16 September 2021

CLINIGEN

Full year results for the year ended 30 June 2021

Clinigen Group plc (AIM: CLIN, 'Clinigen' or 'the Group'), the global pharmaceuticals and services group, has today published its full year results for the year ended 30 June 2021.

FINANCIAL SUMMARY

Year ended 30 June	2021 £m	2020[1] £m	Growth Reported	Growth Organic[5]
Adjusted measures[2]				
Net revenue[3]	**458.6**	428.6	7%	**13%**
Gross profit	**198.0**	210.0	(6)%	**(3)%**
EBITDA[4]	**116.3**	129.8	(10)%	**(5)%**
EBITDA[4] as % net revenue	***25.4%***	30.3%	*(490)bps*	
Basic earnings per share	**55.9p**	65.3p	(14)%	
Operating cash flow[6]	**99.9**	93.9	6%	
Statutory measures				
Revenue	**523.6**	466.7	12%	**17%**
Gross profit	**197.9**	205.1	(3)%	**0%**
Profit before tax	**51.8**	23.2	>100%	
Basic earnings per share	**29.8p**	10.8p	>100%	
Dividend per share	**7.61p**	7.61p	0%	
Net debt	**335.8**	311.9		

FINANCIAL HIGHLIGHTS

- Net revenue from continuing operations up 7% (+13% on an organic basis[5]) to £458.6m (2020: £428.6m).
- Adjusted EBITDA from continuing operations decreased by 10% (-5% on an organic basis[5]) to £116.3m, (2020: £129.8m) reflecting the impact of COVID-19 and a change in gross profit mix partially offset by good cost control. Adjusted EPS from continuing operations down 14% to 55.9p (2020: 65.3p).
- Net debt as at 30 June 2021 of £316.9m, (£335.8m inc. IFRS 16 liabilities[7]) representing net debt leverage of 2.8x[8], meaningfully below the Group's temporary banking covenant of 3.5x. Group expected to de-lever significantly over the course of this financial year to below 2.5x by the end of FY2022 and within our stated target of below 2.0x within FY2023.
- Strong cash conversion with adjusted operating cash flow for the year from continuing operations up 6% to £99.9m (2020: £93.9m).

OPERATIONAL HIGHLIGHTS

- Divestment of the UK Compounding Business, as announced 30 June, and the formation of two business divisions ('Services' and 'Products') has simplified operational structure, aligning platform to end-market customer and enables the Group to drive future synergies and focus on areas that drive most value.
- Strong new business activity in Services, with more than 50% growth in the total lifetime value of clinical packaging, labelling and distribution contracts and an increase in Managed Access Programs of 30.
- In Products, demand for Proleukin and On-Demand products was impacted by COVID-19, whilst the developed portfolio of products performed strongly, specifically Melatonin and Glycopyrronium Bromide. Erwinase roll-out continued into licensed and unlicensed markets.
- Further strengthening of the leadership team, including the appointment of Sam Herbert as Chief Operating Officer and Head of the Products division. Before joining Clinigen, Sam spent seven years at World Courier, a leading provider of specialty logistics and distribution services to the pharmaceutical, biotech and healthcare community.
- Elmar Schnee assumed the role of Chairman on 1 September 2021, and Ian Johnson was appointed Senior Independent Director on 3 August 2021. These appointments bring significant leadership and listed company experience from the international pharmaceutical and life sciences industry to Clinigen.

Shaun Chilton, Group Chief Executive Officer, said:

"*Clinigen is seeing strong momentum in the Services business and progress in the Products business, particularly our Partnered products, despite the continued impact of COVID-19. We expect EBITDA growth of 5 to 10% in FY2022 with strong cash generation, driven by the strength of our underlying business and activity levels across the Group, and we remain focused on debt paydown. The strong performance of our Services business in response to evolving market need has enhanced our market position and we expect our focus on this area of the business to intensify. We are confident that our work on simplifying the operating structure and our on-going focus on areas where we are uniquely positioned to deliver value will bring clear benefit to our customers, patients and shareholders."*

Notes

1. Group results presented within this report are from continuing operations and the comparative results have been restated accordingly. Further information on discontinued operations is provided in note 13 of the condensed financial statements.
2. Group results from on an adjusted basis exclude amortisation of acquired intangibles and products, and other non-underlying items (see note 3 and 4 of the condensed financial statements). Adjusted measures are presented as they allow a more effective year-on-year comparison and identification of core business trends by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities such as business combinations and restructuring. The principles to identify adjusting items have been applied to the current and prior year comparative numbers on a consistent basis.
3. Adjusted net revenue excludes Managed Access pass through revenue which varies each period dependent on the mix of programs.
4. Adjusted EBITDA includes the Group's share of EBITDA from its joint venture.
5. Organic growth is a measure of growth on a constant currency basis, excluding the impact of business and product acquisitions and disposals. There were no acquisitions within the last 12 months of the reporting date and one disposal relating to the UK Compounding Business. Constant currency is derived by applying the prior year's actual exchange rate to this year's result. Organic growth is presented to aid the reader's understanding of the underlying performance of the business.
6. Operating cash flow is net cash flow from operating activities before income taxes and interest. Adjusted operating cash flow excludes the element of CSM acquisition consideration recognised in operating cash flow. Cash conversion is calculated by dividing adjusted operating cashflow by adjusted EBITDA.
7. IFRS 16 'Leases' was adopted by the Group on 1 July 2019 with the recognition of lease liabilities for leases previously classified as operating leases. This adjustment to liabilities is excluded from borrowings for the purpose of leverage calculations under the banking facility covenant.
8. Bank covenant leverage is calculated by dividing adjusted EBITDA of the Group for the last 12 months, excluding the impact of IFRS 16, by net debt at the period end. Adjusted EBITDA includes the EBITDA from the businesses and assets acquired during the last 12 months, including on a pro forma basis the year prior to it becoming a member of the Group.

- Ends -

An analyst briefing will be held in person and virtually via a webinar at 10:30am BST on Thursday, 16 September 2021. To register interest, please contact clinigen@consilium-comms.com.

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Notes to editors

About Clinigen Group

Clinigen Group plc (AIM: CLIN) is a global, specialist pharmaceutical Services and Products company focused on providing ethical access to medicines. Its mission is to deliver the right medicine to the right patient at the right time. The Group operates from sites in North America, Europe, Africa and the Asia Pacific.

Clinigen has more than 1,000 employees across five continents in 14 countries, with supply and distribution hubs and operational centres of excellence in key long-term growth regions. The Group works with 34 of the top 50 pharmaceutical companies; interacting with over 5,000 hospitals across more than 120 countries.

For more information on Clinigen, please visit http://www.clinigen.com

Cautionary statement

This announcement contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of Clinigen Group plc. These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. Except as required by law, Clinigen undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances.

The information contained in this statement has not been audited and may be subject to further review.

OVERVIEW

Introduction

Clinigen is dedicated to providing healthcare professionals (HCPs) and their patients around the world with greater access to medicines, and in the process increasing the value of a pharmaceutical product by extending and expanding its lifecycle. Clinigen's lifecycle platform consists of two business divisions: Services and Products.

Within Services, Clinigen provides a unique set of niche, high value services to pharma and biotech clients prior to product launch. This combined offering helps to accelerate drug development plans and enable compliant early access for patients with unmet needs.

Within Products, Clinigen enables access to critical medicines at a country, regional, and global level. This area of the business provides a quality assured, ethical service to hospital physicians and pharmacists seeking access to these medicines.

Our Services division and the Partnered segment of the Products division are strongly positioned in the market to become a focal growth area for Clinigen, delivering significant future value. The Group's focus is to continue to build a comprehensive service to enable pharma and biotech companies to supply their medicines to patients in both licensed and unlicensed markets.

Clinigen partners with more than 500 pharma and biotech clients and engages with thousands of healthcare professionals in more than 120 countries. The Group continues to win significant new business and gain market share in a competitive global environment and has 346 medicines under agreement through its Managed Access and Partnered segments (2020: 289).

FY2021 Overview

Simplification of the business into two divisions in early 2021 and the disposal of the non-core, low margin UK Specials Manufacturing and Aseptic Compounding business better aligns Clinigen with the end-market customer and will help to ensure focus on the areas of the business where it can drive most value.

There was good progress on Joining-The-Dots across the lifecycle platform (our ability to drive synergies or handovers across various parts of the business) with 10 contracts secured through cross-selling (2020: 4) and the number of clients utilising more than one part of the lifecycle platform in the last 12 months also increased to 43 (2020: 37). The number of clients working with both the Services and Products division increased to 27 (2020: 22).

In Services, there was strong performance in new business wins with more than 50% growth in the value of clinical packaging, labelling and distribution contracts secured and a record-breaking year in the number of Managed Access Programs won taking the total to 161 (2020: 131).

In Products, COVID-19 had an impact on hospital-based treatments, which negatively affected demand for Proleukin and On-Demand products. However, the portfolio of Developed products performed strongly, particularly Melatonin and Glycopyrronium Bromide. There continues to be progress in Partnered products with the total number of products in the portfolio increasing to 185 (2020:158) and the roll-out of key products Erwinase and Hunterase.

Adjusted EBITDA from continuing operations decreased by 10% (-5% on an organic basis) to £116.3m (2020: £129.8m). Adjusted EPS from continuing operations decreased by 14% to 55.9p (2020: 65.3p). Adjusted operating cash flow from continuing operations increased by 6% to £99.9m (2020: £93.9m) as the positive cash generation seen in H1 2021 continued into the second half, representing cash conversion from adjusted EBITDA of 86% for the full year in spite of a £15m investment in working capital for Erwinase onboarding.

The Directors are proposing to maintain the final dividend of 5.46p per share (2020: 5.46p), resulting in a full year dividend of 7.61p per share (2020: 7.61p).

Having made a deferred payment for CSM in September 2020 there are no material deferred payments to make on prior acquisitions. The Group aims to pay down debt to a leverage ratio below 2.5x on an ordinary basis by end of FY2022 and within our stated target of below 2.0x within FY2023.

Peter Allen was succeeded by Elmar Schnee as Group Chairman on 1 September 2021. Elmar brings broad experience from the international pharmaceutical industry, having held senior leadership and Board positions across multiple pharmaceutical services and product companies. Sharon Curran and Ian Johnson have also joined the Board bringing additional UK Plc, pharmaceutical and life sciences experience and further refreshing governance. Nick Keher stepped down from his position as Chief Financial Officer and a search to find his replacement is underway.

Strategic Refinement

Clinigen's goal is to deliver solutions to long-term unmet and underserved needs for pharma and biotech companies and HCPs around facilitating access to medicines. We have been working towards this objective through the continuing simplification of our business structure.

In response to the growing demand for services such as our Managed Access Programs, we will seek to accelerate our focus on those areas of the Group where we have growing and sustainable competitive advantage and, as we do so, continue to drive revenue and cost synergies. Clinigen's most differentiated offerings are from the Services division and the Partnering segment of the Products division where our platform provides market-leading solutions from the clinical phase through the commercial lifecycle phases of a drug product.

We are focused on streamlining and simplifying the Products division and optimising our core business, which we believe will strengthen our offering whilst creating greater shareholder value.

CURRENT TRADING AND OUTLOOK

In FY2022 we expect strong cash generation, driven by the strength of our underlying business and robust activity levels across the Group, and remain focused on debt paydown. We now expect EBITDA growth of 5% to 10% due to lower than anticipated sales of Erwinase in H1.

In Services, business wins secured in FY2021 are being integrated as expected, the pipeline is strong with a number of new high value projects already underway. As we refine our strategy our Services business is positioned to become a focal growth area for Clinigen in the future.

In Products, specific risks remain from COVID-19, as demand remains subdued for some products but has not worsened. There is continued momentum across the Developed portfolio and Partnering deals signed in FY2021 are contributing to growth alongside the anticipated further roll-out of Erwinase.

The long-term fundamentals of the business and its end-markets remain strong despite the near-term uncertainty created by COVID-19, and we are confident that we will deliver long-term value.

OPERATIONAL REVIEW

SERVICES

Within Services, Clinigen provides a unique set of niche, high value services to pharma and biotech clients prior to launch. This combined offering helps accelerate drug development plans and enable compliant early access for patients with unmet needs. The division comprises of two service lines:

- **Clinical:** Provision of innovative logistics, packaging, distribution and biorepository solutions alongside global sourcing and supply of comparator medicines, ancillaries and devices for use in clinical studies to both industry and investigator led research.
- **Managed Access:** Design and implementation of global Managed Access Programs (otherwise known as Compassionate Use, Named Patient, Early Access, or Expanded Access) to enable pre-approval access to innovative new medicines for the treatment of unmet medical needs.

The high number of business wins and delivery against key projects contributed to a 15% increase in net revenue to £218.9m (2020: £190.0m). Due to the profit mix of these wins favouring lower-margin sourcing activity alongside slower than expected uptake on Managed Access Programs, gross profit was flat at £66.6m (2020: £66.9m) and EBITDA declined by 6% to £32.7m (2020: £34.9m). It should be noted that COVID-19 headwinds continued throughout H2 for the Services division with the impact of delayed or cancelled studies and lower uptake on Managed Access Programs due to reduced numbers of patients attending hospitals.

The outlook for Services is positive with a continued strong pipeline and a good number of new high value projects to deliver revenues in FY2022. There are currently more than 350 opportunities across the pipeline with a combined value of more than £80m[1].

Year ended 30 June	2021	2020	Growth	
Net revenue	£m	£m	Reported	Organic
Clinical	191.3	162.2	18%	
Managed Access	27.6	27.8	(1)%	
Divisional Total	218.9	190.0	15%	18%
Divisional EBITDA	32.7	34.9	(6)%	(2)%

Clinical: Net revenue in the Clinical business grew by 18% to £191.3m (2020: £162.2m), driven by new business wins across both sourcing and logistics offerings, despite a number of trials being cancelled or delayed due to COVID-19. There was a higher weighting of comparator sourcing revenue in these new business wins, which is at a lower margin.

Business wins across both existing and new clients continued with a 19% increase in the number of non-sourcing work orders signed, representing an increase of more than 50% in total lifetime value versus FY2020. It is expected that this will contribute to future growth and offer new opportunities for cross-selling across both the Clinical and Managed Access businesses.

During the year the clinical sourcing and non-sourcing (legacy CSM) parts of Clinical were brought together under the same operational teams and branding. This will drive further improvement in service levels and overall competitiveness, ensure our clients have a single Clinigen experience, and enhance cross-selling opportunities. At the year-end there were more than 300 opportunities across the clinical pipeline (2020: 168).

In FY2021 Clinigen signed 34 COVID-19 related clinical projects, bringing the total to 45, including one for vaccine storage, which has allowed the Group to expand its deep freeze storage capacity across European and

[1] Pipeline value is gross NPV and un-weighted based on risk

US facilities. This expansion is expected to position the Group well for future management of niche medicines such as cell and gene therapy.

The Clinical team has also formed a partnership with N-Side, an EU-based innovative software consulting company, to further optimise clinical solutions provided to pharma and biotech companies. The main benefits to pharma clients include waste reduction, risk management, and drug allocation optimisation. In turn, this will deliver better cost control and potentially reduce time-to-market. This is an offering that will be rolled out in FY2022.

Managed Access: Net revenue was flat at £27.6m (2020: £27.8m) with the impact of COVID-19 being offset by a record number of MAP wins with a 36% increase versus FY2020 with 25% coming from new clients.

As at 30 June 2021, there were 161 individual product MAPs (2020: 131), including products in the COVID-19 space. Collectively, the top ten MAPs contributed 32% of the Managed Access gross profit (2020: 38%).

There was also continued strong performance in the number of Managed Access Programs that have Real World Data (‘RWD’) collection, with 30% of new programs including RWD.

On Cliniport, the Group’s proprietary online platform for Managed Access, the number of registered HCP users grew strongly to 25,127 (June 2020: 18,625).

The pipeline of Managed Access Programs remains healthy with 44 potential new programs in progress.

Although COVID-19 has impacted hospital demand, particularly for oncology, as this impact abates and demand returns to more normal levels the business will benefit from the increasing number of MAPs in place as well as the strong pipeline coming through in the medium to long term.

Throughout the year there continued to be a focus on driving innovation and thought leadership across Managed Access with the launch of the Early Access Fellowship, an initiative aimed at equipping patient groups and their leadership with the skills and experience they need to engage meaningfully within early access.

PRODUCTS

Within Products, Clinigen provides commercial services to enable access to critical medicines at a country, regional and global level. The Group’s focus is to build a portfolio of specialist medicines to service the needs of healthcare professionals and patients in both licensed and unlicensed markets. The Products portfolio comprises three distinct strategies:

- **Owned:** Medicines that have been acquired or developed by Clinigen. Clinigen acquires products with the goal to maintain access to those that rely on them and growing access into new markets and disease areas through a targeted product revitalisation strategy. Products developed in-house (‘Developed’) were previously supplied on an ‘on-demand’ form, the Unlicensed to Licensed (‘UL2L’) strategy.
- **Partnered:** Partner of choice for pharma and biotech to provide access to their medicines in both licensed and unlicensed markets at a country, regional or global level through an exclusive distribution or licensing arrangement.
- **On-Demand:** Sourcing and supply of unlicensed and short supply medicines in response to demand for access from healthcare professionals.

There has been promising progress in key areas of the division with an increase in the number of products and net revenue in the Partnered portfolio. The impact of the pandemic has however been more pronounced in the Products division due to the reduced demand for non-COVID-19 products, particularly the global reduction in hospital-based oncology treatments. Net revenue from continuing operations reduced slightly to £248.3m (2020: £250.2m) while adjusted EBITDA fell by 14% to £90.6m (2020:

£105.2m). The Owned and On-Demand parts of the division were acutely impacted by the pandemic with net revenue falling by 11% and 18% respectively. Partnered products performed in line with expectations with a high number of business wins.

Year ended 30 June	2021	2020	Growth	
Net revenue	£m	£m	Reported	Organic
Owned	106.4	120.1	(11)%	
Partnered	94.3	72.1	31%	
On-Demand	47.6	58.0	(18)%	
Divisional Total	248.3	250.2	(1)%	8%
Divisional EBITDA	90.6	105.2	(14)%	(10)%

Owned Products: Clinigen has a portfolio of 20 Owned products (7 acquired and 13 developed). Net revenue decreased by 11% to £106.4m (2020: £120.1m) reflecting the continued impact of COVID-19 on hospital admissions, the timing of shipments to key customers and the loss of Ethyol sales due to manufacturing disruption offset by solid growth from the developed products.

As previously announced, Proleukin was negatively impacted by COVID-19 during the year with a significant reduction in US prescriptions for on-label indications, resulting in a key order from a US wholesaler not being placed in Q4. Management believes it is prudent to expect this reduced level of demand for Proleukin to remain until revitalisation efforts into new indications alongside novel cell therapies are successful and normal hospital and cancer centre services have resumed.

Net revenue from Foscavir remained resilient despite the approval and launch of two generics. This is, however, expected to have a negative impact on FY2022 growth rates and beyond. During the year the plastic infusion bag formulation was launched in the US which is expected to slow decline and protect some market share along with existing Group Purchasing organisation (GPO) contracts.

Ethyol remained off the market in FY2021 due to manufacturing disruption and further clarity on when this can be resolved will be available in the next 12 months. Totect will be withdrawn from the market in H1 2022 due the market being well-served, with the product carrying value having been fully impaired in FY2020.

Good progress was made with the Developed portfolio and internal expectations exceeded with net revenue increasing by 31% driven by key products Melatonin and Glycopyrronium Bromide, which also saw their first international launches. Melatonin capsules were launched, representing the first immediate release capsules in the UK market. Melatonin Oral Solution has been submitted for approval across ten other countries utilising the decentralised procedure ('DCP') with further launches across Europe expected in 12-18 months. The DCP procedure was also followed for Glycopyrronium Bromide, with submissions in 14 countries, with commercialisation into seven of these countries expected in H1 2022.

Further diversification of the portfolio is expected over time. Alongside the opportunity for acquisitions there are 10 assets in the development pipeline that could deliver a total of £40m+ in lifetime net revenues.

Partnered: Net revenue increased 31% to £94.3m (2020: £72.1m). There has been positive progression with the total number of partnered products (both for licensed and unlicensed markets) rising to 185 (2020: 156). This is driven largely by strong growth in the number of exclusive products being supplied into unlicensed markets. Partnered is seen as a potential key growth driver in the future.

Growth across the AAA region remains strong where a further 16 local licensing deals were signed for both new and existing products during the year, one of the most significant of these was Hunterase (Idursulfase-beta) ICV in Japan which represented the first approval for Hunterase ICV in any country worldwide, providing an important treatment option for patients with the rare enzyme deficiency condition Hunter syndrome.

Onboarding of Erwinase continued with UK commercial launches rolled out and supply already being provided in more than 35 other countries where Erwinase is not currently commercially available. A Biologics Licence Application (BLA) has been submitted in the US by Porton Biopharma and licences have already been received in four European countries with six more expected in H1 FY2022 through the mutual recognition process. There will be further submissions in Europe and beyond during FY2022.

The pipeline across Partnered products remains healthy with more than 69 opportunities for both licensed and unlicensed products.

On-Demand: Net revenue from continuing operations fell by 18% to £47.6m (2020: £58.0m) as activity was materially impacted by COVID-19 with hospitals prioritising treating patients more directly affected by the pandemic.

The AAA region saw good growth in spite of the market backdrop by continuing to meet in-market demand for shortages. The On-Demand performance is likely to remain subdued until the pandemic fully subsides; but to lessen the impact and drive growth, the product mix is being adapted to meet market needs.

At the end of the year Clinigen disposed of its non-core UK Specials manufacturing and Aseptic compounding business. The compounding business sourced and manufactured specific unlicensed medicines referred to as 'specials' in a range of formulations for supply across the UK market and had been part of the On-Demand part of the business. The divested business contributed net revenue of £38.6m (2020: £37.6m) and adjusted EBITDA of £1.1m (2020: £1.2m).

The On-Demand portfolio remains strong with more than 900 active products available through Clinigen Direct.

Digital and Technology

Technology continues to be a key focus across the business in improving the customer experience, driving synergies and becoming more efficient. In 2021 phase one of a new Customer Relationship Management (CRM) tool was rolled out with further phases scheduled into 2022 creating a central resource for pharma and biotech relationship management supporting our 'Join-The-Dots' strategy across the platform.

We have seen the further roll-out of Clinigen Direct which now offers full online self-service to On-Demand, Partnered and Commercial customers in the UK. We now have the building blocks in place to support further online services roll-out and localisation. In H1 2022 we will also expect to see a material upgrade to Cliniport and integration into Clinigen Direct.

Sustainability

This year Clinigen conducted a full review of how our strategy aligns to stakeholder values to ensure that our business model, objectives and growth plans are clearly aligned to the sustainability agenda. As a result of this we rolled out our Environment, Social and Governance (ESG) framework where we make 17 key commitments under the four pillars of Environment, Products and Services, Our People and Responsible Business.

Alongside this, Clinigen has signed up to the United Nations Global Compact ('UNGC') and UN Sustainable Development Goals ('SDGs') and formalised our commitment to sustainability. Of course, the SDG of 'Good health and well-being' is central to our mission and purpose. During the year we moved from a 'BBB' rating to 'A' rated by the MSCI. We look forward to continuing to build on, and report progress against, our ESG efforts in the future.

Shaun Chilton
Group Chief Executive Officer

FINANCIAL REVIEW

Given the significant headwinds experienced as a result of the COVID-19 pandemic, Clinigen has seen a reduction in profitability compared with the prior year. In spite of this, the business has demonstrated its ability to meet its challenges head on with a number of significant new business wins, particularly within Services, and was successful in bringing forward the first sales of its new in-licensed product Erwinase.

Strong cash conversion remains a key objective and the Directors are pleased with the Group's operating cash conversion of 86% in spite of a significant investment in working capital from the earlier than expected onboarding of Erwinase. The strong operating cash flow in the period meant that net debt only rose by £28.5m to £316.9m (ex-IFRS 16) in spite of making the final deferred payment for CSM (£67.9m) in September 2020. Following this payment, Group free cash flows can be prioritised on organic growth and debt paydown, with the Board remaining committed to achieving a leverage ratio below 2.0x and which it expects to achieve within FY2023.

Overall, net revenue from continuing operations increased by 7% (13% on an organic basis) to £458.6m (2020: £428.6m) whilst gross profit fell by 6% (-3% on an organic basis) to £198.0m (2020: £210.0m).

Summary adjusted income statement

Year ended 30 June			Growth	
	2021	2020		
Adjusted results[1]	£m	£m	Reported	Organic[4]
Gross revenue	523.6	466.7	12%	17%
Net revenue[2]	458.6	428.6	7%	13%
Gross profit	198.0	210.0	(6)%	(3)%
Administrative expenses	(81.8)	(80.8)	(1)%	
EBITDA from joint venture	0.1	0.6	(81)%	
EBITDA[3]	116.3	129.8	(10)%	(5)%
EBITDA[3] as % net revenue	*25%*	30%	(490)bps	
Depreciation and amortisation	(15.7)	(10.4)		
EBIT	100.6	119.4	(16)%	
Finance cost	(8.3)	(11.3)		
Profit before tax	92.3	108.1	(15)%	
Basic earnings per share	55.9p	65.3p	(14)%	
Dividend per share	7.61p	7.61p	0%	

1. The summary adjusted income statement presents Group results from continuing operations on an adjusted basis excluding amortisation of acquired intangibles and products, and other non-underlying items (see notes 3 and 4 of the condensed financial statements). Adjusted measures are presented as they allow a more effective year-on-year comparison and identification of core business trends by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities such as business combinations and restructuring. The principles to identify adjusting items have been applied to the current and prior year comparative numbers on a consistent basis.
2. Adjusted net revenue excludes Managed Access pass through revenue which varies each period dependent on the mix of programs.
3. Adjusted EBITDA includes the Group's share of EBITDA from its joint venture.
4. Organic growth is a measure of growth on a constant currency basis, excluding the impact of business and product acquisitions and disposals. There were no acquisitions within the last 12 months of the reporting date and one disposal relating to the UK Compounding Business. Constant currency is derived by applying the prior year's actual exchange rate to this year's result. Organic growth is presented to aid the reader's understanding of the underlying performance of the business.

A number of adjusted measures are used by the Board in reporting, planning and decision making. Adjusted results reflect the Group's trading performance and exclude amortisation of acquired intangibles and products, and non-underlying costs relating to acquisitions and disposals, one off restructuring costs and impairment charges which are explained in note 4 of the condensed financial statements.

Profitability
As announced in the half year results, from 1 January 2021, the Group structure was simplified, moving from three divisions to two: Services and Products. This change better reflects the alignment of the Group's activities to its end customers: pharmaceutical clients and healthcare professionals.

The Services division comprises the old Clinical Services division and the Managed Access element of the old Unlicensed Medicines division. The Products division comprises the old Commercial Medicines division and the Global Access (including UK Specials) element of the old Unlicensed Medicines division.

Adjusted EBITDA by business from continuing operations			**Growth**	
Year ended 30 June	2021 £m	2020 £m	Reported	Organic
Services	32.7	34.9	(6)%	(2)%
Products	90.6	105.2	(14)%	(10)%
Central unallocated costs	(7.0)	(10.3)	32%	40%
	116.3	129.8	(10)%	(5)%

Adjusted EBITDA from continuing operations decreased by 10% (-5% on an organic basis) to £116.3m (2020: £129.8m) reflecting the impact of COVID-19 and a change in gross profit mix within Services, partially offset by good cost control.

The Products divisional adjusted EBITDA reduced by 14% to £90.6m due to the reduction in demand for in-hospital critical medicines as a direct impact of COVID-19 along with headwinds from Foscavir generics launching during the year and Ethyol manufacturing disruption. This was offset by strong growth in partnered products which includes the onboarding and roll-out of Erwinase and better than expected growth in revenue from the developed portfolio.

Adjusted EBITDA in the Services division declined by 6% to £32.7m as a result of COVID-19 headwinds throughout the year with the impact of a delayed or cancelled studies and lower update on Managed Access Programs due to reduced patient numbers, partly offset by strong growth in clinical sourcing activity.

Reconciliation of adjusted profit before tax to reported profit before tax
The table below shows the reconciling items between the adjusted profit before tax of £92.3m (2020: £108.1m) and the statutory reported profit before tax from continuing operations of £51.8m (2020: £23.2m).

Year ended 30 June	2021 £m	2020 £m
Adjusted profit before tax	92.3	108.1
Amortisation of acquired intangibles and products	(41.9)	(44.3)
Acquisition costs	(0.1)	(0.5)
Restructuring costs	(1.9)	(2.9)
Decrease/(increase) in the fair value of contingent consideration	5.9	(11.8)
Impairment of assets related to acquired products	(2.7)	(9.1)
Impairment of investment in joint venture	–	(5.9)
FX revaluation on contingent consideration	1.6	(2.0)
Unwind of discount on deferred and contingent consideration	(1.3)	(8.1)
Tax on joint venture in South Africa	(0.1)	(0.3)
Total adjustments	(40.5)	(84.9)
Reported profit before tax	51.8	23.2

The adjustments to profit before tax comprise costs relating to amortisation, acquisitions, impairments and the Group's share of the tax charge on the joint venture earnings of £0.1m (2020: £0.3m).

Total amortisation from continuing operations was £51.1m (2020: £48.9m), of which £25.2m (2020: £29.3m) related to acquired intangibles, £16.7m (2020: £15.0m) related to acquired product licences, £8.3m (2020: £4.1m) related to software and £0.9m (2020: £0.5m) related to internally developed product licences.

Based on the latest forecast for the earn-out period, the fair value of the contingent consideration payable on the iQone acquisition has decreased by £5.9m. In the prior year an £11.8m charge was recognised as a result of an increase in the fair value of the contingent consideration payable on the CSM acquisition.

Restructuring costs relating to continuing operations were £1.9m (2020: £2.9m), in respect of redundancies as well as preparations for Brexit in the first half of the year.

There was a £1.6m foreign exchange credit (2020: £2.0m charge) from the revaluation of the contingent consideration on iQone (and CSM in the prior year) which is denominated in foreign currency.

Finance cost
The adjusted finance cost from continuing operations was £8.0m (2020: £11.3m) with the decrease due to a foreign exchange credit on the revaluation of the Group's borrowings. The average interest charge on gross debt, excluding the impact of IFRS 16, was 2.4% (2020: 2.6%). The reported finance cost from continuing operations was £9.4m (2020: £19.6m), after taking account of the non-cash £1.3m unwind of discount on the contingent consideration relating to acquisitions (2020: £8.1m).

Taxation
Taxation from continuing operations was £12.1m (2020: £9.0m), based primarily on the prevailing UK and overseas tax rates. This charge is calculated as £17.9m based on the adjusted profit before tax of £92.3m, offset by a credit of £5.8m in respect of the adjusted items.

The Group's adjusted effective tax rate ('ETR') was 19.4% (2020: 19.8%).

Divestment of the UK Compounding business
On 30 June 2021 the Group completed the divestment of its non-core UK Specials Manufacturing and Aseptic Compounding business for an initial £5m of cash consideration with up to £2.75m of deferred and contingent consideration. A loss on disposal of £8.3m is recognised within discontinued activities. Further information is provided in note 13 of the condensed financial statements.

Earnings per share
Adjusted basic EPS from continuing operations, calculated excluding amortisation of acquired intangibles and products, and other non-underlying items, reduced by 14% to 55.9p (2020: 65.3p).

Reported basic EPS from continuing operations increased by 178% to 29.8p (2020: 10.8p) primarily due to the reduction in non-underlying charges from contingent consideration payments and impairments recognised in the prior year.

Dividend
The Directors are proposing to maintain the final dividend of 5.46p per share (2020: 5.46p), resulting in a full year dividend of 7.61p per share (2020: 7.61p).

The final dividend will be paid, subject to shareholder approval, on 4 January 2022 to shareholders on the register on 3 December 2021.

Cash flow
Adjusted operating cash flow for the year from continuing operations was £99.9m (2020: £93.9m), with the increase on prior year being in spite of a £15m increase in working capital from the onboarding of Erwinase. This represents an operating cash conversion from adjusted EBITDA of 86%.

Capital expenditure was £28.3m (2020: £22.7m), which includes £8.8m related to warehouse, IT and other infrastructure investments, £8.3m related to ongoing investment in the Group's digital strategy, and £11.2m on product development. Capital expenditure in FY2022 is expected to remain at a similar level with continued spend on digital, new product development and infrastructure improvements to increase capacity.

The Group paid £67.9m (US$89.5m) as a final settlement of the CSM earn-out in September 2020.

The other main cash outflows from continuing operations were tax paid of £15.6m (2020: £23.9m), interest paid of £10.6m (2020: £10.2m) and dividends paid of £10.1m (2020: £9.2m).

Total cash inflows from discontinued operations were £3.8m (2020: £0.2m).

Treasury management and net debt

The Group's operations are financed by retained earnings and bank borrowings, and on occasion, the issue of shares to finance acquisitions.

At the year end, there were two covenants that applied to the bank facility: interest cover of not less than 4.0x and net debt/adjusted EBITDA cover of not more than 3.5x (excluding IFRS 16). As at 30 June 2021, interest cover was 10.0x and the net debt/adjusted EBITDA leverage was 2.8x. The Group has no history of default on its borrowings, including against its covenant terms. The leverage ratio is expected to fall below 2.0x target range by the end of FY2023.

Borrowings are denominated in a mixture of sterling, euros and US dollars, and are managed by the Group's UK-based treasury function, which manages the Group's treasury risk in accordance with policies set by the Board. At 30 June 2021, the facility was denominated in £263m sterling (2020: £264m), €99m euros (2020: €90m), and US$69m US dollars (2020: US$108m).

Clinigen reduces its exposure to currency fluctuations on translation by typically managing currencies at Group level using bank accounts denominated in foreign currencies. Where there is sufficient visibility of currency requirements, forward contracts are used to hedge exposure to foreign currency fluctuations.

A £26.2m charge (2020: £4.0m credit) was recognised during the year in respect of currency translation differences within other comprehensive income, arising from the impact of the strengthening of sterling on the translation of the Group's net investment in overseas entities.

The Group's treasury function does not engage in speculative transactions and does not operate as a profit centre. The Group has applied hedge accounting where permissible to match hedges to the transactions to which they relate thereby reducing volatility in the results which may arise from gains and losses on hedging instruments.

Currency sensitivity
The Group's activities expose it to currency risk primarily in relation to the US dollar and euro. The Group uses forward contracts to reduce the impact of this risk. If the current exchange rates are assumed to apply throughout FY2022, the Group estimates it would have a 1% - 2% negative impact on adjusted EBITDA. Current spot exchange rates to sterling as at 15 September 2021 are USD: 1.38, EUR: 1.17, ZAR: 19.77, and AUD: 1.89.

Capital allocation

The Group's capital allocation framework exists in order to prioritise the use of cash and maximise shareholder value whilst retaining the flexibility to make value-enhancing acquisitions. The four principles within the framework are as follows:

- Reinvest for organic growth
- Maintain a progressive dividend policy
- Aim to pay down and maintain net debt within a range of 1.0x to 2.0x EBITDA on an ordinary basis
- Make acquisitions in line with the Group's strategy with a disciplined approach to valuation

Principal risks facing the business

Clinigen operates an embedded risk management framework, which is monitored and reviewed by the Board. There are a number of potential risks and uncertainties that could have a material impact on the Group's financial performance and position. These include risks relating to the political environment, competitive threat, supply chain disruption, legal and regulatory, IT systems and infrastructure, cyber and data security, foreign exchange, people, COVID-19, strategic acquisitions, and environment and climate change. These risks and the Group's mitigating actions are set out on pages 52 to 61 of the Annual Report 2021.

Richard Paling
Interim Group Chief Financial Officer
and Group Financial Controller

Condensed consolidated income statement for the year ended 30 June 2021

(In £m)	Note	2021 Underlying	2021 Non-underlying (note 4)	2021 Total	2020 Underlying	2020 Non-underlying (note 4)	2020 Total
Revenue	3	**523.6**	**–**	**523.6**	466.7	–	466.7
Cost of sales		**(325.6)**	**(0.1)**	**(325.7)**	(256.7)	(4.9)	(261.6)
Gross profit	3	**198.0**	**(0.1)**	**197.9**	210.0	(4.9)	205.1
Administrative expenses		**(97.5)**	**(38.9)**	**(136.4)**	(91.2)	(71.4)	(162.6)
Profit from operations		**100.5**	**(39.0)**	**61.5**	118.8	(76.3)	42.5
Finance costs	5	**(8.3)**	**(1.4)**	**(9.7)**	(11.3)	(8.3)	(19.6)
Share of profit of joint venture		**–**	**–**	**–**	0.3	–	0.3
Profit before income tax		**92.2**	**(40.4)**	**51.8**	107.8	(84.6)	23.2
Income tax expense	6	**(17.8)**	**5.7**	**(12.1)**	(21.1)	12.1	(9.0)
Profit for the year from continuing operations		**74.4**	**(34.7)**	**39.7**	86.7	(72.5)	14.2
Loss for the year from discontinued operations	13	**0.2**	**(9.6)**	**(9.4)**	0.3	(0.8)	(0.5)
Profit attributable to owners of the Company		**74.6**	**(44.3)**	**30.3**	87.0	(73.3)	13.7
Earnings per share (p)							
Basic	7			**22.8**			10.3
Diluted	7			**22.3**			10.2
Earnings per share from continuing operations (p)							
Basic	7			**29.8**			10.8
Diluted	7			**29.2**			10.6

Condensed consolidated statement of comprehensive income for the year ended 30 June 2021

(In £m)	2021 Underlying	2021 Non-underlying (note 4)	2021 Total	2020 Underlying	2020 Non-underlying (note 4)	2020 Total
Profit attributable to owners of the Company	**74.6**	**(44.3)**	**30.3**	87.0	(73.3)	13.7
Other comprehensive income/(expense)						
Items that may be subsequently reclassified to profit or loss						
Cash flow hedges	**0.1**	**–**	**0.1**	0.2	–	0.2
Currency translation differences	**(26.2)**	**–**	**(26.2)**	4.0	–	4.0
Net investment hedge	**4.7**	**–**	**4.7**	(1.3)	–	(1.3)
Income tax relating to components of other comprehensive income	**(0.9)**	**–**	**(0.9)**	–	–	–
Total other comprehensive (expense)/income for the year	**(22.3)**	**–**	**(22.3)**	2.9	–	2.9
Total comprehensive income attributable to owners of the Company	**52.3**	**(44.3)**	**8.0**	89.9	(73.3)	16.6
Total comprehensive income/(expense) arising from:						
Continuing operations	**52.1**	**(34.7)**	**17.4**	89.6	(72.5)	17.1
Discontinued operations	**0.2**	**(9.6)**	**(9.4)**	0.3	(0.8)	(0.5)

Condensed consolidated statement of financial position as at 30 June 2021

(In £m)	Note	**2021**	2020
Assets			
Non-current assets			
Intangible assets	9	**718.3**	788.3
Property, plant and equipment		**13.6**	13.4
Right-of-use assets		**19.1**	20.4
Investment in joint venture		**–**	–
Other financial assets		**1.1**	–
Deferred tax assets		**10.8**	7.2
Total non-current assets		**762.9**	829.3
Current assets			
Inventories		**56.6**	43.5
Trade and other receivables		**163.2**	125.9
Derivative financial instruments		**–**	0.2
Cash and cash equivalents	10	**82.9**	143.1
Total current assets		**302.7**	312.7
Total assets		**1,065.6**	1,142.0
Liabilities			
Non-current liabilities			
Trade and other payables		**1.7**	8.9
Borrowings and lease liabilities	10	**413.9**	450.7
Deferred tax liabilities		**30.2**	33.6
Total non-current liabilities		**445.8**	493.2
Current liabilities			
Trade and other payables		**162.0**	194.9
Corporation tax liabilities		**6.0**	3.7
Borrowings and lease liabilities	10	**4.8**	4.3
Derivative financial instruments		**–**	0.3
Total current liabilities		**172.8**	203.2
Total liabilities		**618.6**	696.4
Net assets		**447.0**	445.6
Equity			
Share capital	11	**0.1**	0.1
Share premium account	11	**240.2**	240.2
Merger reserve		**88.2**	88.2
Hedging reserve		**–**	(0.1)
Foreign exchange reserve		**(4.7)**	17.7
Retained earnings		**123.2**	99.5
Total shareholders' equity		**447.0**	445.6

The notes on pages 19 to 28 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the year ended 30 June 2021

(In £m)	Note	**2021**	2020
Operating activities			
Profit for the year before tax		**51.8**	23.2
Share of profit of joint venture		**–**	(0.3)
Net finance costs	5	**9.7**	19.6
Profit from operations		**61.5**	42.5
Adjustments for:			
Amortisation of intangible fixed assets		**51.1**	48.9
Impairment of intangible fixed assets	4	**2.6**	4.2
Depreciation of property, plant and equipment		**6.5**	5.8
Impairment of investment in joint venture	4	**–**	5.9
Movement in fair value of derivative financial instruments		**–**	0.1
(Decrease)/increase in fair value of contingent consideration		**(5.9)**	11.8
Payment of increased fair value of contingent consideration	12	**(33.2)**	–
Currency revaluation on contingent consideration	4	**(1.6)**	2.0
Equity-settled share-based payment expense		**3.7**	3.5
		84.7	124.7
Increase in inventories		**(15.2)**	(8.3)
Increase in trade and other receivables		**(47.9)**	(17.0)
Increase/(decrease) in trade and other payables		**45.1**	(5.5)
Cash generated from operations		**66.7**	93.9
Income taxes paid		**(15.6)**	(23.9)
Interest paid		**(10.6)**	(10.2)
Net cash flows from operating activities – continuing operations		**40.5**	59.8
Net cash flows from operating activities – discontinued operations		**4.7**	0.8
Net cash flows from operating activities		**45.2**	60.6
Investing activities			
Purchase of intangible fixed assets (excluding products)		**(23.2)**	(19.9)
Purchase of property, plant and equipment		**(5.1)**	(2.8)
Purchase of specialty pharmaceutical products		**–**	(58.4)
Deferred consideration on purchase of subsidiaries	12	**(34.7)**	–
Proceeds from sale of business, net of cash disposed	13	**3.1**	–
Net cash flows used in investing activities – continuing operations		**(59.9)**	(81.1)
Net cash flows used in investing activities – discontinued operations		**(0.6)**	(0.3)
Net cash flows used in investing activities		**(60.5)**	(81.4)
Financing activities			
Proceeds from increase in loan		**7.6**	107.6
Loan repayments		**(30.9)**	(17.1)
Principal element of lease payments		**(3.4)**	(3.1)
Step acquisition of Clinigen Ireland Ltd	12	**(1.8)**	–
Dividends paid	8	**(10.1)**	(9.2)
Net cash flows (used in)/from financing activities – continuing operations		**(38.6)**	78.2
Net cash flows used in financing activities – discontinued operations		**(0.3)**	(0.3)
Net cash flows (used in)/from financing activities		**(38.9)**	77.9
Net (decrease)/increase in cash and cash equivalents		**(54.2)**	57.1
Cash and cash equivalents at 1 July		**143.1**	83.5
Foreign exchange (losses)/gains		**(6.0)**	2.5
Cash and cash equivalents at 30 June		**82.9**	143.1

Condensed consolidated statement of changes in equity for the year ended 30 June 2021

(In £m)	Share capital (note 11)	Share premium account (note 11)	Merger reserve	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
At 1 July 2020	**0.1**	**240.2**	**88.2**	**(0.1)**	**17.7**	**99.5**	**445.6**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**30.3**	**30.3**
Currency translation differences	**–**	**–**	**–**	**–**	**(26.2)**	**–**	**(26.2)**
Net investment hedge, net of tax	**–**	**–**	**–**	**–**	**3.8**	**–**	**3.8**
Cash flow hedges							
– Effective portion of fair value movements	**–**	**–**	**–**	**0.6**	**–**	**–**	**0.6**
– Transfers to the income statement (revenue)	**–**	**–**	**–**	**(0.5)**	**–**	**–**	**(0.5)**
Total comprehensive income	**–**	**–**	**–**	**0.1**	**(22.4)**	**30.3**	**8.0**
Employee share schemes	**–**	**–**	**–**	**–**	**–**	**3.7**	**3.7**
Step-acquisition of Clinigen Ireland Ltd	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
Dividends paid (note 8)	**–**	**–**	**–**	**–**	**–**	**(10.1)**	**(10.1)**
Total transactions with owners of the Company, recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**(6.6)**	**(6.6)**
At 30 June 2021	**0.1**	**240.2**	**88.2**	**–**	**(4.7)**	**123.2**	**447.0**

(In £m)	Share capital (note 11)	Share premium account (note 11)	Merger reserve	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
At 30 June 2019	**0.1**	**240.2**	**88.2**	**(0.3)**	**15.0**	**95.2**	**438.4**
Impact of adopting IFRS 16	–	–	–	–	–	(2.2)	(2.2)
At 1 July 2019	**0.1**	**240.2**	**88.2**	**(0.3)**	**15.0**	**93.0**	**436.2**
Profit for the year	–	–	–	–	–	13.7	13.7
Currency translation differences	–	–	–	–	4.0	–	4.0
Net investment hedge, net of tax	–	–	–	–	(1.3)	–	(1.3)
Cash flow hedges							
– Effective portion of fair value movements	–	–	–	0.3	–	–	0.3
– Transfers to the income statement (revenue)	–	–	–	(0.1)	–	–	(0.1)
Total comprehensive income	–	–	–	**0.2**	**2.7**	**13.7**	**16.6**
Employee share schemes	–	–	–	–	–	3.5	3.5
Step-acquisition of Clinigen Ireland Ltd	–	–	–	–	–	(1.6)	(1.6)
Deferred taxation on employee share schemes	–	–	–	–	–	0.1	0.1
Dividends paid (note 8)	–	–	–	–	–	(9.2)	(9.2)
Total transactions with owners of the Company, recognised directly in equity	–	–	–	–	–	**(7.2)**	**(7.2)**
At 30 June 2020	**0.1**	**240.2**	**88.2**	**(0.1)**	**17.7**	**99.5**	**445.6**

1. Basis of preparation

These condensed financial statements have been prepared under the historical cost convention, modified to include revaluation to fair value of certain financial instruments, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. All financial information presented in pounds sterling has been rounded to the nearest £100,000.

The financial information, which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and related notes, is derived from the full Group financial statements for the year ended 30 June 2021 and does not constitute full accounts within the meaning of section 435 (1) and (2) of the Companies Act 2006.

The Group Annual Report and Financial Statements 2021 on which the auditors have given an unqualified report and which does not contain a statement under section 498(2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies in due course, and made available to shareholders in October 2021.

The preparation of financial statements in conformity with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise its judgement in the process of applying the Group's accounting policies. The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2 to the Group's statutory consolidated financial statements for the year ended 30 June 2021.

The Group's strategy and forecasts, taking account of sensitivities within the trading projections and possible changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has further funds available in the undrawn proportion of the bank facility, which combined with the Group's cash balance and positive cash generation from each of its operations, provides an appropriate level of funding for its ongoing operating requirements. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2. Changes in accounting policies

There was an amendment to IFRS 3 'Business Combinations' relating to the definition of a business with an effective date of 1 January 2020, which the Group has adopted from 1 July 2020.

There were no other new standards, interpretations or amendments to standards that are effective for the financial year beginning 1 July 2020 that have a material impact on the Group's consolidated financial statements.

There are amendments to a number of existing standards which are in issue but not yet adopted by the Group. These amendments are not expected to have a material impact on the Group's consolidated financial statements.

3. Segment information

The Group's reportable segments are strategic operating business units that provide different products and service offerings into different market environments. They are managed separately because each operational business requires different expertise to deliver the different product or service offering they provide.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM') during the reporting year. The CODM has been identified as the Executive Directors. During the year the organisational structure of the business has changed to the two reported businesses of Products and Services and the internal reporting to the CODM has changed to this basis.

Operating segment results

Net revenue and adjusted EBITDA are the segmental measures reported to and used by the CODM to manage the business. Net revenue eliminates the volatility in reported revenue which can arise from the pass through revenue as the mix of charged and free of charge Managed Access Programs changes. Segmental adjusted EBITDA provides a measure of profitability with an approximation of cash generation.

The results have been presented based on the previous three segment and the revised two segment basis to provide clarity on the changes. This change has been made to simplify the Group structure and better align the Group's activities to its end customers, pharmaceutical clients and healthcare professionals.

	2021			2020 Re-presented (Note 13)		
(In £m)	**Reported revenue**	**Net revenue**	**Adjusted EBITDA**	Reported revenue	Net revenue	Adjusted EBITDA
Commercial Medicines	**183.1**	**183.1**	**80.5**	156.7	156.7	85.5
Unlicensed Medicines	**157.8**	**92.8**	**20.8**	159.4	121.3	32.0
Clinical Services	**191.3**	**191.3**	**22.0**	162.2	162.2	22.6
Central unallocated costs & eliminations	**(8.6)**	**(8.6)**	**(7.0)**	(11.6)	(11.6)	(10.3)
Segmental result – continuing operations	**523.6**	**458.6**	**116.3**	466.7	428.6	129.8
Segmental result – discontinued operations	**38.6**	**38.6**	**1.1**	37.6	37.6	1.2
Segmental result	**562.2**	**497.2**	**117.4**	504.3	466.2	131.0

	2021			2020		
(In £m)	**Reported revenue**	**Net revenue**	**Adjusted EBITDA**	Reported revenue	Net revenue	Adjusted EBITDA
Products	**248.3**	**248.3**	**90.6**	250.2	250.2	105.2
Services	**283.9**	**218.9**	**32.7**	228.1	190.0	34.9
Central unallocated costs & eliminations	**(8.6)**	**(8.6)**	**(7.0)**	(11.6)	(11.6)	(10.3)
Segmental result – continuing operations	**523.6**	**458.6**	**116.3**	466.7	428.6	129.8
Segmental result – discontinued operations	**38.6**	**38.6**	**1.1**	37.6	37.6	1.2
Segmental result	**562.2**	**497.2**	**117.4**	504.3	466.2	131.0

3. Segment information (continued)

(In £m)	2021 Underlying	2021 Non-underlying	2021 Total	2020 Re-presented (Note 13) Underlying	2020 Re-presented (Note 13) Non-underlying	2020 Re-presented (Note 13) Total
Gross profit	**198.0**	**(0.1)**	**197.9**	210.0	(4.9)	205.1
Administrative expenses excluding amortisation and depreciation	**(81.8)**	**5.6**	**(76.2)**	(80.8)	(22.9)	(103.7)
EBITDA	**116.2**	**5.5**	**121.7**	129.2	(27.8)	101.4
Analysed as:						
Adjusted EBITDA including share of joint venture	**116.3**	**5.5**	**121.8**	129.8	(27.8)	102.0
Joint venture EBITDA	**(0.1)**	**–**	**(0.1)**	(0.6)	–	(0.6)
EBITDA excluding share of joint venture	**116.2**	**5.5**	**121.7**	129.2	(27.8)	101.4
Amortisation and impairment	**(9.2)**	**(44.5)**	**(53.7)**	(4.6)	(48.5)	(53.1)
Depreciation	**(6.5)**	**–**	**(6.5)**	(5.8)	–	(5.8)
Profit from operations	**100.5**	**(39.0)**	**61.5**	118.8	(76.3)	42.5
Finance costs	**(8.3)**	**(1.4)**	**(9.7)**	(11.3)	(8.3)	(19.6)
Share of joint venture profit	**–**	**–**	**–**	0.3	–	0.3
Profit before income tax	**92.2**	**(40.4)**	**51.8**	107.8	(84.6)	23.2
Analysed as:						
Adjusted profit before tax excluding share of joint venture tax	**92.3**	**(40.5)**	**51.8**	108.1	(84.9)	23.2
Joint venture tax	**(0.1)**	**0.1**	**–**	(0.3)	0.3	–
Profit before tax including share of joint venture tax	**92.2**	**(40.4)**	**51.8**	107.8	(84.6)	23.2
Income tax	**(17.8)**	**5.7**	**(11.8)**	(21.1)	12.1	(9.0)
Profit for the year from continuing operations	**74.4**	**(34.7)**	**39.7**	87.0	(72.5)	14.2
Loss for the year from discontinued operations (note 13)	**0.2**	**(9.6)**	**(9.4)**	0.3	(0.8)	(0.5)
Profit attributable to owners of the Company	**74.6**	**(44.3)**	**30.3**	87.0	(73.3)	13.7

(In £m)	2021	2020
Disaggregation of revenue from continuing operations:		
Products		
Owned	**106.4**	120.1
Partnered	**94.3**	72.1
On-Demand	**47.6**	58.0
	248.3	250.2
Services		
Clinical	**191.3**	162.2
Managed Access	**92.6**	65.9
	283.9	228.1
Inter-segment eliminations	**(8.6)**	(11.6)
	523.6	466.7

3. Segment information (continued)

(In £m)	2021	2020 Re-presented (Note 13)
Revenue from continuing operations arises from the location of the customers as follows:		
UK	**97.2**	106.5
Europe	**167.3**	135.8
USA	**129.8**	121.4
South Africa	**33.3**	32.2
Australia	**24.7**	24.8
Rest of World	**71.3**	46.0
	523.6	466.7

4. Non-underlying items

Non-underlying items have been reported separately in order to provide the reader of the financial statements with a better understanding of the operating performance of the Group. These items include amortisation of intangible assets arising on acquisition and acquired products, one-off costs including business and product acquisition costs, restructuring costs, changes in deferred and contingent consideration, impairments and unwind of discount on contingent consideration. The associated tax impact is also reported as non-underlying.

(In £m)	2021	2020 Re-presented (Note 13)
Cost of sales		
a) Impairment of Totect and Foscavir inventories	**0.1**	4.9
Administrative expenses		
b) Acquisition costs	**–**	0.3
c) Restructuring costs (relating principally to acquisitions)	**1.9**	2.9
d) (Decrease)/increase in the fair value of contingent consideration	**(5.9)**	11.8
e) Impairment of IP related to Imukin (2020: Totect)	**2.6**	4.2
f) Impairment of investment in joint venture	**–**	5.9
g) Foreign exchange revaluation on deferred and contingent consideration	**(1.6)**	2.0
h) Amortisation of intangible fixed assets acquired through business combinations and acquired products	**41.9**	44.3
	38.9	71.4
Finance costs		
i) Unwind of discount on deferred and contingent consideration	**1.3**	8.1
b) Acquisition costs	**0.1**	0.2
	1.4	8.3
Taxation		
k) Credit in respect of tax on non-underlying expenses	**(9.9)**	**(12.1)**
l) Deferred tax charge from change in future UK tax rate	**4.2**	**–**
	(5.7)	**(12.1)**
	34.7	**72.5**

a) In the prior year, impairment charges were recognised against Totect short-dated stock and excess Foscavir active pharmaceutical ingredient totalling £4.9m. The £0.1m charge in the current year relates to the write down of the remaining stock held.

b) Acquisition costs in the prior year related to legal fees and financing costs for the Group's recent product and business acquisitions.

c) Restructuring costs have been incurred during the period in respect of the one-off integration of acquired businesses as well as preparations for Brexit.

4. Non-underlying items (continued)

d) The increase in the fair value of contingent consideration in the prior year related to the final earn-out calculation for the CSM acquisition. The reduction in the fair value of contingent consideration in the current year relates to a change in estimate for the iQone acquisition.

e) An impairment charge has been recognised against the book value of Imukin due to lower than anticipated sales of the product. In the prior year, the book value of Totect was impaired to £nil.

f) In the prior year, a fair value exercise was undertaken on the Group's joint venture undertaking Novagen Pharma Pty Limited and as a result of this valuation and future expectations for the business, management took the decision to fully impair the investment.

g) Contingent consideration on CSM and iQone is denominated in foreign currency. The revaluation of these liabilities is treated as non-underlying as they relate to one-off items and do not reflect the underlying trading of the Group.

h) The amortisation of intangible assets acquired as part business combinations (namely brand, trademarks and licences, customer relationships, and contracts) and acquired products, is included in non-underlying due to its significance and to provide the reader with a consistent view of the underlying costs of the operating Group.

i) The non-cash unwind of the discount applied to the deferred and contingent consideration on the acquisitions of Proleukin, CSM, and iQone.

j) The other non-underlying finance costs relate to bank fees for guarantees relating to deferred consideration on acquisitions.

k) The tax credit in respect of non-underlying items reflects the tax benefit on the costs incurred.

l) Due to the change in the UK tax rate from 19% to 25% from 1 April 2023, an increase in the deferred tax liability on acquired intangibles of £4.2m has been recognised (see note 6).

5. Finance costs

(In £m)	**2021**	2020 Re-presented (Note 13)
Bank interest expense	**9.5**	9.6
Borrowing costs	**0.3**	0.1
Foreign exchange credit on borrowings	**(3.0)**	–
Amortisation of facility issue costs	**0.9**	1.1
Unwind of discount on lease liabilities	**0.6**	0.5
Underlying finance costs	**8.3**	11.3
Unwind of discount on deferred and contingent consideration on acquisitions	**1.3**	8.1
Acquisition costs	**0.1**	0.2
Total finance costs	**9.7**	19.6

6. Income tax expense

(In £m)	**2021**	2020 Re-presented (Note 13)
Current tax expense		
UK corporation tax	**8.1**	12.7
Overseas tax at local prevailing rates	**8.6**	6.7
Adjustment in respect of prior years	**0.8**	0.6
Total current tax expense	**17.5**	20.0
Deferred tax credit		
Origination and reversal of temporary differences	**(6.9)**	(13.4)
Adjustment in respect of prior years	**(2.7)**	0.1
Adjustments in respect of tax rates	**4.2**	2.1
Total deferred tax credit	**(5.4)**	(11.0)
Total income tax expense	**12.1**	9.0

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK applied to profit for the year as follows:

(In £m)	**2021**	2020 Re-presented (Note 13)
Profit before income tax	**51.8**	23.2
Expected tax charge based on corporation tax rate of 19.0%	**9.8**	4.4
Expenses not deductible for tax purposes	**0.9**	2.7
Income not taxable	**(2.1)**	–
Tax relief for employee share schemes	**(0.1)**	(0.9)
Adjustments to tax charge in respect of prior years	**(1.9)**	0.7
Foreign tax credit	**–**	(0.2)
Recognition/utilisation of previously unrecognised tax losses	**(0.5)**	(0.5)
De-recognition of previously recognised tax losses	**0.4**	–
Change in deferred tax rate	**4.2**	2.3
Higher rates of taxes on overseas earnings	**1.4**	0.5
Total income tax expense	**12.1**	9.0

During the year it was announced that the UK corporation tax rate would increase from 19% to 25% effective from 1 April 2023. This change was included in the Finance Bill 2021 which has been substantively enacted and therefore UK deferred tax assets and liabilities for which the underlying timing difference is expected to unwind after 1 April 2023 have been re-measured accordingly resulting in the recognition of an additional deferred tax charge from continuing operations of £4.2m.

7. Earnings per share ('EPS')

Profit/(loss) after tax (£m)	2021	2020 Re-presented (Note 13)
Profit after tax used in calculating reported EPS	**30.3**	13.7
Profit after tax used in calculating reported EPS – continuing operations	**39.6**	14.3
Loss after tax used in calculating reported EPS – discontinued operations	**(9.3)**	(0.6)
Underlying profit after tax used in calculating adjusted EPS	**74.4**	86.7
Number of shares (million)		
Weighted average number of shares	**133.0**	132.7
Dilution effect of share options	**2.9**	2.0
Weighted average number of shares used for diluted EPS	**135.9**	134.7
Reported EPS (pence)		
Basic	**22.8p**	10.3p
Diluted	**22.3p**	10.2p
Basic – continuing operations	**29.8p**	10.8p
Diluted – continuing operations	**29.2p**	10.6p
Basic – discontinued operations	**(7.0)p**	(0.5)p
Diluted – discontinued operations	**(6.9)p**	(0.4)p
Adjusted EPS (pence)		
Basic	**55.9p**	65.3p
Diluted	**54.7p**	64.4p

EPS is calculated based on the share capital of the Parent Company and the earnings of the combined Group.

Diluted EPS takes account of the weighted average number of outstanding share options being 2,886,474 (2020: 1,996,046).

8. Dividends

(In £m)	2021	2020
Final dividend in respect of the year ended 30 June 2020 of 5.46p (2020: 4.75p) per ordinary share	**7.2**	6.3
Interim dividend of 2.15p (2020: 2.15p) per ordinary share paid during the year	**2.9**	2.9
	10.1	9.2

The Board proposes to pay a final dividend of 4.7p per ordinary share, subject to shareholder approval, on 4 January 2022, to shareholders on the register on 3 December 2021.

9. Intangible assets

(In £m)	Brand	Contracts	Customer relationships	Trademarks & licences	Computer software	Goodwill	Total
At 1 July 2020	50.3	5.9	74.4	244.1	29.2	384.4	788.3
Additions	–	–	–	11.1	12.1	–	23.2
Amortisation charge	(4.5)	(1.0)	(17.1)	(21.1)	(8.6)	–	(52.3)
Impairment	–	–	–	(2.6)	–	–	(2.6)
Disposal of business	(5.9)	–	(0.5)	–	(0.2)	(4.4)	(11.0)
Exchange differences	(0.2)	–	(2.4)	(15.1)	(0.3)	(9.3)	(27.3)
At 30 June 2021	**39.7**	**4.9**	**54.4**	**216.4**	**32.2**	**370.7**	**718.3**

During the year, due to the performance of the product, the decision was taken to impair the book value of Imukin by £2.6m. The impairment was recognised within non-underlying administrative expenses.

10. Net debt

(In £m)	**2021**	2020
Revolving credit facility	**220.9**	250.8
Term loan	**176.6**	183.0
Lease guarantee provided to divested business	**0.9**	–
Lease liabilities	**21.9**	23.7
Unamortised issue costs	**(1.6)**	(2.5)
Gross borrowings	**418.7**	455.0
Cash	**(82.9)**	(143.1)
Net debt	**335.8**	311.9

The Group's multi-currency debt facility is £430m comprising an unsecured £180m term loan with a single repayment in 2023 and an unsecured revolving credit facility of up to £250m. At 30 June 2021, the facility was denominated in £263m sterling (2020: £264m), €99m euros (2020: €90m), and US$69m US dollars (2020: US$108m).

At the year end, there were two covenants that applied to the bank facility: interest cover of not less than 4.0x and net debt/adjusted EBITDA cover of not more than 3.5x (excluding IFRS 16). As at 30 June 2021, interest cover was 10.0x and the net debt/adjusted EBITDA leverage was 2.8x. The Group has no history of default on its borrowings, including against its covenant terms.

During the year, interest was payable on a tiered scale based on the level of borrowing. The applicable interest rate on amounts drawn down was up to 2.5% plus LIBOR.

11. Called up share capital and share premium account

	Number of shares ('000s)	**Called up share capital (£m)**	**Share premium account (£m)**
At 1 July 2019	132,479	0.1	240.2
Issue of new shares	420	–	–
At 30 June 2020	**132,899**	**0.1**	**240.2**
Issue of new shares	**130**	**–**	**–**
At 30 June 2021	**133,029**	**0.1**	**240.2**

The Company does not have a limited amount of authorised share capital.

12. Business combinations

There were no business combinations in the year ended 30 June 2021 (2020: none).

The Group paid £67.9m (US$89.5m) as a final settlement of the CSM earn out in September 2020. £33.2m (US$43.8m) of this payment relates to the increase in consideration from outperformance of the earn out over the original amount estimated which is recognised within cash flow from operations. The remaining £34.7m (US$45.7m) of this payment is the original estimate of the earn out at the time of acquisition and is recognised within cash used in investing activities.

The Group paid £1.8m in respect of the acquisition of the remaining 50% stake in Clinigen Ireland Ltd (previously QM Specials Ltd) following the exercise of its call option in June 2020. As this payment related to a change in ownership but not a change in control it is recognised within cash flows used in financing activities.

The contingent consideration liability for the iQone acquisition has been revised down by £5.9m to £1.7m following a revision in the estimate of the likely payment. The liability has been discounted at a rate of 10%. A 100bps change in the discount rate would increase/decrease the fair value by £0.1m, and a 10% change in the expected value of the EBITDA in the earn out period would increase/decrease the fair value by £0.5m.

The contingent consideration liability outstanding at 30 June 2021 was £1.7m (2020: £6.9m). The movement in the year of £5.2m comprised a £5.9m change in estimate of the amount payable and a £0.4m exchange difference recognised through non-underlying administrative expenses offset by a £1.1m unwind of discount recognised through non-underlying finance costs.

13. Disposals and discontinued operations

On 30 June 2021, the Group completed the divestment of its non-core UK Specials Manufacturing and Aseptic Compounding business, and the results and cash flows of this business are classified as discontinued. As a result of this classification, the comparatives in the statement of comprehensive income and statement of cash flows as well as the supporting notes have been re-presented to separate the results for discontinued operations in accordance with the requirements of IFRS 5.

Results for discontinued operations

(In £m)	**2021**	2020
Revenue	**38.6**	37.6
Adjusted EBITDA	**1.1**	1.2
Restructuring (costs)/credit	**(0.1)**	0.1
Amortisation and depreciation	**(1.8)**	(1.8)
Finance costs	**(0.1)**	(0.1)
Loss before tax	**(0.9)**	(0.6)
Income tax (expense)/credit	**(0.1)**	0.1
Loss after tax	**(1.0)**	(0.5)
Loss on disposal of discontinued operations	**(8.3)**	–
Loss for the year from discontinued operations	**(9.3)**	(0.5)

The amortisation and depreciation charge includes amortisation of acquired intangibles of £1.1m (2020: £1.1m).

13. Disposals and discontinued operations (continued)

Cash flows for discontinued operations

(In £m)	**2021**	2020
Cash flows from operating activities	**4.7**	0.8
Cash flows used in investing activities	**(0.6)**	(0.3)
Cash flows used in financing activities	**(0.3)**	(0.3)
Net cash flow from discontinued operations	**3.8**	0.2

Loss on disposal

The Group recognised a total loss on disposal of £8.3m which is analysed as follows:

(In £m)	
Net assets disposed of (book value at date of disposal):	
Goodwill	4.4
Other intangible assets	6.6
Property, plant and equipment	2.0
Right-of-use assets	4.0
Deferred tax assets	0.1
Inventories	2.8
Trade and other receivables	16.1
Cash and cash equivalents	1.9
Trade and other payables	(18.7)
Corporation tax liabilities	(0.1)
Deferred tax liabilities	(1.5)
Lease liabilities	(4.8)
Net assets disposed of	**12.8**
Consideration received:	
Cash proceeds	5.0
Deferred consideration	1.1
Transaction costs	(0.7)
Recognition of guarantee on lease liability	(0.9)
Total net consideration	**4.5**
Loss on disposal	**8.3**