


ALLIANCE PHARMA PLC

("Alliance" or the "Group")

Results for the six months ended 30 June 2024
Board expectations for year-end performance remain unchanged

Alliance Pharma plc (AIM: APH), the international healthcare group, is pleased to announce its interim results for the six months ended 30 June 2024 ("the Period"). As previously reported in the trading update on 29 July 2024, strong revenue growth for the Kelo-Cote franchise drove Group see-through* revenues of £84.8m in the Period (H1 23: £82.4m), up 2.8% versus the prior period and up 5.0% at constant exchange rates ("CER").

The business remains strong, with solid cash generation expected to continue, and the Board's expectations for Group performance in the full year remain unchanged.

FINANCIAL SUMMARY

| Unaudited six months ended June 30 | 2024 | 2024 | 2023 | 2023 | Growth underlying | Growth reported |
|---------------------------------------|--------------------|------------------|--------------------|------------------|----------------------|--------------------|
| | Underlying (£m) | Reported (£m) | Underlying (£m) | Reported (£m) | | |
| Revenue (see-through basis)* | 84.8 | 84.8 | 82.4 | 82.4 | 2.8% | 2.8% |
| Revenue (statutory basis) | 83.9 | 83.9 | 81.4 | 81.4 | 3.0% | 3.0% |
| Gross profit | 50.7 | 50.7 | 46.9 | 46.9 | 8.1% | 8.1% |
| Profit before taxation | 12.7 | 5.9 | 10.3 | 6.2 | 23.3% | -4.7% |
| Basic earnings per share | 1.80 | 0.86 | 1.58 | 0.95 | 13.9% | -9.5% |
| Free cash flow* | | 8.8 | | 11.0 | | |
| Cash from operations | | 14.3 | | 15.5 | | |

OPERATING AND FINANCIAL HIGHLIGHTS

- Consumer Healthcare revenues +5.6% CER to £61.4m (H1 23: £59.7m) with a strong performance in the Kelo-Cote franchise revenues, offsetting expected declines in Nizoral due to stocking cycles.
- Amberen revenues declined 8.9% CER to £5.2m but remedial actions are being implemented.
- Other consumer healthcare revenues increased 8.9% CER to £18.7m (H1 23: £17.2m) with MacuShield up 16.0% CER to £4.8m.
- Prescription medicine revenues grew 3.4% CER to £23.3m (H1 23: £22.7m) reflecting strong growth in Hydromol (up 9.6% CER to £5.1m) and a return to stock of certain products.
- Gross margin up 300bp, underlying EBITDA up 6.4% to £19.1m as we increase investment in marketing and innovation.
- Robust free cash flow of £8.8m (H1 23: £11.0m) driving £8.0m reduction in net debt to £83.2m at 30 June 2024 (31 December 2023: £91.2m).
- Group leverage of 1.81x as at 30 June 2024 (31 December 2023: 2.05x) and is expected to fall further in H2 to c.1.5x at the end of the year.

DEVELOPING OUR BUSINESS

- Senior management changes implemented to improve efficiency, to bring the consumer closer to the heart of the business and to accelerate decision making.

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- Innovation pipeline continues to deliver with three significant launches in the Period: Amberen Energy, Mood and Sleep Gummy, MacuShield Omega 3 tablets and ScarAway Kids formulation. Sales from new product launches expected to double in FY 2024 versus FY 2023.
- ERP system successfully implemented in China, completing the roll-out of one-ERP platform across Alliance.
- Continued progress on Sustainability in the Period: publishing our second, voluntary, TCFD report, becoming a member of the UN Global Compact and receiving Level 2 Evergreen Assessment as an NHS supplier.
- Successful appeal of Competition and Markets Authority (“CMA”) decision clearing Alliance, and former CEOs Peter Butterfield and John Dawson, of any wrongdoing. £7.9m provision for potential fine released in FY 2023 accounts.

Commenting on the results, Nick Sedgwick, Chief Executive Officer of Alliance, said:

“I am pleased by the performance we delivered in H1 24 as we continue to see the benefits of our investment in both marketing and innovation. Our free cash flow is expected to build strongly throughout the remainder of 2024, which we anticipate will enable us to reduce further our net debt and leverage by the end of the year.

“Since the end of H1 2024 we have strengthened further our marketing campaigns. I have also implemented a number of senior management changes to accelerate decision making and to bring the consumer closer to the heart of the business, and I see further opportunity to deliver efficiency gains and capability improvements over time.

“The Board’s expectation for full year financial performance is unchanged.”

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

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

ANALYST MEETING & WEBCAST

A meeting for analysts will be held at 10:00am this morning, 30 September 2024, at Burson Buchanan, 107 Cheapside, London EC2V 6DN. For further details, analysts should contact alliancepharma@buchanan.uk.com.

A live webcast of the analyst meeting will be available at this link:
<https://stream.buchanan.uk.com/broadcast/66def9f76b479f7c8e789e9a>

Following the meeting, a replay of the webcast will be made available at the investor section of Alliance’s website, <https://www.alliancepharmaceuticals.com/investors/>

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About Alliance

Alliance Pharma plc (AIM: APH) is a growing consumer healthcare company. Our purpose is to empower people to make a positive difference to their health and wellbeing by making our trusted and proven brands available around the world.

We deliver organic growth through investing in our priority brands and channels, in related innovation, and through selective geographic expansion to increase the reach of our brands. Periodically, we may look to enhance our organic growth through selective, complementary acquisitions.

Headquartered in the UK, the Group employs around 290 people based in locations across Europe, North America, and the Asia Pacific region. By outsourcing our manufacturing and logistics we remain asset-light and focused on maximising the value we can bring, both to our stakeholders and to our brands.

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

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Trading performance

Overview

The Group delivered see-through revenues of £84.8m in the Period (H1 23: £82.4m), up 2.8% versus the prior period and up 5.0% at constant exchange rates ("CER"). Statutory revenue was 3.0% above the prior period at £83.9m (H1 23: £81.4m) and up 5.3% CER.

Revenue summary

| Unaudited six months ended 30 June | 2024 £m | 2023 £m | Growth | CER growth |
|---|-------------|-------------|-----------|---------------|
| Kelo-Cote franchise | 29.2 | 25.6 | 14% | 18% |
| Nizoral | 8.3 | 11.1 | -25% | -21% |
| Amberen | 5.2 | 5.9 | -11% | -9% |
| Other consumer brands | 18.7 | 17.2 | 9% | 9% |
| Consumer Healthcare | 61.4 | 59.7 | 3% | 6% |
| Prescription Medicines | 23.3 | 22.7 | 3% | 3% |
| See-through revenue | 84.8 | 82.4 | 3% | 5% |
| Statutory revenue – Consumer Healthcare | 60.5 | 58.7 | 3% | 6% |
| Statutory revenue - Group | 83.9 | 81.4 | 3% | 5% |

Consumer Healthcare

Consumer Healthcare revenues of £61.4m were up 2.9% (+5.6% CER) versus the prior Period (H1 23: £59.7m), benefitting from strong growth in the Kelo-Cote franchise. On a statutory basis, reported revenues were 3.2% above the prior Period at £60.5m and up 6.0% CER.

Kelo-Cote – scar prevention and treatment

Revenues from the Kelo-Cote franchise rose 14.2% (18.4% CER) in the Period to £29.2m (H1 23: £25.6m). Whilst this growth is flattered to some extent by the weaker than usual prior year, when sales were more heavily weighted to H2 due to the previously discussed destocking by our cross-border ecommerce partner, in-market sales for Kelo-Cote in China remain strong, up 17% versus the market growth of 10%. Performance in the US was particularly encouraging with ScarAway revenues up 16% CER, outpacing market growth of 7%.

Throughout H2 24 we are moving towards a more consistent revenue stream, reducing the stocking and destocking cycles we've experienced over the last two years. This is expected to yield mid-single digit revenue growth for the Kelo-Cote franchise in 2024.

Nizoral – medicated anti-dandruff shampoo

Nizoral performance was impacted by destocking following a build in inventory in H1 23 ahead of the planned move to a new manufacturer. Consequently, Nizoral revenues were down 20.9% CER to £8.3m in the Period (H1 23: £11.1m).

With a new head of China in place and a strong team across APAC, new product launches and further marketing investment planned to activate the brand across APAC, we remain confident about the mid to long term prospects for the brand.

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

Amberen revenues declined 8.9% CER to £5.2m (H1 23: £5.9m) due to softer trading on Amazon and as the category continues to shift away from bricks and mortar.

Our newly launched range of gummies is delivering incremental business through reaching new consumers, whilst continued action to reduce unauthorised resellers means we are beginning to see improvements in our share of the buy box on Amazon. With a new head of North America in place we are conducting an in-depth review of the business to strengthen our action plan and accelerate growth.

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Other Consumer Healthcare brands

Other consumer healthcare revenues increased 8.9% CER to £18.7m (H1 23: £17.2m) with MacuShield up 16.0% CER to £4.8m (H1 23: £4.2m) as promotional activities and new product launches drove strong in-market demand.

Prescription Medicines

Prescription medicine revenues grew 3.4% CER to £23.3m (H1 23: £22.7m) reflecting continued strong performance in Hydromol (emollient for the treatment of eczema) with revenues up 9.6% CER to £5.1m (H1 23: £4.7m) and a return to stock of certain products, including those brands impacted by the transition from the Medical Devices Directive to the Medical Devices Regulation.

Forceval (nutritional supplement) revenues increased 13.6% CER to £3.7m (H1 23: £3.3m).

We continue to manage this part of our business actively, to ensure appropriate levels of investment and financial return.

Prescription medicines continue to deliver a healthy contribution to the Group's cash flow.

Profit and loss account

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

Changes in revenue mix, primarily a higher proportion of Kelo-Cote franchise revenues, led to a 300 basis point (bp) increase in gross margin to 59.8% of see-through revenue (H1 23: 56.8%) and an 8.1% increase in gross profit to £50.7m (H1 23: £46.9m). Gross margin relative to statutory revenue was 60.4% (H1 23: 57.6%).

We continued our investment in the business in H1 24, improving our operating capabilities and marketing effectiveness provided to a number of our brands. Accordingly, underlying operating costs (defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges) increased 8.4% to £30.7m (H1 23: £28.4m), representing 36.2% of see-through revenue (H1 23: 34.5%).

With a modest increase in the IFRS 2 share options charge to £0.8m for the Period (H1 23: £0.5m), underlying earnings before interest, taxes, depreciation and amortisation (EBITDA) increased 6.4% in the Period to £19.1m (H1 23: £18.0m), whilst underlying operating profit (EBIT) increased by 7.6% to £17.5m (H1 23: £16.3m).

Reported operating profit declined 12.1% to £10.7m (H1 23: £12.2m) following a £1.1m increase in non-underlying expenses and intangible asset impairments of £1.5m.

Net finance costs of £4.8m include interest charges of £4.9m (H1 23: £4.6m) and net exchange gains of £0.1m, representing FX movements versus the prior period when we recorded a net exchange loss of £1.4m in HY23. With an underlying tax charge of £3.0m (H1 23: £1.8m) equating to a tax rate of 23.4% (H1 23: 17.3%), underlying basic earnings per share increased 13.9% to 1.80p (H1 23: 1.58p).

Cash generation

We generated £8.8m free cash flow in the Period (H1 23: £11.0m) and decreased net debt by £8.0m to £83.2m at 30 June 2024 (31 December 2023: £91.2m). Group leverage (as at 30 June 2024) was 1.81x (31 December 2023: 2.05x).

Net working capital outflow in the period of £0.9m relates to an increase in inventories and a decrease in accounts payables which is partially offset by a decrease in receivables. Overall, cash generated from operations was £16.9m (H1 22: £17.2m).

Net debt and Group leverage are both expected to fall further in H2, reflecting the Group's strong cash generation, and we now expect to finish the year with leverage of c.1.5x. Our dividend remains paused whilst we focus on further net debt reduction.

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Innovation and Development (I&D)

We continue to actively invest in our business to maintain strong organic revenue growth and currently spend some £1m-£2m per annum on I&D, with a view to generating 10% of net consumer sales from new product innovation in the future. In H1 24, revenues from new product development reached £3.5m (H1 23: £1.1m), representing 5.7% of consumer health care sales (H1 23: 1.8%).

We launched three significant new products during H1 24, all of which provide potential for significant organic growth in future years.

The latest gummy in the Amberen range, Amberen Energy, Mood and Sleep, was launched in the US in Q2 24 targeting the perimenopausal consumer. It has gained good traction online through both Amazon and our own direct to consumer website Amberen.com. We have also partnered with Walmart to promote the product on its social media platforms, and are working with a leading social media influencer, Dr. Eva Beaulieu, to expand the brand's reach.

In the UK, we have expanded the MacuShield range with the launch of MacuShield Omega 3. The product was first placed in Boots, both in store and online, then listed on Amazon from May 2024 ahead of Prime Day in July 2024. The launch was supported by an extensive PR campaign and is expected to broaden the brand's reach rather than cannibalise sales of the base brand.

ScarAway Kids scar gel was launched in the US on Amazon in late February 2024 expanding the range of the flagship gel listing.

Operational and corporate developments

The arrival of our new CEO, Nick Sedgwick, in May 2024, has provided fresh perspective. Whilst the business has transitioned to a predominantly consumer healthcare company, much of the infrastructure and mindset remains more aligned with the legacy prescription medicines business. Consequently, we are working to adapt the Company's culture and capabilities to support our ambition to become a high-performing consumer healthcare company, placing the consumer firmly at the heart of all strategic decisions. To date the Chief Operating Officer role has been removed, to streamline the management structure and accelerate decision making, and both the Heads of North America and China have been replaced to support our growth ambitions.

On 23 May 2024 we announced the successful conclusion of our appeal before the Competition Appeal Tribunal ("CAT") of a decision by the UK Competition and Markets Authority ("CMA"). In a unanimous judgment, the CAT upheld Alliance's appeal, finding that there was no agreement to exclude competition from the market and no breach of competition law. The CMA's decision and £7.9m penalty imposed on Alliance have been set aside. In particular, the CAT found that Alliance's two key witnesses, former Alliance CEOs Peter Butterfield and John Dawson, were both impressive and compelling, with their evidence singled out by the Tribunal in its concluding remarks. Director disqualification proceedings brought by the CMA against the two former Alliance CEO's, the first limb of which was joined to the appeal, have also fallen away. The CMA has confirmed that it will not appeal the CAT decision.

In 2021 we provided for the potential penalty but reversed this provision in the FY 2023 accounts.

Continuing our sustainability journey

We continue to make good progress on our sustainability journey, publishing our second, voluntary, stand-alone TCFD report for 2023 in June 2024. We also created an online sustainability report to accompany the publication of our Annual Report in June as we strive to improve further the communication of our sustainability strategy.

Throughout this year we have focused on developing our social and governance strategies. Having established a partnership with Slave Free Alliance (SFA) in 2023, in H1 24, the SFA conducted a high-level risk assessment on 15 suppliers deemed most at risk from a modern slavery perspective. Furthermore, we have committed to conducting at least five modern slavery audits in person from this group of 15 high risk suppliers, of which four were completed in H1 24 with no red flags.

We have also joined the UN Global Compact, which is the world's largest global corporate sustainability initiative. This commits Alliance to meet fundamental responsibilities in the four areas of human rights, labour, the environment and anti-corruption.

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During the Period, we were pleased to have completed the NHS Evergreen Sustainable Supplier Assessment. This self-assessment and reporting tool resulted in Alliance receiving a level 2 accreditation recognising our comprehensive net zero targets and reporting for carbon emissions. This accreditation is key to remaining a trusted provider to the NHS, supporting us to align with their long-term sustainability priorities and their pathway to net zero emissions.

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

Board changes

As announced in February 2024, Jo LeCouilliard stepped down from the Board with the appointment of Camillo Pane as the new independent Chair of Alliance that month. Camillo Pane has over 30 years of relevant sector experience. He has held a number of senior positions at Reckitt Benckiser, including Senior Vice President and Global Category Officer for Consumer Health, before moving to Coty Inc, one of the largest beauty companies in the world, where, as CEO, he led the merger with Procter & Gamble Specialty Beauty. Most recently, he was Group CEO of Health & Happiness Group, a global health and nutrition company listed on the Hong Kong Stock Exchange with revenues of around \$2bn.

On 8 May 2024 we announced that Peter Butterfield, Chief Executive Officer (“CEO”), had decided to leave the business and, on 13 May 2024, we announced that Nick Sedgwick was appointed as Alliance’s new CEO.

Nick brings 30 years of consumer goods experience predominantly in health across European, US and global roles at major multinational companies such as Reckitt, Coty and Nestlé. Most recently Nick was Regional Director for UK and Ireland Consumer Health at Reckitt during which time he increased revenue and improved profitability in the second largest market for the company. Prior to this, Nick worked at Coty holding a number of senior roles including Senior Vice President for Global Sales and Commercial Capabilities, Senior Vice President Sales for the US business and General Manager Consumer Beauty for UK and Ireland. Throughout his career, Nick has worked in multiple countries, always delivering high revenue growth through consumer-centric strategies, high performance teams and excellence in execution.

In order to accelerate the globalisation of the business, simplify the management structure and to bring the consumer closer to the heart of the business, the Board decided that the role of COO is no longer required. Consequently, Jeyan Heper left the business on 31 August 2024.

Current trading and outlook

The second half of 2024 is currently trading in-line with expectations. We expect Group revenues to continue to build throughout H2 as new product launches gain momentum. This revenue growth will be used to support further investment in marketing and innovation. The Board continues to anticipate that underlying Group profit in FY 2024 will be in line with FY 2023. Net debt and Group leverage are both expected to continue to fall, with Group leverage expected to be c. 1.5x at year end, reflecting the Group’s strong cash generation.

Nick Sedgwick

Chief Executive Officer

30 September 2024

Andrew Franklin

Chief Financial Officer

30 September 2024

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UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

| | Note | Unaudited Six months ended 30 June 2024 | | | Unaudited Six months ended 30 June 2023 | | |
|--|----------|--|---|-----------------|--|---|----------------|
| | | Underlying £000s | Non- Underlying £000s (Note 6) | Total £000s | Underlying £000s | Non- Underlying £000s (Note 6) | Total £000s |
| | | | | | | | |
| Revenue | 4 | 83,865 | - | 83,865 | 81,398 | - | 81,398 |
| Cost of sales | | (33,203) | - | (33,203) | (34,536) | - | (34,536) |
| Gross profit | | 50,662 | - | 50,662 | 46,862 | - | 46,862 |
| Operating expenses | | | | | | | |
| Administration and marketing expenses | | (31,368) | (2,080) | (33,448) | (29,177) | (1,000) | (30,177) |
| Amortisation of intangible assets | 6 | (954) | (3,233) | (4,187) | (948) | (3,082) | (4,030) |
| Impairment of intangible assets | 6 | - | (1,474) | (1,474) | - | - | - |
| Share-based employee remuneration | | (833) | - | (833) | (460) | - | (460) |
| Operating profit | | 17,507 | (6,787) | 10,720 | 16,277 | (4,082) | 12,195 |
| Finance costs | | | | | | | |
| Interest payable and similar charges | 5 | (4,939) | - | (4,939) | (4,600) | - | (4,600) |
| Finance income/(costs) | 5 | 159 | - | 159 | (1,359) | - | (1,359) |
| Net finance costs | | (4,780) | - | (4,780) | (5,959) | - | (5,959) |
| Profit before taxation | | 12,727 | (6,787) | 5,940 | 10,318 | (4,082) | 6,236 |
| Taxation | 7 | (2,974) | 1,697 | (1,277) | (1,784) | 657 | (1,127) |
| Profit for the period attributable to equity shareholders | | 9,753 | (5,090) | 4,663 | 8,534 | (3,425) | 5,109 |
| Earnings per share | | | | | | | |
| Basic (pence) | 9 | 1.80 | | 0.86 | 1.58 | | 0.95 |
| Diluted (pence) | 9 | 1.79 | | 0.86 | 1.58 | | 0.94 |

All of the activities of the Group are classified as continuing.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|--|--|
| Profit for the period | 4,663 | 5,109 |
| Other comprehensive income | | |
| Items that may be reclassified to profit or loss: | | |
| Interest rate swaps – cash flow hedge (gross) | 1,316 | - |
| Interest rate swaps – cash flow hedge (deferred tax) | (329) | - |
| Foreign exchange forward contracts – cash flow hedge (gross) | (847) | (32) |
| Foreign exchange forward contracts – cash flow hedge (deferred tax) | 213 | 8 |
| Foreign exchange translation differences (gross) | (1,007) | (9,185) |
| Foreign exchange translation differences (deferred tax) | 252 | 2,296 |
| Total comprehensive income for the period | 4,261 | (1,804) |

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UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

| | Note | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|--------------------------------------|------|------------------------------------|--------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill and intangible assets | 10 | 294,321 | 299,978 |
| Property, plant and equipment | 11 | 5,759 | 5,721 |
| Deferred tax asset | | 4,647 | 4,648 |
| Derivative financial instruments | | - | 77 |
| Other non-current assets | | 274 | 404 |
| | | 305,001 | 310,828 |
| Current assets | | | |
| Inventories | | 27,580 | 25,711 |
| Trade and other receivables | 12 | 45,993 | 54,716 |
| Derivative financial instruments | | 468 | 1,232 |
| Cash and cash equivalents | | 19,271 | 22,436 |
| Total current assets | | 93,312 | 104,095 |
| Total assets | | 398,313 | 414,923 |
| Equity | | | |
| Ordinary share capital | | 5,406 | 5,404 |
| Share premium account | | 151,702 | 151,684 |
| Share option reserve | | 11,907 | 11,159 |
| Other reserve | | (329) | (329) |
| Cash flow hedging reserve | | (469) | (822) |
| Translation reserve | | 6,656 | 7,411 |
| Retained earnings | | 48,029 | 43,366 |
| Total equity | | 222,902 | 217,873 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 15 | 102,434 | 113,646 |
| Other liabilities | 14 | 2,856 | 3,200 |
| Derivative financial instruments | | 810 | 1,771 |
| Deferred tax liability | | 37,477 | 37,863 |
| Total non-current liabilities | | 143,577 | 156,480 |
| Current liabilities | | | |
| Corporation tax | | 1,441 | 2,454 |
| Trade and other payables | 13 | 29,430 | 37,066 |
| Provisions | 16 | 558 | 637 |
| Derivative financial instruments | | 405 | 413 |
| Total current liabilities | | 31,834 | 40,570 |
| Total liabilities | | 175,411 | 197,050 |
| Total equity and liabilities | | 398,313 | 414,923 |

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

| | Ordinary Share Capital £000s | Share Premium account £000s | Share Option reserve £000s | Other reserve £000s | Cash flow Hedging reserve £000s | Translation reserve £000s | Retained earnings £000s | Total Equity £000s |
|--|---------------------------------------|--------------------------------------|-------------------------------------|---------------------------|--|---------------------------------|-------------------------------|--------------------------|
| Balance 1 January 2024 (audited) | 5,404 | 151,684 | 11,159 | (329) | (822) | 7,411 | 43,366 | 217,873 |
| Issue of shares | 2 | 18 | | - | - | - | - | 20 |
| Dividend paid/payable | - | - | - | - | - | - | - | - |
| Share options charge (including deferred tax) | - | - | 748 | - | - | - | - | 748 |
| Transactions with owners | 2 | 18 | 748 | - | - | - | - | 768 |
| Profit for the period | | | | | | | 4,663 | 4,663 |
| Other comprehensive income | | | | | | | | |
| Interest rate swaps – cash flow hedge (net of deferred tax) | - | - | - | - | 987 | - | - | 987 |
| Foreign exchange forward contracts – cash flow hedge (net of deferred tax) | - | - | - | - | (634) | - | - | (634) |
| Foreign exchange translation differences | - | - | - | - | - | (755) | - | (755) |
| Total comprehensive income for the period | - | - | - | - | 353 | (755) | 4,663 | 4,261 |
| Balance 30 June 2024 (unaudited) | 5,406 | 151,702 | 11,907 | (329) | (469) | 6,656 | 48,029 | 222,902 |

| | Ordinary Share Capital £000s | Share Premium account £000s | Share Option reserve £000s | Other reserve £000s | Cash flow Hedging reserve £000s | Translation reserve £000s | Retained earnings £000s | Total Equity £000s |
|--|---------------------------------------|--------------------------------------|-------------------------------------|---------------------------|--|---------------------------------|-------------------------------|--------------------------|
| Balance 1 January 2023 (restated ¹) | 5,400 | 151,650 | 10,141 | (329) | 131 | 12,430 | 86,094 | 265,517 |
| Issue of shares | 1 | 33 | - | - | - | - | - | 34 |
| Dividend paid | - | - | - | - | - | - | (9,592) | (9,592) |
| Share options charge (including deferred tax) | - | - | 660 | - | - | - | - | 660 |
| Transactions with owners | 1 | 33 | 660 | - | - | - | (9,592) | (8,898) |
| Profit for the period | - | - | - | - | - | - | 5,109 | 5,109 |
| Other comprehensive income | | | | | | | | |
| Foreign exchange forward contracts - cash flow hedge (net of deferred tax) | - | - | - | - | (24) | - | - | (24) |
| Foreign exchange translation differences | - | - | - | - | - | (6,889) | - | (6,889) |
| Total comprehensive income for the period | - | - | - | - | (24) | (6,889) | 5,109 | (1,804) |
| Balance 30 June 2023 (restated¹) | 5,401 | 151,683 | 10,801 | (329) | 107 | 5,541 | 81,611 | 254,815 |

1 Restated as per the 2023 Annual Report and Accounts, which are available from the registered office of this company.

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UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

| | Note | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|------|--|--|
| Operating activities | | | |
| Profit for the period before tax | | 5,940 | 6,236 |
| Interest payable and similar charges | 5 | 4,939 | 4,600 |
| Foreign exchange (gain)/loss | 5 | (74) | 1,359 |
| Interest income | 5 | (85) | - |
| Amortisation and impairment of intangible assets | 10 | 5,661 | 4,030 |
| Depreciation of property, plant and equipment | 11 | 650 | 733 |
| Share-based employee remuneration | | 833 | 460 |
| Change in inventories | | (1,869) | (2,810) |
| Change in trade and other receivables | | 8,853 | 8,330 |
| Change in trade and other payables | | (7,923) | (5,694) |
| Cash generated from operations | | 16,925 | 17,244 |
| Tax paid | | (2,615) | (1,786) |
| Cash flows from operating activities | | 14,310 | 15,458 |
| Investing activities | | | |
| Acquisitions and deferred consideration | | - | (207) |
| Purchase of property, plant and equipment | 11 | (728) | (199) |
| Net cash used in investing activities | | (728) | (406) |
| Financing activities | | | |
| Interest paid and similar charges | | (4,796) | (4,299) |
| Loan issue costs | 15 | - | (100) |
| Proceeds from exercise of share options | | 20 | 34 |
| Capital lease payments | | (435) | (442) |
| Dividend paid | 8 | - | (3,197) |
| Repayment of borrowings | 15 | (11,217) | (12,000) |
| Net cash used in financing activities | | (16,428) | (20,004) |
| Net movement in cash and cash equivalents | | (2,846) | (4,952) |
| Cash and cash equivalents at beginning of period | | 22,436 | 31,714 |
| Effects of exchange rate movements | | (319) | (650) |
| Cash and cash equivalents at end of period | | 19,271 | 26,112 |

NOTES TO THE HALF YEAR REPORT

For the six months ended 30 June 2024

1. General information

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

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

These interim financial statements for the six months ended 30 June 2024 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and are unaudited. These financial statements have been prepared in accordance with the AIM rules but not under IAS 34, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The auditors' report on those accounts was unqualified and did not contain statements under section 498 (2) or section 498 (3) of the Companies Act 2006.

These consolidated financial statements for the six-month period ended 30 June 2024 have been approved for issue by the Board of Directors on 30 September 2024.

2. Going concern

The Group has access to a £150m fully Revolving Credit Facility ('RCF'), together with a £65m accordion, which is available until August 2026 with an option to extend for a further 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) and 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.

Also, the Directors have considered severe but plausible downside scenarios, including a scenario that models a 25% reduction in the Group's gross profit in Q4 2024. 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 loan covenants throughout the forecast period. The Directors also considered a reverse stress test scenario which indicates that a decline in monthly EBITDA against forecast for a period of 12 months from October 2024 of over 40% would be needed to result in a breach of 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.

Consequently, the Directors consider that it is highly unlikely it would be unable to exercise its right to roll over the debt and are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. The Directors have, therefore, determined it is appropriate to adopt the going concern basis in preparing the financial statements.

3. Accounting policies

Judgements and estimates

The principal judgements and estimates made in this period are the same as those published by the Group in the 31 December 2023 Annual Report, which is available on the Group's website: www.alliancepharmaceuticals.com.

Non-underlying items

Amortisation and impairment charges for intangible assets relating to goodwill and brand and distribution rights are included as non-underlying items. 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 are also included as non-underlying items. The Directors believe that this classification of underlying and non-underlying items, when considered together with total statutory results, provides investors, analysts and other stakeholders with helpful complementary information to better understand the financial performance and position of the Group from period to period, and allows the Group's performance to be more easily compared against the

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majority of its peer companies. These measures are also used by management for planning and reporting purposes. They may not be directly comparable with similarly described measures used by other companies. For further detail, please refer to note 6.

Other accounting policies

The remaining accounting policies applied in these interim financial statements are the same as those published by the Group in the 31 December 2023 Annual Report. The Annual Report is available on the Group's website.

4. Revenue

| Revenue information by brand | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|--|--|
| Consumer healthcare brands: | | |
| Kelo-cote franchise | 29,210 | 25,587 |
| Amberen | 5,210 | 5,855 |
| Nizoral* | 7,436 | 10,068 |
| MacuShield | 4,844 | 4,189 |
| Aloclair | 4,371 | 2,258 |
| Vamousse | 2,170 | 2,227 |
| Other Consumer healthcare brands | 7,302 | 8,477 |
| Total Revenue - Consumer healthcare brands | 60,543 | 58,661 |
| Prescription medicines: | | |
| Hydromol | 5,105 | 4,661 |
| Flamma Franchise | 3,076 | 2,939 |
| Forceval | 3,716 | 3,270 |
| Other Prescription medicines | 11,425 | 11,867 |
| Total Revenue - Prescription medicines | 23,322 | 22,737 |
| Total Revenue | 83,865 | 81,398 |

| Revenue information by geography | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---------------------------------------|--|--|
| Europe, Middle East and Africa (EMEA) | 39,150 | 36,661 |
| Asia Pacific and China (APAC) | 29,442 | 29,986 |
| Americas (AMER) | 15,273 | 14,751 |
| Total Revenue | 83,865 | 81,398 |

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

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5. Finance costs

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|--|--|
| On loans and overdrafts | (4,624) | (4,222) |
| Amortised finance issue costs | (142) | (321) |
| Finance costs on interest rate swaps | (119) | - |
| Interest on lease liabilities | (54) | (57) |
| Interest payable and similar charges | (4,939) | (4,600) |
| Interest income | 85 | - |
| Net exchange gain/(loss) | 74 | (1,359) |
| Finance income/(costs) | 159 | (1,359) |
| Net finance costs | (4,780) | (5,959) |

6. Non-underlying items

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

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|--|--|
| Amortisation of intangible assets | 3,233 | 3,082 |
| Intangible asset impairment | 1,474 | - |
| Legal and professional expenditure | 980 | 1,000 |
| Restructuring costs | 854 | - |
| Other non-underlying costs | 246 | - |
| Total non-underlying items before taxation | 6,787 | 4,082 |
| Non-underlying taxation | (1,697) | (657) |
| Total non-underlying items after taxation | 5,090 | 3,425 |

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.

Intangible asset impairment

The impairment review 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 10. 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.

Legal and professional expenditure

These relate to one-off legal and professional costs.

Restructuring costs

These costs relate to restructuring of the senior leadership team.

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7. Taxation

Analysis of charge for the period is as follows:

| | Unaudited Six months ended 30 June 2024 | | | Unaudited Six months ended 30 June 2023 | | |
|------------------------|--|---|----------------|--|---|----------------|
| | Underlying £000s | Non- Underlying £000s (Note 6) | Total £000s | Underlying £000s | Non- Underlying £000s (Note 6) | Total £000s |
| Corporation tax | 2,211 | (520) | 1,691 | 914 | - | 914 |
| Deferred tax | 763 | (1,177) | (414) | 870 | (657) | 213 |
| Taxation | 2,974 | (1,697) | 1,277 | 1,784 | (657) | 1,127 |

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

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|--|--|--|
| Profit before taxation | 5,940 | 6,236 |
| Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom at 25.0% (2023: 23.5%) | 1,485 | 1,465 |
| Effects of: | | |
| Non-deductible expenses and non-taxable income | - | 321 |
| Non-underlying amortisation and impairment | - | 107 |
| Differences between current and deferred tax rate (note 6) | - | 75 |
| Different tax rates on overseas earnings | (137) | (130) |
| Foreign exchange | (71) | (711) |
| Total tax charge | 1,277 | 1,127 |

8. Dividends

No dividend was declared or paid in respect of the 2023 financial year. No interim dividend for 2024 has been declared.

| | Pence/share | Six months ended 30 June 2023 £000s |
|--|-------------|---|
| Amounts recognised as distributions to shareholders in 2023 | | |
| Interim dividend for the 2022 financial year | 0.592 | 3,197 |
| Final dividend for the 2022 financial year | 1.184 | 6,395 |
| | | 9,592 |

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

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9. Earnings per share ('EPS')

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

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

| | Weighted average number of shares 000s | |
|-----------------|--|----------------------------------|
| | Six months ended 30 June 2024 | Six months ended 30 June 2023 |
| For basic EPS | 540,401 | 540,039 |
| Share options | 3,791 | 1,537 |
| For diluted EPS | 544,192 | 541,576 |

| | Six months to 30 June 2024 £000s | Six months to 30 June 2023 £000s |
|---|--|--|
| Earnings for basic and diluted EPS | 4,663 | 5,109 |
| Non-underlying items (Note 6) | 5,090 | 3,425 |
| Earnings for underlying basic and diluted EPS | 9,753 | 8,534 |

The resulting EPS measures are:

| | Six months to 30 June 2024 Pence | Six months to 30 June 2023 Pence |
|------------------------|--|--|
| Basic EPS | 0.86 | 0.95 |
| Diluted EPS | 0.86 | 0.94 |
| Underlying basic EPS | 1.80 | 1.58 |
| Underlying diluted EPS | 1.79 | 1.58 |

10. Goodwill and intangible assets

| | Goodwill £000s | Consumer Healthcare brands and distribution rights £000s | Prescription Medicines brands and distribution rights £000s | Computer software £000s | Total £000s |
|--------------------------------------|-------------------|--|---|-------------------------------|----------------|
| Cost | | | | | |
| At 1 January 2024 (audited) | 34,415 | 287,352 | 152,297 | 15,266 | 489,330 |
| Exchange adjustments | (18) | 617 | (595) | - | 4 |
| At 30 June 2024 (unaudited) | 34,397 | 287,969 | 151,702 | 15,266 | 489,334 |
| Amortisation and impairment | | | | | |
| At 1 January 2024 (audited) | 19,928 | 88,333 | 75,862 | 5,229 | 189,352 |
| Amortisation for the period (Note 6) | - | 255 | 2,978 | 954 | 4,187 |
| Impairment for the period (Note 6) | - | 484 | 990 | - | 1,474 |
| At 30 June 2024 (unaudited) | 19,928 | 89,072 | 79,830 | 6,183 | 195,013 |
| Net book amount | | | | | |
| At 30 June 2024 (unaudited) | 14,469 | 198,897 | 71,872 | 9,083 | 294,321 |
| At 1 January 2024 (audited) | 14,487 | 199,019 | 76,435 | 10,037 | 299,978 |

Impairment

All intangible assets are stated at cost less accumulated amortisation and impairment. For the six-month period to 30 June 2024, a review of all intangible assets was undertaken to identify any indicators of impairment. For all intangible assets that show indicators of impairment, the carrying amounts of the Group's non-financial assets are

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assessed 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. As a result of the impairment review for the interim period ended 30 June 2024, the following impairment charges were identified:

> Following impairment indicators identified, Prescription Medicine brand and distribution rights assets with a finite life and associated goodwill have been impaired by £1.0m (2023: £nil) due to viability of future sales in the current market.

> Following impairment indicators identified, Other Consumer Healthcare brand and distribution rights assets with a finite life have been impaired by £0.5m (2023: £nil) due to viability of future sales in the current market.

11. Property, plant and equipment

| The Group | Computer software and equipment £000s | Fixtures, fittings and equipment £000s | Plant & machinery £000s | Right-of-use lease assets £000s | Total £000s |
|---------------------------------------|--|---|----------------------------|------------------------------------|----------------|
| Cost | | | | | |
| At 1 January 2024 (audited) | 2,260 | 4,550 | 74 | 5,723 | 12,607 |
| Additions | 46 | 682 | - | - | 728 |
| Effect of movements in exchange rates | (4) | - | - | (36) | (40) |
| At 30 June 2024 (unaudited) | 2,302 | 5,232 | 74 | 5,687 | 13,295 |
| Depreciation | | | | | |
| At 1 January 2024 (audited) | 2,015 | 2,432 | 59 | 2,380 | 6,886 |
| Provided in the period | 73 | 198 | 5 | 374 | 650 |
| Effect of movements in exchange rates | - | - | - | - | - |
| At 30 June 2024 (unaudited) | 2,088 | 2,630 | 64 | 2,754 | 7,536 |
| Net book amount | | | | | |
| At 30 June 2024 (unaudited) | 214 | 2,602 | 10 | 2,933 | 5,759 |
| At 1 January 2024 (audited) | 245 | 2,118 | 15 | 3,343 | 5,721 |

12. Trade and other receivables

| | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|-------------------|------------------------------------|--------------------------------------|
| Trade receivables | 41,385 | 49,371 |
| Other receivables | 1,562 | 1,716 |
| Prepayments | 2,632 | 3,029 |
| Accrued income | 414 | 600 |
| | 45,993 | 54,716 |

13. Trade and other payables

| | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|---------------------------------------|------------------------------------|--------------------------------------|
| Trade payables | 13,602 | 18,225 |
| Other taxes and social security costs | 707 | 1,211 |
| Accruals and deferred income | 14,002 | 16,155 |
| Other payables | 424 | 707 |
| Lease liabilities | 695 | 768 |
| | 29,430 | 37,066 |

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14. Other non-current liabilities

| | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|-------------------------------|------------------------------------|--------------------------------------|
| Lease liabilities | 2,657 | 3,001 |
| Other non-current liabilities | 199 | 199 |
| | 2,856 | 3,200 |

15. Loans and borrowings

The Group has a £150m fully Revolving Credit Facility, together with a £65m accordion, and encompasses all denominations in the note below. This facility is available until August 2026 with an option to extend for a further two years. This has been classified as a non-current liability.

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

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

Movements in borrowings are analysed as follows:

| | £000s |
|--|----------------|
| At 1 January 2024 (audited) | 113,646 |
| Net repayment of borrowings | (11,217) |
| Amortisation of prepaid arrangement fees | 125 |
| Exchange movements* | (120) |
| At 30 June 2024 (unaudited) | 102,434 |

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

The Group's debt is provided on a floating interest rate basis. The 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. The Group uses interest rate swaps to fix the rates paid on a portion of its debt in order to mitigate against these risks. At 30 June 2024, the Group had GBP interest rate swaps in place with a nominal value of £60.0m (31 December 2023: £90.0m).

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

| | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|--|------------------------------------|--------------------------------------|
| Floating rate interest exposure | | |
| Bank loans - Sterling denominated | 96,817 | 96,817 |
| Bank loans - US Dollar denominated | - | 11,162 |
| Bank loans - Euro denominated | 6,691 | 6,865 |
| Total financial liabilities | 103,508 | 114,844 |
| Unamortised issue costs | (1,074) | (1,198) |
| Net book value of financial liabilities | 102,434 | 113,646 |

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16. Provisions

| | Restructuring provision £000s | Onerous contract provision £000s | Total £000s |
|------------------------------------|--|---|------------------------|
| At 1 January 2024 (audited) | 175 | 462 | 637 |
| Charge to the income statement | - | 387 | 387 |
| Reclassification to inventory | - | (462) | (462) |
| Exchange differences | (4) | - | (4) |
| At 30 June 2024 (unaudited) | 171 | 387 | 558 |

The restructuring provision of £0.2m at 30 June 2024 (31 December 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.

The onerous contract provision of £0.4m at 30 June 2024 (31 December 2023: £nil) relates to estimated legal and settlement costs in relation to a customer dispute which arose in June 2024. The £0.5m provision brought forward has been reclassified to inventory provisions as at 30 June 2024 following receipt of the underlying product.

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17. Alternative performance measures

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

| Measure | Definition | Reconciliation to GAAP measure |
|--------------------------------------|--|--------------------------------|
| Underlying EBIT and EBITDA | Earnings before interest, tax and non-underlying items (EBIT also referred to as underlying operating profit), then depreciation, amortisation and underlying impairment (EBITDA). Calculated by taking profit before tax and financing costs, excluding non-underlying items and adding back depreciation and amortisation. EBITDA margin is calculated using see-through revenue. | Note A below |
| Free cash flow | Free cash flow is defined as cash generated from operations less cash payments made for interest payable and similar charges, capital expenditure and tax. | Note B below |
| Net debt | Net debt is defined as the Group's gross bank debt position net of finance issue costs and cash. | Note C below |
| 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 |
| 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 E below |
| Constant exchange rate (CER) revenue | Like-for-like revenue, impact of acquisitions and total see-through revenue stated so that the portion denominated in non-sterling currencies is retranslated using foreign exchange rates from the previous financial year. | Note F below |
| Like-for-like | Like-for-like figures compare financial results in one period with those for the previous period, excluding the impact of acquisitions and disposals made in either period. | Not needed |
| Operating costs | Defined as underlying administration and marketing expenses, excluding depreciation and underlying amortisation charges. | Not needed |

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17. Alternative performance measures (continued)

A. Underlying EBIT and EBITDA

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|---|---|
| Reconciliation of Underlying EBIT and EBITDA | | |
| Profit before tax | 5,940 | 6,236 |
| Non-underlying items (Note 6) | 6,787 | 4,082 |
| Net finance costs (Note 5) | 4,780 | 5,959 |
| Underlying EBIT | 17,507 | 16,277 |
| Depreciation (Note 11) | 650 | 733 |
| Underlying amortisation (Note 10) | 954 | 948 |
| Underlying EBITDA | 19,111 | 17,958 |

B. Free cash flow

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|---|---|
| Reconciliation of free cash flow | | |
| Cash generated from operations | 16,925 | 17,244 |
| Financing costs | (4,796) | (4,299) |
| Capital expenditure | (728) | (199) |
| Tax paid | (2,615) | (1,786) |
| Free cash flow | 8,786 | 10,960 |

C. Net debt

| | Unaudited 30 June 2024 £000s | Audited 31 December 2023 £000s |
|--|------------------------------------|---|
| Reconciliation of net debt | | |
| Loans and borrowings – non-current (Note 15) | (102,434) | (113,646) |
| Cash and cash equivalents | 19,271 | 22,436 |
| Net debt | (83,163) | (91,210) |

D. Underlying effective tax rate

| | Unaudited Six months ended 30 June 2024 £000s | Unaudited Six months ended 30 June 2023 £000s |
|---|---|---|
| Reconciliation of adjusted underlying effective tax rate | | |
| Total taxation charge for the year (Note 7) | (1,277) | (1,127) |
| Non-underlying tax credit | (1,697) | (657) |
| Underlying taxation charge for the year | (2,974) | (1,784) |
| Underlying profit before tax for the year | 12,727 | 10,318 |
| Underlying effective tax rate | 23.4% | 17.3% |

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17. Alternative performance measures (continued)

E. See-through income statement

| | Unaudited Six months ended 30 June 2024 statutory values £000s | See-through adjustment £000s | Unaudited Six months ended 30 June 2024 see-through values £000s |
|-------------------------|---|------------------------------------|--|
| Revenue (Note 4) | 83,865 | 899 | 84,764 |
| Cost of sales | (33,203) | (899) | (34,102) |
| Gross profit | 50,662 | - | 50,662 |
| Gross profit margin | 60.4% | - | 59.8% |

| | Unaudited Six months ended 30 June 2023 statutory values £000s | See-through adjustment £000s | Unaudited Six months ended 30 June 2023 see-through values £000s |
|-------------------------|---|------------------------------------|--|
| Revenue (Note 4) | 81,398 | 1,039 | 82,437 |
| Cost of sales | (34,536) | (1,039) | (35,575) |
| Gross profit | 46,862 | - | 46,862 |
| Gross profit margin | 57.6% | - | 56.8% |

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

F. Constant exchange rate revenue

| | Unaudited Six months ended 30 June 2024 £000s | Foreign exchange impact £000s | Unaudited Six months ended 30 June 2024 CER £000s |
|--|---|--|--|
| See-through revenue | | | |
| See-through revenue - Consumer Healthcare brands | 61,442 | 1,640 | 63,082 |
| See-through revenue - Prescription Medicines | 23,322 | 181 | 23,503 |
| See-through revenue (Note E) | 84,764 | 1,821 | 86,585 |

| | Unaudited Six months ended 30 June 2024 £000s | Foreign exchange impact £000s | Unaudited Six months ended 30 June 2024 CER £000s |
|--|---|--|--|
| Statutory revenue | | | |
| Statutory revenue - Consumer Healthcare brands | 60,543 | 1,640 | 62,183 |
| Statutory revenue - Prescription Medicines | 23,322 | 181 | 23,503 |
| Statutory revenue (Note E) | 83,865 | 1,821 | 85,686 |