024		**5,404**	**151,684**	**(329)**	**(822)**	**7,411**	**11,159**	**43,366**	**217,873**
Issue of shares	22	**2**	**19**	–	–	–	–	–	**21**
Share options charge (including deferred tax)		–	–	–	–	–	**1,685**	–	**1,685**
Transactions with owners		**2**	**19**	–	–	–	**1,685**	–	**1,706**
Loss for the year		–	–	–	–	–	–	**(10,729)**	**(10,729)**
Other comprehensive income									
Interest rate swaps – cash flow hedge (net of deferred tax)		–	–	–	**837**	–	–	–	**837**
Foreign exchange forward contracts – cash flow hedge (net of deferred tax)		–	–	–	**(1,185)**	–	–	–	**(1,185)**
Foreign exchange translation differences (net of deferred tax)		–	–	–	–	**(858)**	–	–	**(858)**
Total comprehensive deficit for the year		–	–	–	**(348)**	**(858)**	–	**(10,729)**	**(11,935)**
Balance – 31 December 2024		**5,406**	**151,703**	**(329)**	**(1,170)**	**6,553**	**12,844**	**32,637**	**207,644**

Consolidated Cash Flow Statement

	Note	Group Year ended 31 December 2024 £000s	Group Year ended 31 December 2023 £000s
Cash flows from operating activities			
Cash generated from operations	24	**44,291**	36,934
Tax paid		**(5,575)**	(5,524)
Cash flows from operating activities		**38,716**	31,410
Investing activities			
Interest received		**62**	–
Acquisitions and deferred consideration		–	(222)
Purchase of property, plant and equipment	12	**(841)**	(696)
Proceeds from the disposal of intangible assets	11	**2,835**	–
Net cash from/(used in) investing activities		**2,056**	(918)
Financing activities			
Interest paid and similar charges		**(8,798)**	(9,433)
Capital lease payments		**(853)**	(867)
Proceeds from exercise of share options		**21**	37
Dividend paid	9	–	(9,592)
Loan issue costs	17	**(19)**	(1,338)
Repayment of borrowings	17	**(21,235)**	(18,000)
Net cash used in financing activities		**(30,884)**	(39,193)
Net movement in cash and cash equivalents		**9,888**	(8,701)
Cash and cash equivalents at 1 January		**22,436**	31,714
Exchange losses on cash and cash equivalents		**36**	(577)
Cash and cash equivalents at 31 December	15	**32,360**	22,436

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

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 AIM Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 7 April 2025.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The financial statements have been prepared under the historical cost convention, with the exception of derivatives which are included at fair value.

In the current year, the Group applied a number of new and amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 Presentation of Financial Statements.
- Amendments to IFRS 16 Leases —Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements.

Further narrow scope amendments have been issued which are mandatory for periods commencing on or after 1 January 2025. The application of these amendments will not have any material impact on the disclosures, net assets or results of the Group.

2.2 Consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as "the Group"). The Parent Company financial statements present information about the Company as a separate entity and not about the Group.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

2.3 Judgements and estimates

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the relevant circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis.

Judgements

The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the Group's financial statements.

These are as follows:

- Identification and presentation of non-underlying items (note 5).

We have assessed that there is no material impact arising from climate change on the judgements and estimates determining the valuations within the Financial Statements as at 31 December 2024.

Identification and presentation of non-underlying items

Non-underlying items include all amortisation and impairment charges for acquired intangible assets, in line with the majority of peer companies of the Group. Significant restructuring costs (for example, relating to office or business closures), one-off project costs, and the revaluation of deferred tax balances following substantial tax legislation changes may also be 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 understand better 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.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.3 Judgements and estimates continued

Estimates

IAS 1 requires the disclosure of assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Directors consider these estimates to be as follows:

- Key assumptions used in discounted cash flow projections for impairment testing of the Amberen® CGU, Nizoral™ and various other brand intangible assets (note 11).

2.4 Revenue recognition

Identification of performance obligations

Revenue comprises consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, namely the distribution of pharmaceutical products. The Group has assessed the performance obligations as being each unit of goods sold by the Group.

The Group receives royalties in relation to certain agreements with distributors in exchange for the licensed use of intellectual property and trademarks owned by the Group, which are generally based on sales volumes. The Group also receives product margin generated by third parties on its behalf under certain transitional arrangements. The Group has assessed the performance obligations as being each unit of good sold by the third parties.

Transaction price

The transaction price for each performance obligation comprises the stand-alone selling price for the product excluding value-added tax and net of rebates and discounts.

Royalty income and the deductions relating to rebates and discounts are based on the Group's contractual obligations. Certain rebate arrangements also include elements of variable consideration. The Group does not consider these elements to be significant; however, an estimate of variable consideration is included where appropriate. The IFRS 15 exemption from estimating variable consideration has been applied to the Group's sales-based royalties.

The Group has considered whether it is an 'agent' or 'principal' under IFRS 15 for each commercial arrangement and accounted for these accordingly. The Group is considered the 'principal' for all key commercial relationships relating to sale of goods, except for the relationship with certain supply partners as described in full under 'Specific revenue streams'. This is because the Group controls each specified good before transfer to customers.

Where consideration is payable to a customer, this is evaluated by the Group to determine whether the amount represents a reduction of the transaction price, a payment for distinct goods or services or a combination of the two. The fair value of the good or service is also evaluated to assess whether the payment should be accounted for as a payment to suppliers or a reduction in transaction price.

Timing of recognition

Under IFRS 15, an entity recognises revenue when it satisfies a performance obligation by transferring a good to a customer. An entity transfers a good to a customer when the customer obtains control of that good. Control may be transferred either at a point in time or over time. For the Group, revenue is recognised at a point in time when customers have control of the sold goods, or on an appropriate basis where royalty or other arrangements are in place with third parties. To determine the point in time control is transferred for sale of goods, the Group considers all relevant indicators. Revenue is recognised net of a provision for the expected level of returns.

Specific revenue streams

The Group has the following recognition policies for different commercial arrangements:

(i) Product sales – ex-works terms: Recognition at a point in time when each unit of pharmaceutical product is available to the customer for collection. At this point in time, the customer has an obligation to pay for the goods, legal title and significant risks and rewards of ownership.

(ii) Product sales – delivery terms and delivery at place: Recognition at a point in time when each unit of pharmaceutical product is delivered to the customer or reaches the designated place. At this point in time, the customer has an obligation to pay for the goods, legal title and significant risks and rewards of ownership. This revenue recognition policy covers the cross-border ecommerce stream.

(iii) Product royalties receivable: Recognition at a point in time when the third party makes pharmaceutical product sales subject to a royalty agreement with the Group.

(iv) Product rebates, discounts and payments to customers: Recognition as a deduction from revenue when the third party makes pharmaceutical product sales subject to a rebate agreement with the Group, or when sales are made in the scope of the VPAS Voluntary Scheme.

VPAS applies to branded, licensed medicines which are available on NHS prescription. Under the scheme, a fixed percentage of measured sales is due to the Department of Health and Social Care and the rebate is calculated and paid on a quarterly basis. For medium-sized Companies, the VPAS scheme includes an exemption where total measured sales are less than £5.0m per year. As the Group's total measured sales in 2024 were under this threshold, the Group was exempt from any VPAS payments and, as a result, no amounts were deducted from revenue (2023: no deduction).

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.4 Revenue recognition continued

For transactions with variable consideration, such as coupons, this is recognised at the point of sale to the customer.

Payments to customers are accounted for as a reduction of revenue unless they are linked to a distinct service, in which case they are classified as an operating expense.

(v) Product agency agreements: Recognition at a point in time when the third party makes pharmaceutical product sales subject to an agency agreement with the Group.

The amounts recognised in statutory revenue represent the product margin generated by the third party on behalf of the Group. Related agency fees are recognised within administrative expenses.

This is relevant to Nizoral™ (note 30) where the Group has agency agreements with certain supply partners. Under the terms of the agreements, the Group receives the benefit of the net profit on sales of Nizoral™. The Group has determined it is an 'agent' in these relationships as it does not control the sale of goods to third-party customers.

The Group does not consider that judgements made in evaluating when customers obtain control of a promised good have significantly influenced the timing of revenue recognition in the year.

2.5 Other operating income

Other operating income is generated from activities outside of the Group's normal course of business, which includes the profit or loss on disposal from divestment of brands and other intangibles assets. Profit or loss on disposal is recognised as proceeds received, less cost-to-sell, less net book value of the asset.

2.6 Foreign currency

The consolidated financial statements are presented in Sterling, which is the presentational currency of the Group and the functional currency of the Company. Foreign currency transactions by Group Companies are booked at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into Sterling at the rate of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Income Statement, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates' ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates' ruling at the dates of the transactions. Exchange differences arising from translation of foreign operations are reported in other comprehensive income and accumulated in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are reported in other comprehensive income and accumulated in the translation reserve, to the extent that the hedge is effective.

2.7 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision-Maker ("CODM"). The Group's Board of Directors ("the Board") is the Group's Chief Operating Decision-Maker, as defined by IFRS 8, and all significant operating decisions are taken by the Board.

2.8 Property, plant and equipment

Computer equipment, fixtures, fittings and equipment and plant and machinery are stated at the cost of purchase less any provisions for depreciation and impairment. Depreciation of an asset starts when the asset is available for use. The rates generally applicable are:

Computer equipment
20% – 33.3% per annum, straight-line

Fixtures, fittings and equipment
12% – 25% per annum, straight-line

Plant and machinery
20% – 25% per annum, straight-line

2.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.10 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but is tested annually for impairment.

Acquired intangible assets

(i) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life, except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. 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. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(ii) Distribution rights

Payments made in respect of product registration and distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands with an indefinite life. If the licence period can be extended, the useful life of the intangible asset shall include the renewal period only if there is evidence to support renewal by the entity without disproportionate cost.

(iii) Rights to royalties from intellectual property

Payments made in respect of rights to royalties from intellectual property are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the rights to royalties are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands with an indefinite life.

(iv) Computer software

Computer software comprises software purchased from third parties, as well as the cost of internally developed software. Computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads. Software integral to an item of hardware equipment is classified as property, plant and equipment. Costs associated with maintaining software programs are recognised as an expense when they are incurred. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life from the date the software is available for use, generally eight years.

Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For intangible assets with an indefinite life, assets with a finite life that show indicators of impairment, and goodwill – this includes estimation of the recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Directors have determined that the cash-generating units are at product-group level.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.10 Intangible assets and goodwill continued

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Inventories

Inventories are included at the lower of cost, less any provision for impairment, or net realisable value. Inventory cost for the Group is determined on a first-in, first-out basis. Inventory provisions have been made for slow-moving and obsolete stock. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

2.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement and through other comprehensive income except to the extent that it relates to items recognised directly in equity or through other comprehensive income, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investment and loans to subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.13 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss unless designated as cash flow hedges.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve and the costs of hedging reserve are immediately reclassified to profit or loss.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.13 Derivative financial instruments and hedging activities continued

Translation risk

Exchange differences arising from the translation of the net investment in foreign operations are reported in other comprehensive income and accumulated in the translation reserve. Gains and losses on those hedging instruments designated as hedges of the net investment in foreign operations, are recognised to the extent that the hedging relationship is effective; these amounts are included in exchange differences on translation of foreign operations as stated in the Statement of Comprehensive Income.

Gains and losses relating to hedge ineffectiveness are recognised immediately in the Income Statement for the period. Gains and losses accumulated in the translation reserve are reclassified to the Income Statement when the foreign investment is disposed of. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

2.14 Non-derivative financial instruments

Modifications of financial instruments (including loans and borrowings) are reviewed quantitatively and qualitatively to determine if the modification is 'substantial'. Substantial modification of a financial liability results in derecognition of the original balance, and recognition of a new financial liability at fair value. The difference between the carrying amount of the original financial liability and the fair value of the new financial liability is charged to the Income Statement. A non-substantial modification of financial liability does not result in the derecognition of the original balance, however it may also result in a gain or loss recognised in the Income Statement.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses. The Group's trade receivables are subject to the IFRS 9 expected credit loss model. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance based on historic default rates. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue.

Accrued income represents amounts owed unconditionally to the Group which have not been invoiced at the year-end. For these assets, only the passage of time is required before payment becomes due.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement. Dividends and interest received are included in investing activities. Dividends and interest paid are included in financing activities.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

2.15 Employee benefits – share-based payment transactions

Employees (including Executive Directors) of the Group receive part of their remuneration in the form of share-based payments, whereby, depending on the scheme, employees render services in exchange for rights over shares ("equity-settled transactions") or entitlement to a future cash payment ("cash-settled transactions"), the amount of which is determined with reference to the Company's share price.

The cost of equity-settled transactions with employees is measured, where appropriate, with reference to the fair value at the date on which they are granted. Where options need to be valued, an appropriate valuation model is applied. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioural considerations. The cost of equity-settled transactions is fully recharged to subsidiaries.

The cost of cash-settled transactions is measured with reference to the fair value of the liability, which is taken to be the closing price of the Company's shares. Until the liability is settled, it is remeasured at the end of each reporting period and at the date of settlement, with any changes in the fair value being recognised in the Income Statement.

The cost of equity-settled transactions is recognised, along with a corresponding increase in equity, over the years in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cost of cash-settled transactions is recognised, along with a provision for expected cash settlement, over the vesting period.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

2.15 Employee benefits – share-based payment transactions continued

At each reporting date, the cumulative expense recognised for equity-settled transactions reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of management, will ultimately vest. Management's estimates are based on the best available information at that date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.16 Equity

The provision of shares to satisfy certain of the Group's share option schemes can be facilitated by purchases of own shares by the Group's Employee Benefit Trust. The costs of operating the Trust is borne by the Group but is not material. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

The Employee Benefit Trust is considered to be controlled by the Group. The activities of the Trust are conducted on behalf of the Group according to its specific business needs in order to obtain benefits from its operation and, on this basis, the assets held by the Trust are consolidated into the Group's financial statements.

'Share capital' represents the nominal value of equity shares.

'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

'Share option reserve' represents equity-settled share-based employee remuneration.

'Retained earnings' represents retained profit.

'Other reserve' represents the difference between the fair value and nominal value of shares issued on a reverse takeover.

'Cash flow hedging reserve' represents the fair value of derivative financial instruments at the balance sheet date that are designated as cash flow hedges, net of deferred tax, less amounts reclassified through other comprehensive income.

'Translation reserve' represents gains and losses arising on translation of the net assets of overseas operations into the Group's presentation currency of Sterling. It also represents foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation, to the extent that the hedge is effective.

2.17 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, for which it is probable that a transfer of economic benefits will be required for settlement and where a reliable estimate can be made of the amount of the obligation. Where material, provisions have been discounted to their present value.

Restructuring provisions are recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

2.18 Going concern

There have been no changes to the £150.0m fully Revolving Credit Facility ("RCF") and £65.0m Accordion which have been in place throughout 2024. This facility is available until August 2026, with one further extension option of either one or two years.

The RCF is drawn in short- to medium-term tranches of debt which are repayable within 12 months of draw-down. Under the terms of the facility agreement, the lenders are obliged to revolve maturing loans and the Group is not obliged to make any loan repayments, provided certain conditions are met, including covenant compliance. Consequently, the Directors have presented the RCF as a non-current liability.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements (the going concern period) based on a forecast consistent with the Amberen® and Nizoral™ impairment assessment assumptions, and exclusive of any innovation and development cash inflows . These forecasts indicate that the Group will have sufficient funds, given the RCF financing available, to meet its liabilities as they fall due for that period.

Furthermore, the Directors have considered severe but plausible downside scenarios, including a scenario that models a 16% reduction in EBITDA for the Group for the remainder of 2025, arising from potential disruption in the Group's distribution partner network. Even under this severe but plausible downside scenario, forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due and will continue to comply with its existing loan covenants throughout the forecast period. The Directors have also considered a reverse stress test scenario which indicates that a decline in monthly EBITDA against forecast from March 2025 of over 40% would be needed to result in a breach of existing loan covenants. The Directors consider this remote. In addition, there are mitigating actions that Management can take in order to maintain covenant compliance in even more extreme downside scenarios.

Notes to the Financial Statements continued

2.18 Going Concern continued

In light of the recommended cash offer by DBAY Advisors Ltd for the entire issued and to be issued share capital of Alliance, the Directors have also prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, considering the proposed debt structure and associated finance costs of the Group under this new ownership model. At the time of preparing these financial statements and should the DBAY offer proceed, it is proposed that the current RCF is repaid in full using a combination of new debt and equity. The proposed new debt structure assumes a new Term Debt Facility of £215m, an undrawn £40m Acquisition Facility and a £30m fully Revolving Credit Facility ("RCF") of which £5m is intended to be immediately drawn down. The Directors do not consider that the proposed transaction introduces any additional severe but plausible downside scenarios to those considered under the existing ownership structure. Having modelled these same scenarios under this revised cash flow forecast, the Directors still consider that the Group will have sufficient funds to meet its liabilities as they fall due and will continue to comply with its new loan covenants throughout the forecast period. The Directors also considered a reverse stress test scenario within these revised cash flow forecasts, which indicates that a decline in monthly EBITDA against forecast from March 2025 of over 24% would be needed to result in a breach of the new loan covenants. The Directors consider this remote and again, there are mitigating actions that Management can take in order to maintain covenant compliance in even more extreme downside scenarios. The Directors have also considered any change of control clauses in existing contractual arrangements and do not consider that there is any material exposure to the Group in this regard. Specifically, the existing RCF and associated facilities are intended to be repaid in full without redemption penalty, with a new DBAY financing facility put in its place.

Consequently, the Directors consider it highly unlikely that the Group would be unable to exercise its right to roll over the existing or any new debt under the Group's current or future proposed DBAY ownership structure. Furthermore, the Directors consider it highly unlikely that the Group would be unable to secure the new debt under the proposed DBAY ownership structure. The Directors are therefore 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. The Directors have, therefore, determined it is appropriate to adopt the going concern basis in preparing the financial statements.

2.19 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 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. Some of these APMs also form the basis upon which incentive and rewards are structured. APMs are presented in note 30.

The Group does not consider adjusted profitability measures or APMs to be a substitute for, or superior to, IFRS measures.

3. Revenue and segmental information

The Group's reportable segments are the strategic business units that represent different parts of the overall product portfolio, these being Consumer Healthcare brands and Prescription Medicines. The business units are managed separately as each portfolio requires different expertise to deliver the corresponding product offering as a result of the inherently different characteristics of these product types.

Operating segments reflect the way in which information is presented to and reviewed by the CODM for the purposes of making strategic decisions and assessing Group-wide performance. The Group's Board of Directors ("the Board") is the Group's CODM. The Group evaluates performance of the operational segments on the basis of revenue and gross profit. Underlying gross profit is consistent with that reported on a statutory basis. Other than intangible assets, disclosed in note 11, assets and liabilities are reported to the Board at Group level and are not separated segmentally.

Notes to the Financial Statements continued

3. Revenue and segmental information continued

Revenue

Revenue information by brand	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Consumer Healthcare brands:		
Kelo-Cote™ franchise[1]	**65,426**	63,209
Amberen® [1]	**10,121**	11,218
Nizoral™ [1,2]	**14,933**	19,648
MacuShield™ [1]	**10,184**	9,199
Aloclair™	**9,537**	7,959
Vamousse™	**4,272**	4,407
Other Consumer Healthcare brands	**14,761**	18,692
Total revenue – Consumer Healthcare brands	**129,234**	134,332
Prescription Medicines:		
Hydromol™ [1]	**10,277**	9,042
Flamma Franchise	**6,655**	5,990
Forceval™	**7,919**	6,606
Other Prescription Medicines	**24,751**	24,710
Total revenue – Prescription Medicines	**49,602**	46,348
Total revenue	**178,836**	180,680

1 Denotes star brands

2 Nizoral™ statutory revenue includes revenue generated on an agency basis. Nizoral™ revenue presented on a See-through Income Statement basis is included as an Alternative Performance Measure in note 30.

Classification by geography is based on customer location.

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Europe, Middle East and Africa ("EMEA")	**83,418**	79,199
Asia Pacific and China ("APAC")	**65,926**	72,422
Americas ("AMER")	**29,492**	29,059
Total revenue	**178,836**	180,680

Operating segment results

	Year ended 31 December 2024		
	Consumer Healthcare £000s	Prescription Medicines £000s	Total £000s
Revenue	**129,234**	**49,602**	**178,836**
Cost of sales	**(45,519)**	**(24,031)**	**(69,550)**
Gross profit	**83,715**	**25,571**	**109,286**

	Year ended 31 December 2023		
	Consumer Healthcare £000s	Prescription Medicines £000s	Total £000s
Revenue	134,332	46,348	180,680
Cost of sales	(51,605)	(24,056)	(75,661)
Gross profit	82,727	22,292	105,019

Major customers

The net revenues from the Group's largest customers in the year ended 31 December 2024 (customers separately comprising more than 10% of the Group's revenue) are as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Major customer 1 (Consumer Healthcare sales in APAC)	**21,913**	20,200
Major customer 2 (Consumer Healthcare sales in APAC)	**21,114**	21,201

Notes to the Financial Statements continued

4. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging/(crediting):	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Amounts receivable by the Company's auditor and its associates in respect of:		
– The audit of these financial statements	**766**	1,388
– The audit of the financial statements of subsidiaries	**285**	269
– Other assurance services (covenant compliance and other regulatory compliance services)	**10**	21
Amortisation of intangible assets	**8,377**	9,101
Impairment of intangible assets	**38,896**	79,252
Impairment reversals for intangible assets	**(2,383)**	–
Restructuring costs	**4,570**	–
Profit on disposal of intangible assets	**(2,026)**	–
CMA provision release	**–**	(7,900)
Share options charge	**1,646**	889
Depreciation of plant, property and equipment	**1,318**	1,225
(Gain)/loss on foreign exchange transactions	**(775)**	480

5. Non-underlying items

The Group presents a number of non-IFRS measures which exclude the impact of significant non-underlying items. This is to provide investors with a view of the measures used by management to monitor the ongoing business performance, and can exclude items such as: amortisation and impairment of acquired intangible assets; restructuring costs; significant gains or losses on disposal; one-off project costs; 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.

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Amortisation of acquired intangible assets	**(6,469)**	(7,198)
Impairment of goodwill and intangible assets	**(38,896)**	(79,252)
Non-underlying impairment reversals for the period	**2,383**	–
Restructuring costs[1]	**(4,570)**	–
Profit on disposal of intangible assets	**2,026**	–
CMA provision release[1]	**–**	7,900
Other[1]	**(439)**	(1,753)
Total non-underlying items before taxation	**(45,965)**	(80,303)
Taxation on non-underlying items	**11,656**	22,579
Total non-underlying items after taxation	**(34,309)**	(57,724)

1 These items are recognised in administration and marketing expenses within the Income Statement, totalling £5.0m in 2024 (2023: £6.1m).

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.

Impairment of goodwill and intangible assets

The impairment reviews for the Group's intangible assets resulted in impairment losses as the carrying value of certain cash-generating units exceeded estimated recoverable amounts. Further details are provided in note 11. The impairment losses are significant items resulting from changes in assumptions for future recoverable amounts. As such, they are considered unrelated to 2024 trading performance, and have been presented as non-underlying. This classification is in line with the majority of peer Companies of the Group.

Non-underlying impairment reversals for the period

The Group has performed an assessment on assets which have had impairments recorded in previous periods to determine if any reversals of impairments were required. No impairment reversals were recorded in 2023. Further details are provided in note 11. Reversals of impairments are significant items resulting from changes in assumptions for future recoverable amounts and as such, they are considered unrelated to 2024 trading performance, and have been presented as non-underlying. This classification is in line with the majority of peer Companies of the Group.

Notes to the Financial Statements continued

5. Non-underlying items continued

Restructuring costs

Restructuring costs include one-off costs relating to the recommended acquisition of the Group and the restructure of the senior leadership team, as well as professional support relating to finance and other transformation activities. These costs are considered unrelated to 2024 trading performance, and have been presented as non-underlying.

Profit on disposal of intangible assets

Significant gains or losses on the disposal of intangible assets not previously held for sale are considered unrelated to 2024 trading performance, and have been presented as non-underlying. Profit or loss on disposal of intangible assets primarily consists of proceeds of the disposal, less costs to sell, less the net book value of other brand assets.

CMA provision release

The provision of £7.9m relating to the CMA Infringement Decision was released in the prior year following the announcement that the Group's appeal had been upheld. This was considered unrelated to 2023 trading performance, and was presented as non-underlying in the prior year.

Other non-underlying items

Other non-underlying costs primarily relate to one-off legal and professional costs, as well as provision for damages caused by the flooding of Avonbridge House. These costs are significant items considered unrelated to trading performance, and as such have been presented as non-underlying.

6. Finance income and expense

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Finance expense		
Interest payable on loans and overdrafts	**(8,482)**	(9,418)
Amortised finance issue costs	**(319)**	(461)
Finance costs on interest rate swaps	**(277)**	–
Interest expense	**(39)**	–
Interest on lease liabilities	**(108)**	(112)
Net exchange losses	**–**	(480)
	(9,225)	(10,471)
Finance income		
Interest income	**62**	113
Net exchange gains	**775**	–
	837	113
Finance expense – net	**(8,388)**	(10,358)

7. Directors and employees

Employee benefit expenses for the Group (including Executive Directors) during the year were as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Wages and salaries	**23,696**	20,946
Social security costs	**2,584**	2,272
Other pension costs (note 27)	**1,682**	1,506
Share-based employee remuneration (note 23)	**1,646**	889
	29,608	25,613

Notes to the Financial Statements continued

7. Directors and employees continued

The average number of employees of the Group (including Directors) during the year was:

	Year ended 31 December 2024 Number	Year ended 31 December 2023 Number
Management and administration	**290**	284

Key management of the Group is the Board of Directors (including Non-Executive Directors) and C-Suite. Benefit expenses in respect of the key management were as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Key management remuneration	**3,352**	1,930
Pension contributions	**76**	137
	3,428	2,067

Key management non-underlying restructuring costs of £1,189,000 (2023: £nil) were incurred during the year.

During the year, contributions were paid to defined contribution schemes for four Executive Directors (2023: three)

Gain on share options exercised by Executive Directors during the year was £nil (2023: £59,000).

The amounts set out above include remuneration in respect of the highest-paid Director as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Emoluments for qualifying services	**664**	427
Pension contributions	**18**	32
	682	459

The net notional non-cash IFRS 2 share-based payment expense in respect of the highest paid Director was a credit to the P&L of £18,000 (2023: £59,000 debit to the P&L) due to shares lapsed.

Average number of members of the Board of Directors (including Non-Executive Directors) for the year ended 31 December 2024 was nine (2023: seven).

Further detail of Directors' remuneration is shown in the Remuneration Committee report on pages 65 to 74.

8. Taxation

Analysis of the charge for the period is as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Corporation tax		
In respect of current period	**5,856**	4,810
Adjustment in respect of prior periods	**8**	193
	5,864	5,003
Deferred tax (see note 21)		
Origination and reversal of temporary differences	**(9,415)**	(20,662)
Adjustment in respect of prior periods	**(180)**	(5)
Taxation	**(3,731)**	(15,664)

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

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Loss before taxation	**(14,460)**	(48,800)
Loss before taxation multiplied by the blended standard rate of corporation tax in the United Kingdom of 25% (2023: 23.5%)	**(3,615)**	(11,468)
Effect of:		
Non-deductible expenses	**709**	(587)
Adjustment in respect of prior periods	**(172)**	188
Differing tax rates on overseas earnings	**(1,222)**	(3,237)
Unrecognised losses	**–**	(13)
Foreign exchange	**198**	(869)
Share options	**256**	262
Movement in other tax provisions	**115**	60
Total taxation	**(3,731)**	(15,664)

Notes to the Financial Statements continued

8. Taxation continued

A change to UK corporation tax was announced in the Budget on 3 March 2021, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

Non-deductible expenses primarily relate to restructuring costs and impairment/amortisation of certain intangible assets which do not qualify for tax relief and so represent a permanent difference. During 2023, the non-deductible expenses primarily related to the release of the provision for the CMA fine, offset by the impairment/amortisation of certain intangible assets which did not qualify for tax relief and so represented a permanent difference.

The Group has calculated 'underlying effective tax rate' as an Alternative Performance Measure in note 30.

9. Dividends

There was no dividend declared or paid relating to the financial years 2023 or 2024.

	Year ended 31 December 2023 Pence/share	Year ended 31 December 2023 £000s
Amounts recognised as distributions to owners in 2023		
Interim dividend for the 2022 financial year	0.592	3,197
Final dividend for the 2022 financial year	1.184	6,395
Total dividend	1.776	9,592

The interim dividend for 2022 was paid on 19 January 2023. The final dividend for 2022 was paid on 18 July 2023.

10. Earnings per share ("EPS")

Basic EPS is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares in issue during the year. For diluted EPS, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all dilutive potential Ordinary shares. There are no differences in earnings used to calculate each measure as a result of the dilutive employee share options.

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

	Year ended 31 December 2024	Year ended 31 December 2023
Weighted average undiluted shares	**540,483,766**	540,144,706
Employee share options	**4,972,886**	1,210,980
Weighted average diluted shares	**545,456,652**	541,355,686

As the Group made a reported loss in the current and prior periods, the dilutive potential Ordinary shares have not been included in the calculation for Diluted EPS as the exercise of share options would have the effect of reducing the loss per share, and therefore is not dilutive. The underlying basic EPS is intended to demonstrate recurring elements of the results of the Group before non-underlying items. A reconciliation of the earnings used in the different measures is given below:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Earnings for basic and diluted EPS	**(10,729)**	(33,136)
Non-underlying items (note 5)	**34,309**	57,724
Earnings for underlying basic and diluted EPS	**23,580**	24,588

The resulting EPS measures are:

	Year ended 31 December 2024 Pence	Year ended 31 December 2023 Pence
Basic EPS	**(1.99)**	(6.13)
Diluted EPS	**(1.99)**	(6.13)
Underlying basic EPS	**4.36**	4.55
Underlying diluted EPS	**4.32**	4.54

Notes to the Financial Statements continued

11. Goodwill and intangible assets

The Group	Goodwill £000s	Consumer Healthcare brands and distribution rights £000s	Prescription Medicines brands, royalties and distribution rights £000s	Computer software £000s	Total £000s
Cost					
At 1 January 2024	34,415	287,352	152,297	15,266	489,330
Disposals	–	(322)	(587)	–	(909)
Exchange adjustments	(54)	1,320	(622)	–	644
At 31 December 2024	34,361	288,350	151,088	15,266	489,065
Amortisation and impairment					
At 1 January 2024	19,928	88,333	75,862	5,229	189,352
Disposals	–	–	(152)	–	(152)
Non-underlying impairment for the year	1,688	25,973	11,235	–	38,896
Non-underlying impairment reversals for the year	–	(609)	(1,774)	–	(2,383)
Non-underlying amortisation for the year	–	872	5,597	–	6,469
Underlying amortisation for the year	–	–	–	1,908	1,908
Exchange adjustments	–	1,437	(70)	–	1,367
At 31 December 2024	21,616	116,006	90,698	7,137	235,457
Net book amount					
At 31 December 2024	12,745	172,344	60,390	8,129	253,608
At 1 January 2024	14,487	199,019	76,435	10,037	299,978

The Group	Goodwill £000s	Consumer Healthcare brands and distribution rights £000s	Prescription Medicines brands, royalties and distribution rights £000s	Computer software £000s	Total £000s
Cost					
At 1 January 2023	34,626	291,762	152,691	15,292	494,371
Exchange adjustments	(211)	(4,410)	(394)	(26)	(5,041)
At 31 December 2023	34,415	287,352	152,297	15,266	489,330
Amortisation and impairment					
At 1 January 2023	19,928	24,885	52,860	3,326	100,999
Non-underlying impairment for the year	–	63,010	16,242	–	79,252
Non-underlying amortisation for the year	–	438	6,760	–	7,198
Underlying amortisation for the year	–	–	–	1,903	1,903
At 31 December 2023	19,928	88,333	75,862	5,229	189,352
Net book amount					
At 31 December 2023	14,487	199,019	76,435	10,037	299,978
At 1 January 2023	14,698	266,877	99,831	11,966	393,372

Notes to the Financial Statements continued

11. Goodwill and intangible assets continued

Useful economic lives

The Group segregates its portfolio of assets into two areas: Consumer Healthcare brands and Prescription Medicines. The Directors have considered the continuing appropriateness of the useful economic lives assigned to the assets and for certain assets have made changes, reducing useful economic lives and moving from indefinite life to finite life where appropriate.

For the majority of Consumer Healthcare brand assets, indefinite useful lives have been judged to remain appropriate. This is due to the expected long-term growth profile of the Consumer Healthcare business and the enduring nature of the brands, which are supported by continuing marketing spend. It is the opinion of the Directors that the indefinite life assets meet the criteria set out in IAS 38. This assessment is made on an asset-by-asset basis taking into account:

› how long the brand has been established in the market and subsequent resilience to economic and social changes;
› stability of the industry in which the brand is used;
› potential obsolescence or erosion of sales;
› barriers to entry;
› whether sufficient marketing and promotional resourcing is available; and
› dependency on other assets with defined useful economic lives.

For Prescription Medicines brand assets, finite useful lives of up to 20 years were adopted prospectively from 1 January 2020. The determination of this lifespan considered all relevant factors for each individual asset, including typical pharmaceutical asset life cycles and the potential development of alternative treatments over time and the remaining useful lives of these brands are considered to remain appropriate.

Certain brands were acquired with patent protection, which lasts for a finite period of time. It is the opinion of the Directors that these patents do not provide any incremental value to the brand and therefore, no separate value has been placed on these patents. This assessment is based on a view of future profitability after patent expiry and past experience with similar brands.

The Prescription Medicines brand assets have a weighted average remaining life of 14 years at 31 December 2024 (2023: 16 years).

The net book value of intangible assets and goodwill which are considered to have indefinite useful lives are allocated to individual asset level (and for Amberen® only CGU level) in the following table. Goodwill relating to the acquisition of certain assets and businesses from Sinclair IS Pharma plc is allocated to the group of related Consumer Healthcare and Prescription Medicines product assets. Other goodwill amounts are allocated to the product CGU or individual brand asset with which they were originally acquired. Intangible assets that are considered to have indefinite lives all relate to the Consumer Healthcare segment, except for Sinclair Prescription Medicines' goodwill.

	31 December 2024		
	Goodwill £000s	Consumer healthcare brands and distribution rights £000s	Total £000s
Amberen®	–	12,114	12,114
Nizoral™	–	50,003	50,003
Kelo-Cote™ (US rights and ScarAway™)	–	15,202	15,202
MacuShield™	1,748	8,740	10,488
Ashton and Parsons	–	1,562	1,562
Aloclair™ (non-Sinclair)	–	862	862
Anbesol	–	988	988
Cambridge intangibles	598	–	598
Products acquired from Sinclair			
Kelo-Cote™ (non EU, excluding US)	–	44,109	44,109
Kelo-Cote™ (EU)	–	17,800	17,800
Aloclair™ (Sinclair)	–	14,000	14,000
Goodwill – Sinclair Prescription Medicines	–	–	–
Goodwill – Sinclair Consumer Healthcare	10,399	–	10,399
Assets with indefinite lives	**12,745**	**165,380**	**178,125**

Notes to the Financial Statements continued

11. Goodwill and intangible assets continued

Impairment

Goodwill and other intangible assets with indefinite lives are allocated to individual asset level (and for Amberen® CGU level) as set out in the useful economic lives table on the previous page. As explained in note 2.10, all intangible assets are stated at cost less accumulated amortisation and impairment.

For all intangible assets with an indefinite life, assets with a finite life that show indicators of impairment and goodwill, the carrying amounts of the Group's non-financial assets are assessed annually for impairment; this includes estimation of the recoverable amount, being the higher of the value in use basis and the fair value less costs of disposal basis. Amberen® is tested at CGU level as the directors believe this CGU generates largely independent cash inflows. All other brands are tested at the individual asset level.

Value in use calculations have been used to determine the recoverable amount for all individual assets and CGUs other than Amberen® and Nizoral™. The calculations use the latest approved five-year forecasts, extrapolated for the individual assets' and CGUs' remaining useful life or into perpetuity for assets with indefinite useful lives, using long-term market decline/growth rates between -8.8% to 2.0% (2023: -2.0% to 2.0%). Cash flows are discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted where appropriate for country-specific risks, of between 8.3%–18.2%, or pre-tax 11.1%–24.2% (2023: 9.8%–14.5%, or pre-tax 13.1%–19.3%).

A fair value less costs of disposal calculation has been used to determine the recoverable amount of £8.6m for the Amberen® CGU (net of deferred tax), including tax benefits that are not entity specific and overhead and marketing expense to operate the brand by a market participant. When applying the fair value less costs of disposal methodology, it has been difficult to assess a sale value using observable market inputs (level 1) or inputs based on market evidence (level 2) in the current environment and so unobservable inputs (level 3) have been used. A discounted cash flow has been used to establish the fair value to a market participant, based on the latest approved five-year forecast, extrapolated into perpetuity using a long-term US market growth rate of 3.0% (2023: 3.0%) and discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted for country-specific risks, of 8.6%, or pre-tax 11.6% (2023: 9.2% or pre-tax 12.5%).

A fair value less costs of disposal calculation has also been used to determine the recoverable amount of £50.0m for the Nizoral™ individual asset, including overhead and marketing expense to operate the brand by a market participant. When applying the fair value less costs of disposal methodology, it has been difficult to assess a sale value using observable market inputs (level 1) or inputs based on market evidence (level 2) in the current environment and so unobservable inputs (level 3) have been used. A discounted cash flow has been used to establish the fair value to a market participant, based on the latest approved five-year forecast, extrapolated into perpetuity using a long-term growth rate of 2.0% (2023: 2.0%) and discounted at an appropriate rate based on the Group's post-tax discount rate, adjusted for country-specific risks, of 8.97%, or pre-tax 12.0% (2023: 11.3% or pre-tax 15.1%).

Discount rates reflect the current market assessments of the time value of money and the territories in which the CGUs or individual brand assets operate. In determining the cost of equity, the Capital Asset Pricing Model ("CAPM") has been used. CAPM assesses the expected cost of equity by reference to the risk-free rate, the expected market return, and the industry's beta. Beta is a measure of the industry's volatility compared to the overall market. Pre-tax discount rates applied to the cash flow forecasts are derived from our post-tax weighted average cost of capital.

With the exceptions of the Amberen® CGU, the Nizoral™ indefinite life asset and central cost sensitivities for other brand intangible assets, which are all impaired to their recoverable amounts, the directors do not consider there to be any other reasonably possible changes in estimates that would result in further impairment to goodwill and other intangible assets.

Notes to the Financial Statements continued

11. Goodwill and intangible assets continued

Results of goodwill and other intangible assets impairment test

As a result of the impairment review for the year ended 31 December 2024, the following impairment charges were identified:

- Consumer Healthcare brand relating to Amberen® impaired by £23.5m, gross of £6.8m deferred tax credit (2023: impaired by £46.4m, gross of £13.5m deferred tax credit) following reassessment of the expected future cash flows generated, taking into account past performance, contractual arrangements and cost estimates, including marketing spend, and a lower cost of capital due to the overall decrease in borrowing rates.
- Following impairment indicators identified, Prescription Medicine brand and distribution rights assets with a finite life and associated goodwill have been impaired by £12.9m (2023: £16.2m) due to viability of future sales in the current market, and updates to the central cost allocation for the Group due to an update in strategic focus across brands.
- Following impairment indicators identified, Other Consumer Healthcare brand and distribution rights assets with a finite life have been impaired by £2.4m (2023: £6.3m) due to viability of future sales in the current market.
- Reversals of impairment totalling £2.4m have been recognized in the year (2023: £nil) arising from the subsequent reviews of the assets impaired in previous periods where either the conditions which gave rise to the original impairments were deemed to no longer apply or management deem the brand to have sustained improved economic performance above when the original impairment was recognised.

Assumptions applied in financial forecasts for fair value less costs of disposal

The Group prepares five-year cash flow forecasts derived from approved financial budgets, taking into account management's past experience, expected market conditions and industry growth rates.

Amberen®

The key assumptions used in forecasting cash flows relate to discount rate, short-term revenue growth, operating expense and terminal value marketing spend. Revenue is made up of capsule and gummy revenue streams. The short-term revenue key assumption is pinpointed to the capsule revenue stream as assumptions on gummy short-term revenue are not considered key assumptions as they do not contribute significantly to the £8.6m intangible asset brand valuation, net of deferred tax.

Underlying factors in determining the values assigned to each key assumption are shown below:

- Short-term revenue growth – forecast revenue growth rates are based on past experience adjusted for the strategic direction of the Group and expected market conditions within each of the markets in which the CGU operates. This includes forecasting the proportion of sales between bricks and mortar and ecommerce platforms.
- Operating expense – operating expense is forecast based on management's best estimate of cash flows, taking into account historical costs.
- Terminal value marketing spend – marketing spend is forecasted based on historical experience, product lifecycle expectations and expected market conditions.

Amberen® CGU – sensitivity analysis

The following key assumptions within the Amberen® valuation model are significant to the estimate; future changes to these assumptions could lead to significant changes to the carrying value of the Amberen® CGU:

Discount rates in fair value less costs of disposal models

- Methodology: Cash flows are discounted at an appropriate rate, based on the Group's post-tax discount rate adjusted for country-specific risks, in line with those used in the value in use calculations disclosed above. The Group's discount rate has decreased largely as a result of decreases in risk-free rate due to changes in government bond yields and a decrease in the equity beta based on sector market data.
- Estimation uncertainty: The assumptions included in the compilation of the CGU/asset-specific discount rates are designed to approximate the cost of capital that a potential market participant would expect. Given the nature of the Group's business model, the discount rate necessarily includes estimation uncertainty.

Short-term capsule revenue growth rates in fair value less costs of disposal valuation models

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows, taking into account historical capsule revenue, contracted revenue and expected market growth. The overall capsule short-term revenue growth is modelled at a four-year compound average growth rate (CAGR) of 3.1% (2023: 1.4%), split into bricks and mortar CAGR of 3.1% and ecommerce CAGR of 3.0%.
- Estimation uncertainty: The capsule revenue growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Market participant operating expense

- Methodology: A key driver of the terminal value within the Amberen® impairment model is the market participant operating expense which is modelled at 29% of net sales (2023: 30%). This is based on management's best estimate.
- Estimation uncertainty: The market participant operating expense assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to assumptions about the generalised overheads to operate the Amberen® asset by a market participant.

Notes to the Financial Statements continued

11. Goodwill and intangible assets continued

Terminal value marketing spend in fair value less costs of disposal valuation model

- Methodology: A key driver of the terminal value within the Amberen® impairment model is the marketing spend as a percentage of revenue which is modelled at 20% (2023: 20%). This is based on management's best estimate, taking into account market analysis and historical marketing spend for similar brands at a similar stage of their life cycles.
- Estimation uncertainty: Marketing spend required in future years and terminal revenue growth rates, the factors which drive the terminal value marketing spend, include inherent estimation uncertainty relating to economic uncertainty as well as the achievement of commercial initiatives and external factors.

Sensitivity

The following table shows the potential impact of reasonably possible changes to the key assumptions on the estimated recoverable amount of the Amberen® CGU. As the carrying value is equal to the recoverable amount at 31 December 2024, any changes would result in a change to the impairment charge recognised.

	Decrease in CGU recoverable amount			
	2.0% (200bp) increase in pre-tax discount rate	Terminal value marketing rate increase to 23%	Short-term capsule revenue growth CAGR decline to 0.2%	Increase in annual operating cost of £0.9m (8.9% of 2024 net sales)
Amberen®	**(£4.0m)**	**(£3.7m)**	**(£5.6m)**	**(£8.6m)**

If product contribution were increased by 10% in future years, then impairment would reduce by £5.9m.

Nizoral™

The key assumptions used in forecasting cash flows relate to China growth rate, discount rate, operating expense and marketing expense.

Underlying factors in determining the values assigned to each key assumption are shown below:

- Short-term revenue growth – forecast revenue growth rates are based on past experience adjusted for the strategic direction of the Group and expected market conditions within each of the markets in which the brand operates.
- Operating expense – operating expense is forecast based on management's best estimate of cash flows, taking into account historical costs.
- Marketing spend – marketing spend is forecast based on historical experience, product lifecycle expectations and expected market conditions.

Nizoral™ brand intangible asset – sensitivity analysis

The following key assumptions within the Nizoral™ valuation model are significant to the estimate; future changes to these assumptions could lead to significant changes to the carrying value of the Nizoral™ asset:

Discount rates in fair value less costs of disposal models

- Methodology: Cash flows are discounted at an appropriate rate, based on the Group's post-tax discount rate adjusted for country-specific risks. The Group's discount rate has decreased largely as a result of the decrease in risk-free rate due to changes in government bond yields and an increase in the equity beta based on sector market data.
- Estimation uncertainty: The assumptions included in the compilation of the CGU/asset-specific discount rates are designed to approximate the cost of capital that a potential market participant would expect. Given the nature of the Group's business model, the discount rate necessarily includes estimation uncertainty.

Short-term China growth rates

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows. The overall short-term China growth rate is modelled at 4.0% based on expectations derived from published future category growth rates in China and actual performance being achieved (short-term China growth rate modelled in 2023: 7.5%).
- Estimation uncertainty: The growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Short-term China cost-of-goods sold growth rate

- Methodology: Approved budgets and forecasts for five years, based on management's best estimate of cash flows. The overall short-term China growth rate is modelled at 4.0% based on expectations derived from published future category growth rates in China and actual performance being achieved (short-term China growth rate modelled in 2023: 7.5%).
- Estimation uncertainty: The growth rates assumed in the Group's budgets and forecasts inherently include estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Market participant operating expense

- Methodology: A key driver of the terminal value within the Nizoral™ impairment model is the market participant operating expense which is modelled at 20.1% of net sales (2023: 14.2%). This is based on management's best estimate, taking into account the transition of the Nizoral™ brand from the previous owner to Alliance.
- Estimation uncertainty: The market participant operating expense assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to assumptions about the generalised overheads to operate the Nizoral™ asset by a market participant.

Notes to the Financial Statements continued

11. Goodwill and intangible assets continued

Marketing costs

- Methodology: In addition, a further key driver is cost estimates relating to the marketing spend as a percentage of revenue, which is modelled at 9.5% of net sales (2023: 12.3%). This is based on management's best estimate, taking into account market analysis and historical marketing spend for similar brands at a similar stage of their life cycles.
- Estimation uncertainty: The marketing spend assumed in the Group's budgets and forecasts inherently includes estimation uncertainty relating to the achievement of commercial initiatives and external factors.

Sensitivity

The following table shows the potential impairment charge which would result from the impact of reasonably possible changes to the key assumptions of Nizoral™. As the carrying value is unchanged at 31 December 2024 following an impairment in the prior year, any changes would result in an impairment charge being recognised.

	Decrease in CGU recoverable amount			
	2.0% (200bp) increase in pre-tax discount rate	£1.0m (6.7% of 2024 net sales) increase in annual COGS from 2025	£1.0m (6.7% of 2024 net sales) increase in annual operating costs from 2025	Decline in short-term China revenue growth CAGR to 0%
Nizoral™	**(£10.9m)**	**(£10.3m)**	**(£10.3m)**	**(£7.3m)**

If product contribution were increased by 10% in future years, then impairment would reduce by £9.1m.

Other brand intangible assets

Reasonably possible changes to key assumptions on the estimated recoverable amount of the aggregate of other brands assets would result in changes to the impairment charge recognised as the carrying value of these assets is equal to the recoverable amount at 31 December 2024. In aggregate these 12 brand intangible assets have a carrying value of £18.4m. A 9% increase in the central cost allocated between other brands would result in an additional £2.1m of impairment charge recognised. There are no reasonably possible changes to the discount rate which would result in a material additional impairment charge recognised. This disclosure has been presented in the aggregate to allow a better understanding of the overall impact on the intangibles balance relative to the materiality of the individual other brands.

12. Property, plant and equipment

The Group	Computer software and equipment £000s	Fixtures, fittings & equipment £000s	Plant & machinery £000s	Right-of-use lease assets £000s	Total £000s
Cost					
At 1 January 2024	2,260	4,550	74	5,723	12,607
Additions	89	712	40	409	1,250
Effects of movements in exchange rates	(8)	(10)	–	(111)	(129)
Disposals	(524)	(18)	–	(360)	(902)
At 31 December 2024	**1,817**	**5,234**	**114**	**5,661**	**12,826**
Depreciation					
At 1 January 2024	2,015	2,432	59	2,380	6,886
Provided in the year	144	422	12	740	1,318
Effect of movements in exchange rates	–	(3)	–	(46)	(49)
Disposals	(524)	(18)	–	(223)	(765)
At 31 December 2024	**1,635**	**2,833**	**71**	**2,851**	**7,390**
Net book amount					
At 31 December 2024	**182**	**2,401**	**43**	**2,810**	**5,436**
At 1 January 2024	245	2,118	15	3,343	5,721

Notes to the Financial Statements continued

12. Property, plant and equipment continued

The Group	Computer software and equipment £000s	Fixtures, fittings & equipment £000s	Plant & machinery £000s	Right-of-use lease assets £000s	Total £000s
Cost					
At 1 January 2023	2,199	3,944	74	5,230	11,447
Additions	64	776	–	692	1,532
Effects of movements in exchange rates	(1)	(106)	–	(57)	(164)
Disposals	(2)	(64)	–	(142)	(208)
At 31 December 2023	2,260	4,550	74	5,723	12,607
Depreciation					
At 1 January 2023	1,857	2,200	49	1,763	5,869
Provided in the year	160	296	10	759	1,225
Effect of movements in exchange rates	–	–	–	–	–
Disposals	(2)	(64)	–	(142)	(208)
At 31 December 2023	2,015	2,432	59	2,380	6,886
Net book amount					
At 31 December 2023	245	2,118	15	3,343	5,721
At 1 January 2023	342	1,744	25	3,467	5,578

Property, plant and equipment of £3.7m is located within the United Kingdom (2023: £3.4m). The remaining balance is located in France, China, Singapore, Spain, Germany and the United States. Right-of-use assets relate to the Group's leased offices.

13. Inventories

The Group	31 December 2024 £000s	31 December 2023 £000s
Finished goods	**21,493**	23,245
Work in progress	**37**	363
Raw materials	**3,484**	5,296
Inventory provision	**(2,495)**	(3,193)
	22,519	25,711

Inventory costs expensed through the Income Statement during the year were £59,147,000 (2023: £64,302,000). During the year, £1,764,000 (2023: £1,980,000) was recognised as an expense relating to the write-down of inventories to net realisable value.

14. Trade and other receivables

	The Group	
	31 December 2024 £000s	31 December 2023 £000s
Trade receivables	**45,543**	**49,371**
Other receivables	**494**	**1,716**
Prepayments	**3,042**	**3,029**
Accrued income	**301**	**600**
	49,380	**54,716**

Accrued income, which is all classified as not past due, represents amounts owed unconditionally to the Group which have not been invoiced at the year-end. For these assets, only the passage of time is required before payment becomes due.

Notes to the Financial Statements continued

14. Trade and other receivables continued

Credit risk

The ageing of trade receivables of the Group as at 31 December is detailed below:

Trade receivables, net of estimated allowances for expected credit losses	31 December 2024 £000s	31 December 2023 £000s
Not past due	**41,746**	46,366
1–30 days past due	**1,897**	1,447
31–60 days past due	**270**	1,102
61–90 days past due	**–**	142
Past 91 days	**1,630**	314
	45,543	49,371

Trade receivables, gross of estimated allowances for expected credit losses	31 December 2024 £000s	31 December 2023 £000s
Not past due	**41,738**	46,495
1–30 days past due	**1,897**	1,454
31–60 days past due	**270**	1,151
61–90 days past due	**–**	164
Past 91 days	**2,241**	531
	46,146	49,795

To manage credit risk, customers are required to pay in accordance with agreed terms. Our settlement terms generally mean payment is due within 30 or 60 days from the end of the month of sale. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all customers requiring credit above a certain threshold, with varying approval levels set around this depending on the value.

The Group maintains an allowance for impairment of receivables where recoverability is considered doubtful, on a forward looking perspective. As at 31 December 2024, trade and other receivables of £603,000 (2023: £424,000) were past due and impaired. Debts are not written off until all avenues for recovery have been exhausted.

15. Cash and cash equivalents

	The Group	
	31 December 2024 £000s	31 December 2023 £000s
Sterling	**11,721**	2,433
Euros	**4,199**	6,549
US Dollars	**5,499**	3,086
Thai Baht	**4,962**	3,960
Other currencies	**5,979**	6,408
Cash at bank and in hand	**32,360**	22,436

16. Trade and other payables

	The Group	
	31 December 2024 £000s	31 December 2023 £000s
Trade payables	**13,700**	18,225
Other taxes and social security costs	**1,285**	1,211
Accruals	**13,429**	12,176
Rebates, returns and other revenue accruals	**2,773**	3,979
Other payables	**61**	707
Lease liabilities	**596**	768
	31,844	37,066

Revenue accruals are provided for by the Group at the point of sale in respect of estimated rebates, returns, discounts or other allowances payable to customers. They are recorded at the point of revenue recognition, but the actual amounts settled depends on the timing of claims raised by customers, and are finalised some time later.

As the amounts are estimated, they may not fully reflect the final outcome. The level of accrual is reviewed and adjusted at each balance sheet date in light of any changes in contractual arrangements, or historical experience of actual amounts paid. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

Notes to the Financial Statements continued

17. Loans and borrowings

On 15 August 2023, the Group agreed a new £150.0m fully Revolving Credit Facility, together with a £65.0m Accordion. The facility was agreed with its existing syndicate of lenders, replacing the previous RCF which ran through to July 2024. This new facility is available until August 2026, with one further extension option of one or two years. This has been classified as a non-current liability (note 2.18). The bank facility is secured by a fixed and floating charge over the Company's and Group's assets registered with Companies House. The loan commitments are all 'investment grade' as at the balance sheet date. Pursuant to its terms, the Group is obliged to deliver a copy of its audited annual financial statements to the lenders within 120 days of the year-end.

	The Group	
Non-current	**31 December 2024 £000s**	**31 December 2023 £000s**
Bank loans:		
Secured	**93,375**	114,844
Finance issue costs	**(898)**	(1,198)
	92,477	113,646

Movement in loans and borrowings	**31 December 2024 £000s**	**31 December 2023 £000s**
At 1 January	**113,646**	133,744
Net (repayment) of borrowings[1]	**(21,235)**	(18,000)
Additional prepaid arrangement fees	**(19)**	(1,338)
Amortisation of prepaid arrangement fees	**319**	461
Exchange movements[2]	**(234)**	(1,221)
At 31 December	**92,477**	113,646

1 On renewal of the facility no cash was moved and therefore the net position is presented.

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

18. Other non-current liabilities

	The Group	
	31 December 2024 £000s	**31 December 2023 £000s**
Lease liabilities	**2,623**	3,001
Other non-current liabilities	**199**	199
	2,822	3,200

19. Provisions

	Restructuring provision (£000s)	Onerous contract provision (£000s)	Provision for flood damage costs (£000s)	Total (£000s)
At 1 January 2024	**175**	**462**	**–**	**637**
(Credit) to income statement	**–**	**(462)**	**–**	**(462)**
Charge to income statement	**45**	**814**	**30**	**889**
Provisions utilised during the year	**(68)**	**–**	**–**	**(68)**
Exchange differences	**(8)**	**(9)**	**–**	**(17)**
At 31 December 2024	**144**	**805**	**30**	**979**

The restructuring provision of £0.1m at 31 December 2024 (2023: £0.2m) 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 in 2022.

The onerous contract provision of £0.8m at 31 December 2024 (2023: £0.5m) relates to estimated legal and settlement costs in relation to a customer dispute (£0.4m); and balances which are under dispute with suppliers (£0.4m). Settlement of these disputes will be the subject of negotiation which may take several years. The £0.5m provision brought forward was reclassified to inventory provisions as at 30 June 2024 following receipt of the underlying product, and then subsequently released upon completion of the sale.

The provision for flood damage costs of £0.03m at 31 December 2024 (2023: £nil) relates to repairs for damage sustained to office buildings during flooding in November 2024.

Notes to the Financial Statements continued

20. Financial instruments

The Group uses financial instruments comprising borrowings, derivatives, cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board is responsible for risk management policies on managing each of these, which are summarised below, except credit risk which is detailed in note 14.

Liquidity risk

The Group's operations are financed by retained earnings and bank borrowings, with additional equity being raised on a periodic basis to finance larger acquisitions. Borrowings are denominated in Sterling, Euro and US Dollars. The purpose of Euro and US Dollar borrowings are to manage the currency exposure arising from the Group's operations.

On 15 August 2023, the Group agreed a new £150.0m fully Revolving Credit Facility, together with a £65.0m Accordion. The facility was agreed with its existing syndicate of lenders, replacing the previous RCF which ran through to July 2024. This new facility is available until August 2026, with one further extension option of one or two years.

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 is due to the level of headroom over the covenants, and mitigating actions it could take to maintain compliance with these conditions, including future covenant requirements, even in downside scenarios. The Directors therefore believe that the Group has the ability and the intent to roll over the drawn RCF amounts when due and consequently has presented the RCF as a non-current liability.

The Group also has access to an overdraft facility of £2.0m.

The maturity profile of the Group's financial gross (capital and interest) liabilities, except forward foreign exchange contracts for which maturity is disclosed separately, at the year-end is as follows:

	31 December 2024				
	In one year or less £000s	In more than one year, but not more than two £000s	In more than two years, but not more than five £000s	In more than five years £000s	Total £000s
Trade and other payables	**31,248**	**–**	**–**	**–**	**31,248**
Bank loans[1]	**93,375**	**–**	**–**	**–**	**93,375**
Lease liabilities	**596**	**498**	**1,540**	**585**	**3,219**
	125,219	**498**	**1,540**	**585**	**127,842**

	31 December 2023				
	In one year or less £000s	In more than one year, but not more than two £000s	In more than two years, but not more than five £000s	In more than five years £000s	Total £000s
Trade and other payables	36,298	–	–	–	36,298
Bank loans[1]	114,844	–	–	–	114,844
Lease liabilities	768	631	1,395	975	3,769
	151,910	631	1,395	975	154,911

1 Includes an amount of £93.4m (2023: £114.8m) in respect of gross contractual cash flows payable under the RCF; these are shown as due within one year or less to reflect the contractual maturity of the tranches drawn down at 31 December 2024. The RCF is classified as a non-current liability as the Directors have assessed that the Group has the ability and the intent to roll over the drawn RCF amounts when due.

Notes to the Financial Statements continued

20. Financial instruments continued

Interest rate risk

The Group's debt is provided on a floating interest rate basis. The Group is exposed to risks of rising interest rates on interest costs and the headroom available under financial covenants. Interest rate hedging products are used to manage financial exposures and protect covenants when certain trigger levels are met. In 2023 and 2024, the Group used interest rate swaps to fix the rates paid on a portion of its debt in order to mitigate against these risks. At 31 December 2024, the Group had GBP interest rate swaps in place with a nominal value of £60.0m (2023: £90.0m) and a weighted average fixed rate percentage of 5.47% (2023: 5.47%). The swaps were transacted with an amortising profile ending in June 2026 and were remeasured to fair value at the period end.

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

Floating rate interest exposure	31 December 2024 £000s	31 December 2023 £000s
At 31 December 2024		
Bank loans – Sterling denominated	**88,817**	96,817
Bank loans – Euro denominated	**4,558**	6,865
Bank loans – US Dollar denominated	**–**	11,162
Total financial liabilities	**93,375**	114,844
Unamortised issue costs	**(898)**	(1,198)
Net book value of financial liabilities	**92,477**	113,646

The Sterling floating rate borrowings bear interest at a rate based on SONIA for the year ended 31 December 2024. The Euro floating rate borrowings bear interest at a rate based on EURIBOR. The US Dollar floating rate borrowings bear interest at a benchmark rate ("US Dollar LIBOR").

A 0.5% increase in SONIA would have reduced pre-tax profits by approximately £0.1m in 2024; a 0.5% decrease would have the opposite effect.

Because of the size of the Euro-denominated loan, a 0.5% increase or decrease in EURIBOR would not have affected pre-tax profits in 2024.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group Companies. The functional currencies of Group Companies are primarily Sterling, Euro, US Dollar and Hong Kong Dollars.

Approximately 18% of the Group's sales are invoiced in Euro, 31% invoiced in US Dollars and 12% invoiced in Hong Kong Dollars. The majority of other Group sales are invoiced in Sterling.

The Group's risk management policy is to hedge up to 75% of its estimated net foreign currency exposure in respect of forecast sales and purchases for up to the next 18 months at any point in time. The Group uses forward foreign exchange contracts to hedge its currency risk. These contracts are generally designated as cash flow hedges.

After the impacts of hedging, 5% weakening or strengthening of Sterling against the US Dollar would have resulted in £0.5m gain or loss to EBITDA (note 30) in 2024. On the same basis, 5% weakening or strengthening of Sterling against the Euro or Hong Kong Dollar would not result in any impact on EBITDA due to the high levels of hedging implemented on these exposures.

Notes to the Financial Statements continued

20. Financial instruments continued

Fair value measurement

The Group has adopted IFRS 13 for financial instruments that are measured in the Group balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) ("Level 2"); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) ("Level 3").

The Group's financial instruments held at fair value (or for which fair value is disclosed) in the scope of IFRS 13 are as follows:

	Level	31 December 2024 Carrying value £000s	31 December 2023 Carrying value £000s
Interest rate swap contracts	2	**(657)**	(1,771)
Forward foreign exchange contracts	2	**(1,163)**	896
		(1,820)	(875)

For the other financial assets and liabilities, the carrying amount is a reasonable approximation of fair value and therefore, no further disclosure is provided. The valuation techniques used for instruments categorised in Level 2 are described below:

Forward foreign exchange contracts ("Level 2")

The Group's currency rate swaps are not traded in active markets. These have been fair valued using observable currency rates. The effects of non-observable inputs are not significant for currency rate swaps.

Counterparty banks perform valuations of currency rate swaps for financial reporting purposes, determined by discounting the future cash flows at rates determined by year-end spot and forward rate. The valuation processes and fair value changes are discussed by the Audit and Risk Committee and the finance team at least every half year, in line with the Group's reporting dates.

Forward foreign exchange contract assets and liabilities are presented in 'Derivative financial instruments' (either as assets or as liabilities) within the balance sheet.

At 31 December 2024, the Group held the following forward exchange contracts to hedge exposures to changes in foreign currency rates:

	Maturity		
	1–6 months	6–12 months	More than one year
Forward exchange contracts			
Net exposure (£000s)	**515**	**546**	**102**
Average GBP:USD forward contract rate	**1.300**	**1.308**	**–**
Average GBP:EUR forward contract rate	**1.151**	**1.160**	**–**
Average GBP:HKD forward contract rate	**9.988**	**10.099**	**10.138**

Notes to the Financial Statements continued

20. Financial instruments continued

Forward foreign exchange contracts ("Level 2") continued

At 31 December 2023, the Group held the following forward exchange contracts to hedge exposures to changes in foreign currency rates:

	Maturity		
	1–6 months	6–12 months	More than one year
Forward exchange contracts			
Net exposure (£000s)	422	397	77
Average GBP:USD forward contract rate	1.234	1.236	–
Average GBP:EUR forward contract rate	1.147	1.131	–
Average GBP:HKD forward contract rate	9.737	9.533	9.543

Group

Classification of the Group's financial assets and liabilities is set out below:

Financial assets	31 December 2024 £000s	31 December 2023 £000s
Financial assets at amortised cost		
Trade receivables	**45,543**	49,371
Accrued income	**301**	600
Cash and cash equivalents	**32,360**	22,436
	78,204	72,407
Fair value through profit and loss		
Derivative financial instruments	**69**	1,309
	78,273	73,716

Financial liabilities	31 December 2024 £000s	31 December 2023 £000s
Financial liabilities at amortised cost		
Trade and other payables	**29,963**	35,087
Loans and borrowings	**93,375**	114,844
Lease liabilities	**3,219**	3,769
	126,557	153,700
Fair value through profit and loss		
Derivative financial instruments	**1,889**	2,184
	128,446	155,884

Notes to the Financial Statements continued

20. Financial instruments continued

Reconciliation to cash flow movements, including changes in liabilities arising from financing activities

		Cash flows	Non-cash changes						
	2023 £000s	Principal £000s	Net additions £000s	Interest £000s	Foreign exchange* £000s	Net additions £000s	Amortisation £000s	Interest £000s	2024 £000s
Gross loans and borrowings	114,844	(21,235)	–	–	(234)	–	–	–	93,375
Prepaid arrangement fees	(1,198)	–	(19)	–	–	–	319	–	(898)
Accrued interest	81	–	–	(8,798)	–	–	–	8,678	(39)
Lease liabilities	3,769	(853)	–	–	–	195	–	108	3,219
Changes in liabilities arising from financing activities	117,496	(22,088)	(19)	(8,798)	(234)	195	319	8,786	95,657
Share capital and premium	157,088	–	21	–	–	–	–	–	157,109
	274,584	(22,088)	2	(8,798)	(234)	195	319	8,786	252,766

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

Derivative financial instruments

	31 December 2024 Assets/(Liabilities) £000s	31 December 2023 Assets/(Liabilities) £000s
Current portion: asset	69	1,232
Current portion: (liability)	(1,130)	(413)
Non-current portion: (liability)/asset	(102)	77
Forward exchange swap – cash flow hedge	(1,163)	896

	31 December 2024 Assets/(Liabilities) £000s	31 December 2023 Assets/(Liabilities) £000s
Non-current portion: (liability)	(657)	(1,771)
Interest rate swap – cash flow hedge	(657)	(1,771)

Notes to the Financial Statements continued

20. Financial instruments continued

The cash flow hedges were tested for effectiveness both retrospectively and prospectively as at 31 December 2024. They were found to be highly effective, with the ineffective element being immaterial. The amount recognised through the Income Statement in finance costs for interest rate swaps during the year was a charge of £277,000 (2023: £148,000). The amounts recognised through the Income Statement in respect of the forward foreign exchange contracts during the year was a credit of £276,000 in revenue (2023: debit of £38,000).

21. Deferred tax

The Group	31 December 2024 £000s	31 December 2023 £000s
Accelerated capital allowances on tangible assets	**769**	820
Temporary differences: trading	**794**	287
Temporary differences: non-trading	**1,547**	1,549
Accelerated allowances on intangible assets	**(7,100)**	(7,460)
Initial recognition of intangible assets from business combination	**(21,646)**	(30,179)
Share-based payments	**303**	111
Foreign exchange forward contracts	**291**	(224)
Interest rate swap contracts	**164**	443
Losses and unrelieved interest	**1,777**	1,438
	(23,101)	(33,215)
Recognised as:		
Deferred tax asset	**5,645**	4,648
Deferred tax liability	**(28,746)**	(37,863)

Reconciliation of deferred tax movements:

The Group	1 January 2024 £000s	Transfers £000s	Recognised in other comprehensive income/ directly in equity	Recognised in the income statement £000s	31 December 2024 £000s
Non-current assets					
Intangible assets	(37,639)	–	319	8,574	**(28,746)**
Property, plant and equipment	820	–	–	(52)	**768**
Non-current liabilities					
Derivative financial instruments	(224)	–	395	121	**292**
Interest rate hedge	443	–	(279)	–	**164**
Other non-current liabilities	1,549	–	–	–	**1,549**
Equity					
Share option reserve	111	–	84	108	**303**
Temporary differences					
Trading	287	–	–	504	**791**
Losses	1,438	–	–	340	**1,778**
	(33,215)	–	519	9,595	**(23,101)**
Recognised as:					
Deferred tax asset	4,648	–	(24)	1,021	**5,645**
Deferred tax liability	(37,863)	–	543	8,574	**(28,746)**
	(33,215)	–	519	9,595	**(23,101)**

The Group has unrecognised deferred tax assets of £293,000 in relation to losses (2023: £295,000).

Notes to the Financial Statements continued

21. Deferred tax continued

The Group	1 January 2023 £000s	Transfers £000s	Recognised in other comprehensive income/ directly in equity £000s	Recognised in the income statement £000s	31 December 2023 £000s
Non-current assets					
Intangible assets	(59,411)	–	1,202	20,570	(37,639)
Property, plant and equipment	1,057	–	–	(237)	820
Non-current liabilities					
Derivative financial instruments	(44)	–	(122)	(58)	(224)
Interest rate hedge	–	–	443	–	443
Other non-current liabilities	1,630	–	(81)	–	1,549
Equity					
Share option reserve	167	–	14	(70)	111
Temporary differences					
Trading	205	–	–	82	287
Losses	1,058	–	–	380	1,438
	(55,338)	–	1,456	20,667	(33,215)
Recognised as:					
Deferred tax asset	4,117	–	376	155	4,648
Deferred tax liability	(59,455)	–	1,080	20,512	(37,863)
	(55,338)	–	1,456	20,667	(33,215)

22. Share capital

	Allotted, called up and fully paid	
	No. of shares	£000s
At 1 January 2023 – Ordinary shares of 1p each	539,995,086	5,400
Issued during the year	394,994	4
At 31 December 2023 – Ordinary shares of 1p each	540,390,080	5,404
Issued during the year	175,459	2
At 31 December 2024 – Ordinary shares of 1p each	**540,565,539**	**5,406**

Between 1 January 2024 and 31 December 2024, 175,459 shares were issued on the exercise of employee share options (2023: 394,994).

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Potential share options commitment

Under the Group's share option scheme for employees and Executive Directors, options have been granted to subscribe for shares in the Company at prices ranging from 1.00p to 102.80p (2023: 1.00p to 102.80p). Options are exercisable three years after date of grant, but in certain instances this can be extended to five years. Options outstanding are as follows:

Notes to the Financial Statements continued

22. Share capital continued

Year of grant	Exercise price Pence	Exercise from	Scheme	31 December 2024 Number (000s)	31 December 2023 Number (000s)
2014	33.75	2017	CSOP	–	242
2015	43.75	2018	CSOP	**268**	306
2015	46.75	2018	CSOP	**500**	500
2016	47.50	2019	CSOP	**502**	571
2016	47.50	2021	CSOP	**1,200**	1,400
2017	53.00	2020	CSOP	**1,950**	2,318
2018	81.60	2021	CSOP	**2,997**	3,177
2019	76.90	2022	CSOP	**3,773**	4,154
2020	73.70	2023	CSOP	**2,995**	3,285
2021	102.80	2024	CSOP	**4,651**	5,483
2021	1.00	2024	LTIP	**230**	468
2022	58.2	2025	CSOP	**6,434**	7,245
2022	1.00	2025	LTIP	**427**	878
2023	1.00	2026	LTIP	**6,542**	8,805
2024	1.00	2027	LTIP	**907**	–
				33,376	38,832

The weighted average remaining contractual life at 31 December 2024 is 5.0 years (2023: 6.0 years).

The provision of shares to satisfy certain of the Group's share option schemes can be facilitated by purchases of own shares by the Group's Employee Benefit Trust. The cost of operating the Trust is borne by the Group but is not material. To date, no shares have been purchased by the Trust for satisfaction of outstanding or future share option awards.

Managing capital

Our objective in managing the business's capital structure is to ensure that the Group has the financial capacity, liquidity and flexibility to support the existing business and to fund acquisition opportunities as they arise.

The capital structure of the Group consists of net bank debt and shareholders' equity. At 31 December 2024, net debt excluding lease liabilities was £60.1m (2023: £91.2m) (note 30), whilst shareholders' equity was £207.6m (2023: £217.9m).

The business is profitable and cash-generative. The main financial covenants applying to bank debt are that leverage (the ratio of net bank debt to EBITDA) should not exceed 3.0 times, and interest cover (the ratio of EBITDA to finance charges) should not be less than 4.0 times. The Group complied with both of these covenants in 2024 and 2023.

Smaller acquisitions are typically financed using bank debt, while larger acquisitions typically involve a combination of bank debt and additional equity. The mixture of debt and equity is varied, taking into account the desire to maximise the shareholder returns while keeping leverage at comfortable levels.

23. Share-based payments

Under the Group's share option scheme for employees and Executive Directors, options to subscribe for shares in the Company are granted normally once each year. The contractual life of a CSOP option is ten years from date of grant and for LTIPs, four years from date of grant. Generally, options granted become exercisable on the third anniversary of the date of grant, but in certain instances this can be extended to five years. Exercise of an option is normally subject to continued employment. Options are valued by a third-party provider using the Black-Scholes option-pricing model.

Share options and weighted average exercise price are as follows for the reporting periods presented:

	2024		2023	
	Number (000s)	Weighted average price Pence	Number (000s) (Restated[1])	Weighted average price Pence
Outstanding at start of year	**38,832**	**53.26**	33,627	67.54
Granted	**907**	**–**	8,804	–
Exercised (issued)	**(175)**	**17.50**	(395)	16.50
Exercised (withheld)	**(154)**	**33.75**	(146)	38.39
Forfeited	**(6,033)**	**40.65**	(3,058)	0.61
Outstanding at end of year	**33,377**	**54.99**	38,832	53.26
Exercisable at end of year	**19,068**	**76.21**	15,953	67.84

1 Restatement of the 2023 number of shares exercisable at the end of the year.

Notes to the Financial Statements continued

23. Share-based payments continued

Share options were exercised throughout the financial year. Share options were exercised at prices of between 1.00p and 33.75p per share.

Certain options are subject to EPS or Total Shareholder Return ("TSR") accretion performance criteria; those outstanding are as follows:

Year of grant	Exercise price Pence	Exercise from	31 December 2024 Number (000s)	31 December 2023 Number (000s)
2014	33.75	2017	–	92
2015	43.75	2018	**104**	104
2016	47.50	2019	**155**	155
2016	47.50	2021	**1,200**	1,400
2017	53.00	2020	**323**	323
2018	81.60	2021	**1,602**	1,639
2019	76.90	2022	**299**	336
2021	102.80	2024	**671**	924
2021	1.00	2024	**230**	468
2022	58.20	2025	**648**	919
2022	1.00	2025	**427**	878
2023	1.00	2026	**3,514**	5,356
2024	1.00	2027	**907**	–
			10,080	12,594

The total expense for the year relating to share-based payment plans was £1.6m (2023: £0.9m), of which £1.5m (2023: £1.0m) related to equity-settled transactions and a debit of £0.1m (2023: credit of £0.1m) related to cash-settled transactions.

It is assumed that, on average, options will be exercised after five years. The expected volatility is based on historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is based on UK Government bonds of a term consistent with the assumed option life.

The cash-settled transaction expense includes provision for social security charges based on the applicable social tax rate applied to the number of share awards which are expected to vest, valued with reference to the year-end share price.

The estimated total equity-settled fair value of the share options granted in June 2024 was £288,382. The model inputs were a market price of 41.90p, expected volatility of 45.28% and a risk-free rate of 4.22%.

24. Cash generated from operations

	Group	
	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Loss for the year	**(10,729)**	(33,136)
Taxation	**(3,731)**	(15,664)
Interest payable and similar charges	**9,225**	9,991
Interest income	**(62)**	(113)
Unrealised foreign exchange loss/(gain)	**222**	(423)
Profit on disposal of intangible assets	**(2,400)**	–
Depreciation of property, plant and equipment	**1,318**	1,225
Amortisation and impairment of intangibles	**44,890**	88,353
Change in inventories	**3,114**	(1,859)
Change in trade and other receivables	**5,422**	(6,481)
Change in trade and other payables	**(4,966)**	1,937
Change in provisions	**342**	(7,785)
Share-based employee remuneration	**1,646**	889
Cash generated from operations	**44,291**	36,934

Notes to the Financial Statements continued

25. Capital commitments

The Group had capital commitments for property, plant and equipment at 31 December 2024 totalling £nil (2023: £810,000).

26. Contingent liabilities

Contingent liabilities are possible obligations that are not probable. The Group operates in a highly regulated sector and in markets and geographies around the world each with differing requirements. As a result, and in the normal course of business, the Group can be subject to a number of regulatory inspections, investigations and customer and other claims on an ongoing basis.

It is therefore possible that the Group may incur penalties for non-compliance. In addition, a number of the Group's brands and products are subject to pricing and other forms of legal or regulatory restrictions from both governmental and regulatory bodies and also from third parties. Assessments as to whether or not to recognise a provision in respect of these matters are judgemental, as the matters are often complex and rely on estimates and assumptions as to future events.

As at 31 December 2024, there are no contingent liabilities (2023: £nil).

27. Pensions

The Group operates a defined contribution pension scheme for the benefit of Executive Directors and employees.

The Group	31 December 2024 £000s	31 December 2023 £000s
Contributions payable by the Group for the year	**1,682**	1,506

28. Related parties

The Group has a related-party relationship with its subsidiaries and with its Directors and key management. A list of subsidiaries is shown on pages 134 to 135 of these financial statements. Transactions between two subsidiaries for the sale and purchase of products or for management charges are priced on an arm's length basis. Benefit expenses in respect of key management are shown in note 7. The Group has no external related parties and therefore there are no external related-party transactions for the year (2023: none).

29. Ultimate controlling party

The Company's shares are listed on the Alternative Investment Market ("AIM") and are held widely. There is no single ultimate controlling party.

30. 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. 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 as follows:

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 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, excluding lease liabilities.	Note C below
Underlying effective tax rate	Underlying effective tax rate is calculated by dividing total taxation for the year less impact of tax rate changes and non-underlying charges, by the underlying profit before tax for the year.	Note D below
Operating costs	Defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges.	Note E below

Notes to the Financial Statements continued

30. Alternative Performance Measures

Measure	Definition	Reconciliation to GAAP measure
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 F below
Constant exchange rate ("CER") revenue	Like-for-like revenue, impact of acquisitions, and total see-through revenue are stated so that the portion denominated in non-Sterling currencies is retranslated using foreign exchange rates from the previous financial year.	Note G below

A. Underlying EBIT and EBITDA

Reconciliation of Underlying EBIT and EBITDA	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Loss before tax	**(14,460)**	(48,800)
Non-underlying items (note 5)	**45,965**	80,303
Underlying profit before tax	**31,505**	31,503
Finance costs (note 6)	**8,388**	10,358
Underlying EBIT	**39,893**	41,861
Depreciation (note 12)	**1,318**	1,225
Underlying amortisation (note 11)	**1,908**	1,903
Underlying EBITDA	**43,119**	44,989
Underlying EBITDA margin	**23.9%**	24.6%

B. Free cash flow

Reconciliation of free cash flow	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Cash generated from operations (note 24)	**44,291**	36,934
Interest payable and similar charges	**(8,736)**	(9,433)
Capital expenditure	**(841)**	(696)
Tax paid	**(5,575)**	(5,524)
Free cash flow	**29,139**	21,281

Notes to the Financial Statements continued

30. Alternative Performance Measures continued

C. Net debt

Reconciliation of net debt	31 December 2024 £000s	31 December 2023 £000s
Loans and borrowings (note 17)	**(92,477)**	(113,646)
Cash and cash equivalents (note 15)	**32,360**	22,436
Net debt	**(60,117)**	(91,210)

D. Underlying effective tax rate

Reconciliation of underlying effective tax rate	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Total taxation credit for the year	**3,731**	15,664
Non-underlying tax credit (note 5)	**(11,656)**	(22,579)
Underlying taxation charge for the year	**(7,925)**	(6,915)
Underlying profit before tax for the year	**31,505**	31,503
Underlying effective tax rate	**25.2%**	22.0%

E. Operating costs

Reconciliation of operating costs	31 December 2024 £000s	31 December 2023 £000s
Total administration and marketing expenses	**(70,848)**	(54,219)
Non-underlying administration and marketing expenses (note 5)	**5,009**	(6,147)
Depreciation (note 12)	**1,318**	1,225
Operating costs	**(64,521)**	(59,141)

F. See-through income statement

	2024 Statutory values £000s	See-through adjustment £000s	2024 See-through values £000s
Revenue – Consumer Healthcare brands	**129,234**	**1,509**	**130,743**
Revenue – Prescription Medicines	**49,602**	**–**	**49,602**
Total revenue	**178,836**	**1,509**	**180,345**
Cost of sales	**(69,550)**	**(1,509)**	**(71,059)**
Gross profit	**109,286**	**–**	**109,286**
Gross profit margin	**61.1%**	**–**	**60.6%**

	2023 Statutory values £000s	See-through adjustment £000s	2023 See-through values £000s
Revenue – Consumer Healthcare brands	134,332	2,032	136,364
Revenue – Prescription Medicines	46,348	–	46,348
Total revenue	180,680	2,032	182,712
Cost of sales	(75,661)	(2,032)	(77,693)
Gross profit	105,019	–	105,019
Gross profit margin	58.1%	–	57.5%

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

Notes to the Financial Statements continued

30. Alternative Performance Measures continued

G. Constant exchange rate revenue

See-through revenue	2024 £000s	Foreign exchange impact £000s	2024 CER £000s
LFL see-through revenue – Consumer Healthcare brands	**130,743**	**3,048**	133,791
LFL see-through revenue – Prescription Medicines	**49,602**	**352**	49,954
See-through revenue (Note F)	**180,345**	**3,400**	183,745

Statutory revenue	2024 £000s	Foreign exchange impact £000s	2024 CER £000s
LFL statutory revenue – Consumer Healthcare brands	**129,234**	**3,048**	132,282
LFL statutory revenue – Prescription Medicines	**49,602**	**352**	49,954
Statutory revenue (Note F)	**178,836**	**3,400**	182,236

31. Events after the reporting date

On 10 January 2025 we announced the recommended cash offer by DBAY Advisors Ltd for the entire issued, and to-be-issued share capital of Alliance, at the value of 62.5 pence per share (representing a £349.7m total cash offer). This offer was increased to 64.75 pence per share (representing a £362.0m total cash offer) on 10 March 2025 and was accepted by the requisite number of shareholders at a meeting on 13 March 2025.

As announced on 20 March 2025, the Sanction Hearing to approve the offer made by DBAY is scheduled for 12 May 2025, and the Effective Date of the Scheme is expected to be 14 May 2025.

We anticipate that Alliance will cease trading on AIM shortly afterwards.

There were no other material events subsequent to 31 December 2024 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

Company Balance Sheet

	Note	31 December 2024 £000s	31 December 2023 £000s (Restated[1])
Assets			
Non-current assets			
Investment and loans to subsidiaries	c	**170,821**	173,046
Current assets			
Trade and other receivables	d	**134**	227
Amounts owed by group undertakings		**12,271**	3,564
Cash and cash equivalents		**20**	4
		12,425	3,795
Total assets		**183,246**	176,841
Equity			
Ordinary share capital	f	**5,406**	5,404
Share premium account		**151,703**	151,684
Share option reserve		**12,754**	11,217
Retained earnings		**11,897**	7,660
Total equity		**181,760**	175,965
Liabilities			
Current liabilities			
Trade and other payables	e	**1,486**	817
Corporation tax		**–**	59
Total liabilities		**1,486**	876
Total equity and liabilities		**183,246**	176,841

1 See note c for an explanation and analysis of the prior year restatements in respect of 31 December 2023 and 1 January 2023.

The Company's profit for the year was £4,237,000 (2023 restated: £1,066,000).

As permitted by section 408 of the Companies Act 2006, no separate Income Statement is presented in respect of the Parent Company.

The financial statements were approved by the Board of Directors on 7 April 2025.

Nick Sedgwick
Director

Andrew Franklin
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company number 04241478

Company Statement of Changes in Equity

	Ordinary share capital £000s	Share premium account £000s	Share option reserve £000s	Retained earnings £000s	Total equity £000s
Balance 1 January 2023	5,400	151,650	10,214	29,377	196,641
Impact of prior year adjustment[1]	–	–	–	(13,191)	(13,191)
Balance 1 January 2023 (Restated[1])	5,400	151,650	10,214	16,186	183,450
Issue of shares	4	34	–	–	38
Dividend paid	–	–	–	(9,592)	(9,592)
Share options charge (including deferred tax)	–	–	1,003	–	1,003
Transactions with owners	4	34	1,003	(9,592)	(8,551)
Profit for the period and total comprehensive income (Restated[1])	–	–	–	1,066	1,066
Balance 31 December 2023 (Restated[1])	5,404	151,684	11,217	7,660	175,965
Balance 1 January 2024 (Restated[1])	**5,404**	**151,684**	**11,217**	**7,660**	**175,965**
Issue of shares	**2**	**19**	–	–	**21**
Share options charge (including deferred tax)	–	–	**1,537**	–	**1,537**
Transactions with owners					**1,558**
Profit for the period and total comprehensive income	–	–	–	**4,237**	**4,237**
Balance 31 December 2024	**5,406**	**151,703**	**12,754**	**11,897**	**181,760**

1 See note c for an explanation and analysis of the prior year restatements in respect of 31 December 2023 and 1 January 2023.

Notes to the Company Financial Statements

a. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. Notes a to f relate to the Company rather than the Group. Except where indicated, values in these notes are in £000.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council ("FRC") incorporating the Amendments to FRS 101 issued by the FRC in July 2015, and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Presentation of a third Balance Sheet in respect of prior year restatements;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

The Company produces consolidated financial statements which are prepared in accordance with International Financial Reporting Standards. As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of Group settled share-based payments; and
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other Companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. The Directors do not expect to have to provide support to subsidiary entities for the foreseeable future, and therefore consider the value of the guarantee to be insignificant. The Company accounts for intra-Group cross guarantees under IFRS 9.

As permitted by s408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Investments in subsidiaries

Investments are measured at cost less any provision for impairment and comprise investments in subsidiary companies.

Share-based payments

The Company has adopted IFRS 2 and its policy in respect of share-based payment transactions is consistent with the Group policy shown in note 2 to the Group financial statements.

Dividends

Interim dividends are recorded in the financial statements when they are paid. Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Critical accounting estimates and judgements

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are listed below.

The key assumptions used in discounted cash flow projections for investment impairment testing are considered a critical accounting estimate or judgement, with no others noted that require evaluation.

b. Personnel expenses in the Company profit and loss account

Alliance Pharma plc has no employees. Costs relating to service contracts with Executive and Non-Executive Directors during the year (2023: Executive and Non-Executive Directors) were as follows:

	Year ended 31 December 2024 £000s	Year ended 31 December 2023 £000s
Wages and salaries	**2,210**	1,219
Social security costs	**290**	155
Other pension costs	**19**	25
	2,519	1,399

Disclosures required by paragraph 1 of schedule 5 of SI2008/410 are set out in the Directors' Remuneration Report on pages 65 to 74.

Notes to the Company Financial Statements continued

c. Investments in the Company Balance Sheet

	Investment and loans to subsidiary undertakings £000s
Cost	
At 1 January 2024 (Restated)	**173,046**
Net movements	**(2,225)**
At 31 December 2024	**170,821**
At 1 January 2023 (Restated)	180,057
Net movements (Restated)	(7,011)
At 31 December 2023 (Restated)	173,046

The investment balance includes outstanding intercompany debt due from subsidiaries of £155.0m. The Directors do not consider that this amount will be demanded by the Company and therefore it has been classified as an investment. No provision has been recognised for estimated credit losses on loans to subsidiaries, as it is considered these would be immaterial.

During the year, there was an impairment of £2.2m (2023 restated: £7.0m) recognised which relates to the investment held in Alliance Pharmaceuticals SAS. With respect to the impairment assessment for investments in subsidiaries, a 2% increase in the discount rate would result in an additional £1.2m of impairment charge recognised. The directors do not consider there to be any other reasonably possible changes in estimates that would result in further impairment to investments.

Prior year restatement

In 2022 the company obtained and capitalised a loan to Alliance Pharmaceuticals SAS from a fellow subsidiary of the company. This transaction was not reflected in the financial statements and as a result impairment losses were understated by £13.2m in 2022. Management also identified a further £7.0m understatement of impairment losses in 2023 due to the write-off of the remainder of this capitalized loan and the decreasing performance of the subsidiary. The financial statements have been restated resulting in a £20.2m decrease in both 'Investment and loans to subsidiaries' and 'retained earnings' as at 31 December 2023.

A summary of the impact of the prior year adjustments on the Balance Sheet as at 31 December 2023 is as follows:

	31 December 2023 £000s	Impact of prior year adjustment £000s	31 December 2023 £000s (Restated)
Assets			
Non-current assets			
Investment and loans to subsidiaries	193,228	(20,182)	173,046
Current assets			
Trade and other receivables	227	–	227
Amounts owed by group undertakings	3,564	–	3,564
Cash and cash equivalents	4	–	4
	3,795	–	3,795
Total assets	197,023	(20,182)	176,841
Equity			
Ordinary share capital	5,404	–	5,404
Share premium account	151,684	–	151,684
Share option reserve	11,217	–	11,217
Retained earnings	27,842	(20,182)	7,660
Total equity	196,147	(20,182)	175,965
Liabilities			
Current liabilities			
Trade and other payables	817	–	817
Corporation tax	59	–	59
Total liabilities	876	–	876
Total equity and liabilities	197,023	(20,182)	176,841

Notes to the Company Financial Statements continued

The subsidiary and associated undertakings where the Group held 20% or more of the equity share capital at 31 December 2024 are shown below:

Company	Country of registration or incorporation	% owned	Nature of business
Advanced Bio-Technologies Inc.	US	100	Pharmaceutical sales
Alliance Pharma France SAS	France	100	Pharmaceutical sales
Alliance Pharma S.r.l.	Italy	100	Non-trading
Alliance Pharmaceuticals Limited*	England & Wales	100	Pharmaceutical sales
Alliance Lifescience Technology (Shanghai) Co., Limited	China	100	Pharmaceutical sales
Alliance Pharmaceuticals Spain SL*	Spain	100	Pharmaceutical sales
Alliance Pharma Inc.	US	100	Pharmaceutical sales
Alliance Pharmaceuticals (Thailand) Co., Ltd	Thailand	100	Pharmaceutical sales
Alliance Pharmaceuticals (Philippines) Corporation	Philippines	100	Pharmaceutical sales
Alliance CHC (India) Private Limited	India	100	Non-trading
Alliance Pharma (Ireland) Limited	Republic of Ireland	100	Pharmaceutical sales
Alliance Pharmaceuticals GmbH*	Germany	100	Non-trading
Alliance Pharmaceuticals GmbH* – Swiss Branch	Switzerland	100	Non-trading
Alliance Pharmaceuticals SAS*	France	100	Non-trading
Alliance Pharma (Singapore) Private Limited*	Singapore	100	Non-trading
Alliance Pharmaceuticals (Asia) Limited*	Hong Kong	100	Non-trading
Opus Healthcare Limited	Republic of Ireland	100	Dormant
Alliance Consumer Health Limited	England & Wales	100	Dormant
Alliance Generics Limited	England & Wales	100	Dormant
Alliance Health Limited	England & Wales	100	Dormant
Alliance Healthcare Limited	England & Wales	100	Dormant
Caraderm Limited	Northern Ireland	100	Dormant
Dermapharm Limited	England & Wales	100	Dormant
MacuVision Europe Limited	England & Wales	100	Dormant
Maelor Laboratories Limited	England & Wales	100	Dormant
Opus Group Holdings Limited	England & Wales	100	Dormant
Opus Healthcare Limited	England & Wales	100	Dormant

* Investments held directly by Alliance Pharma plc.

The registered address in each country is as follows:

Territory	Company	Registered Office Address
US	Advanced Bio-Technologies Inc.	11000 Regency Pkwy, Ste 106, Cary NC 27518, United States
	Alliance Pharma Inc.	11000 Regency Pkwy, Ste 106, Cary NC 27518, United States
France	Alliance Pharmaceuticals SAS	13 rue Paul Valéry, 75016, Paris, France
	Alliance Pharma France SAS	13 rue Paul Valéry, 75016, Paris, France
China	Alliance Pharmaceuticals Lifescience Technology (Shanghai) Co.,Limited	Suite 701, NanFung Tower, No. 1568, Road Huashan, Shanghai, 200030, P.R.China
Germany	Alliance Pharmaceuticals GmbH	Niederkasseler Lohweg 175, 40547, Düsseldorf, Germany
Hong Kong	Alliance Pharmaceuticals (Asia) Limited	Unit 1307A, 13/F, Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong
Italy	Alliance Pharma S.r.l.	Viale Francesco Restelli 5, 20124, Milano, Italy
Republic of Ireland	Alliance Pharma (Ireland) Limited	United Drug House, Magna Drive, Dublin, D24 X0CT, Ireland
	Opus Healthcare Limited	6th Floor, South Bank House, Barrow Street, Dublin 4, Ireland
Singapore	Alliance Pharma (Singapore) Private Limited	30 Cecil Street, 19-08 Prudential Tower, Singapore 049712

Notes to the Company Financial Statements continued

Territory	Company	Registered Office Address
Spain	Alliance Pharmaceuticals Spain SL	Regus Business Center Torre de Cristal, Paseo de la Casstellana, 259 C Planta 18, Cuatro Torres Business area 28046, Madrid, Spain
Switzerland (Branch)	Alliance Pharmaceuticals GmbH Düsseldorf	Zweigniederlassung Uster, c/o Gubser Kalt & Partner AG, 8610, Brunnenstrasse 17, Uster, Switzerland
Thailand	Alliance Pharmaceuticals (Thailand) Co., Ltd	No. 444 Olympia Thai Tower, 8th Floor, Ratchadapisek Road, Samsennok Sub-district, Huaykwang District, Bangkok, Thailand
England & Wales	All Companies	Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB, England
Northern Ireland	Caraderm Limited	6 Trevor Hill, Newry, County Down, BT34 1DN, Northern Ireland
Philippines	Alliance Pharmaceuticals (Philippines) Corporation	Level 21 8 Rockwell Hidalgo Drive, Rockwell Center Poblacion 1210, City Of Makati NCR Fourth District, Philippines
India	Alliance CHC (India) Private Limited	314, Bhaveshwar Arcade Annexe, LBS Marg, Opp. Shreyas Cimema, Ghatkopar West Mumbai, Bandra Suburban, MH 400086, India

Unless otherwise stated, the share capital comprises Ordinary shares and the ownership percentage is provided for each undertaking. All subsidiary undertakings prepare accounts to 31 December.

d. Trade and other receivables in the Company balance sheet

	31 December 2024 £000s	31 December 2023 £000s
Other receivables	**131**	182
Prepayments	**3**	45
	134	227

e. Trade and other payables in the Company balance sheet

	31 December 2024 £000s	31 December 2023 £000s
Trade payables	**527**	58
Accruals	**959**	759
	1,486	817

f. Capital and reserves in the Company balance sheet

Details of the number of Ordinary shares in issue and dividends paid in the year are given in note 22 to the Group financial statements.