23rd February 2022

CLINIGEN

Half year results for the period ended 31 December 2021

Clinigen Group plc (AIM: CLIN, 'Clinigen' or 'the Group'), the global pharmaceuticals and services group, has today published its half year results for the six months ended 31 December 2021.

FINANCIAL SUMMARY

Six months ended 31 December	2021 £m	2020[1] £m	Growth Reported	Growth Organic[5]
Adjusted measures[2]				
Net revenue[3]	238.1	215.7	10%	14%
EBITDA[4]	57.4	54.4	6%	8%
EBITDA[4] as % of net revenue	*24.1%*	*25.2%*		
Basic earnings per share	22.6p	26.4p	(14)%	
Operating cash flow[6]	72.5	58.2	25%	
Statutory measures				
Revenue	283.9	241.9	17%	21%
Gross profit	100.4	96.2	4%	7%
Profit before tax	10.1	23.5	(57)%	
Basic earnings per share	5.4p	14.0p	(61)%	
Interim dividend per share	–	2.15p		
Net debt	295.6	351.5	(16)%	

FINANCIAL HIGHLIGHTS

- Net revenue from continuing operations up 10% (14% on an organic[5] basis) to £238.1m (H1 2021: £215.7m).
- Adjusted EBITDA from continuing operations increased by 6% (8% on an organic[5] basis) to £57.4m (H1 2021: £54.4m) reflecting strong growth in Services and Partnered products alongside good cost control. Adjusted EPS from continuing operations down 14% to 22.6p (H1 2021: 26.4p).
- Very strong cash conversion with adjusted operating cash flow from continuing operations up 25% to £72.5m (H1 2021: £58.2m).
- Net debt as at 31 December 2021 of £274.7m, (£295.6m incl. IFRS 16 liabilities[7]) representing net debt leverage of 2.5x, significantly below the Group's temporary banking covenant of 3.5x.

TRITON OFFER

On 8 December 2021, Clinigen announced an agreement on the terms of a recommended all-cash offer by Triley Bidco Limited (a company indirectly owned by Triton Investment Management Limited) for the entire issued and to be issued share capital of Clinigen. Under the terms of the original offer Clinigen shareholders would have been entitled to receive 883 pence for each Clinigen share, to be effected by means of a Scheme of Arrangement.

On 17 January 2022 the terms of an increased and final recommended all-cash offer were announced at an increased value of 925 pence for each Clinigen share. On 8 February 2022 at the Court Meeting and General Meeting, shareholders voted to approve the resolutions in connection to the increased and final all-cash acquisition of Clinigen by Triley Bidco Limited.

Completion of the Acquisition remains subject to the satisfaction or, where applicable, waiver of the remaining Conditions set out in the Scheme Document, the sanction of the Scheme by the Court at the Scheme Court Hearing and the delivery of a copy of the Court Order to the Registrar of Companies. It is anticipated the deal will close in accordance with the updated timetable published on 16 February 2022 with the effective date of the Scheme expected to be 4 April 2022.

OPERATIONAL HIGHLIGHTS

- Strong net revenue growth of 61% in the Partnered section of Products Division despite Erwinase not being granted a licence in the US. Growth driven in part by revenue ahead of expectations for Erwinase and Hunterase in ex-US and Japan respectively.
- The Developed portfolio of Products continues to perform ahead of forecast with strong net revenue growth against H1 2021, minimising the impact of continued depressed on-label Proleukin sales in the US.
- Execution of a high number of new Services business wins from FY2021 led to 39% EBITDA growth across the division with continued high win rates across Clinical and Managed Access.
- Strong performance in Africa region partly driven by supply of COVID-19 related products including antigen testing kits.
- Continued recovery in On-Demand business with a strong pipeline through key supply shortage opportunities.
- Second release of Clinigen Direct successfully completed with orders received from 52 countries.
- Continued integration of iQone business into European operations to support commercial roll-out of key partnered products such as Erwinase and Copiktra in Europe.

Shaun Chilton, Group Chief Executive Officer of Clinigen, said:

"We have seen good delivery across all areas of the business during the first half of the year. Our EBITDA and net revenue growth despite the ongoing market challenges presented by COVID-19 demonstrates the benefits of our diverse and global lifecycle platform.

"Shareholders have voted to approve the increased all-cash acquisition of Clinigen by Triley Bidco Limited, which the Board has recommended, and we are excited about the next chapter of Clinigen's growth as a private company. We will continue to focus on those areas of the business where we have sustainable competitive advantage and build out the platform to deliver more value for our pharmaceutical clients and healthcare professional customers globally."

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 14 of the condensed financial statements.
2. Group results 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 during the period or prior period and one disposal in the prior period 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 in the prior period. Cash conversion is calculated by dividing adjusted operating cash flow 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 excludes the EBITDA from the businesses disposed during the last 12 months.

- Ends -

As a result of the Triley Bidco Limited offer, an analyst briefing will not be held to discuss the results in person or virtually.

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Notes to Editors

About Clinigen Group

Clinigen Group plc (AIM: CLIN) is a global, specialist pharmaceutical services and products platform 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 115 countries.

For more information on Clinigen, please visit 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.

GROUP OVERVIEW

Clinigen is dedicated to providing healthcare professionals (HCPs) and their patients around the world with quicker and broader access to critical 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.

SERVICES

The Services division comprises 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 researchers.

- **Managed Access:** Design and implementation of global Managed Access Programs (MAPs – 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 Services division has seen 39% EBITDA growth increasing to £18.9m (H1 2021: £13.6m) driven by strong execution of new business signed in FY2021. Net revenue also increased by 9% to £111.7m (H1 2021: £102.6m). Both Clinical and Managed Access have maintained the high win rates seen in FY2021 and the pipeline remains healthy.

Six months ended 31 December	2021	2020	Growth	
Net revenue	£m	£m	Reported	Organic
Clinical	95.6	89.9	6%	
Managed Access	16.1	12.7	27%	
Divisional Total	111.7	102.6	9%	12%
Divisional EBITDA	18.9	13.6	39%	35%

Note: Net revenue excludes Managed Access pass through revenue which varies each period dependent on the mix of programs.

Clinical: Net revenue grew 6% to £95.6m (H1 2021: £89.9m), driven mainly by growth in the non-sourcing, clinical packaging and distribution business where there was further growth in both the number and value of work orders signed against H1 2021.

Revenue associated with clinical sourcing activities remain largely flat with a nominal increase compared to H1 2021, however, a large Investigator Initiated Trial ('IIT') involving sourcing, packaging and labelling on behalf of a top 20 pharma company has been signed that is expected to deliver significant gross profit contribution in the second half.

The pipeline across Clinical remains strong with more than 400 open opportunities across both packaging, labelling and sourcing offerings.

Managed Access: Net revenue grew by 27% to £16.1m (H1 2021: £12.7m) driven by the high number of MAP wins in FY2021 that have been implemented and are now live. During the first half of the year there were more than 20 further MAP wins with most of these contributing to the second half of the year.

As at 31 December 2021, there was a net increase of 6 MAPs taking the total to 167 individual product MAPs (June 2021: 161). Collectively, the top 10 MAPs contributed 29% of the Managed Access gross profit (June 2021: 32%). The pipeline continues to remain healthy, despite the high number of business wins, with 49 opportunities at proposal or contracting stage (June 2021: 44).

PRODUCTS

The Products portfolio comprises three distinct sections:

- **Owned:** Medicines that have been acquired or developed by Clinigen. Clinigen acquires products with the goal of maintaining 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 were previously supplied in 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 access or licensing arrangement.
- **On-Demand:** Sourcing and supply of unlicensed and short supply medicines in response to demand for access from healthcare professionals.

Net revenue for H1 increased by 12% to £129.0m (H1 2021: £114.8m). Whilst headwinds remain on some of the Owned products, there has been a solid performance in On-Demand which has shown signs of recovery as well as strong growth across the Partnered section. Divisional EBITDA has fallen slightly to £43.1m (H1 2021: £44.1m) partly down to lower Proleukin sales in the US which are unlikely to recover to pre-pandemic levels without rejuvenation through new treatment regimens or disease areas. There has been strong performance across the regions with growth in the AAA region (Australasia, Asia, Africa) ahead of expectations.

Six months ended 31 December	2021	2020	Growth	
Net revenue	£m	£m	Reported	Organic
Owned	48.1	54.4	(12)%	
Partnered	56.5	35.0	61%	
On-Demand	24.4	25.4	(4)%	
Divisional Total	129.0	114.8	12%	16%
Divisional EBITDA	43.1	44.1	(2)%	2%

Note: Comparative figures have been re-stated to exclude discontinued operations

Owned Products: Clinigen has a portfolio of 19 owned products (6 acquired and 13 developed). Net revenue for H1 decreased by 12% to £48.1m (H1 2021: £54.4m) reflecting the continued headwinds on some of the acquired products.

Weekly sales for Proleukin in the US have remained volatile with the overall trend being flat since Q4 FY2021. We await news from Iovance regarding the potential BLA filing for their Lifileucel product, expected in the first half of calendar year 2022 which could be a key catalyst in the rejuvenation of Proleukin. Sales of Proleukin into ex-US markets have remained steady across 16 unlicensed and licensed markets.

Foscavir H1 2022 net revenues have declined against H1 2021 but at a slower rate than anticipated and are ahead of the Group's expectations for the first six months. There are now generics available for Foscavir in both the US and Europe and we anticipate further generic pressure in H2 2022 which has been built into our guidance.

Glycopyrronium Bromide and Melatonin are both ahead of H1 2021 and are also outperforming the Group's forecast. There have been generic entrants for Glycopyrronium Bromide and Melatonin Oral Solution, both of which are likely to impact in the second half of the year and whilst this has been factored into forecasts their impact will be monitored closely. During H1, Glycopyrronium Bromide was licensed in additional European countries with commercial launches expected in H2 2022.

The development pipeline remains healthy with 10 assets and a combined estimated unweighted gross profit value of more than £50m. It is expected there will be one additional product launch in H2 2022.

Partnered: Net revenue increased 61% to £56.5m (H1 2021: £35.0m) driven primarily by Erwinase in ex-US markets being ahead of expectations and key business wins from FY2021 being onboarded.

As announced on 1 December 2021, the FDA issued a Complete Response Letter (CRL) regarding Porton Biopharma's US Biologics License Application (BLA) for Erwinase resulting in Clinigen being unable to sell Erwinase in the US until the matters identified have been resolved by Porton Biopharma. Erwinase continues to be supplied into more than 30 ex-US licensed and unlicensed countries and a second wave of negotiations related to the mutual recognition countries are underway with further launches in Canada, Australasia and Europe in the pipeline.

The AAA region is showing continued growth with Hunterase in Japan trading ahead of expectations, demonstrating the market is open to the product and that the deployed engagement strategy is working well. In Africa, strong performance in the period has been driven partly through the supply of COVID-19 related products, such as antigen testing products, as well as high demand for malaria medication.

During the first half there were 22 new business wins across the Partnered segment a number of which represent commercial opportunities into the European region, a key growth focus for Clinigen. An example is the agreement announced in September 2021 with Secura Bio to market and supply Copiktra into 39 countries across Europe for patients with a rare oncology indication.

The total Partnered portfolio being supplied into unlicensed and licensed markets now stands at 191 products (June 2021: 185) with a further 27 opportunities in the pipeline.

On-Demand: Net revenue fell by 4% to £24.4m (H1 2021: £25.4m) primarily due to the H1/H2 phasing with a more even spread of activities expected for FY2022. The AAA region has secured key supply shortage orders that will contribute significantly during the second half of the year. One such deal is for an immunology medicine and will be supported via sourcing capabilities in Europe, Africa and Asia demonstrating our ability to ensure critical medicines can continue to be accessed by patients in need.

There have been further enhancements to Clinigen Direct (see below) which is a key part of the strategy to drive more uptake for On-Demand products where the current portfolio stands at over 1,500 active products.

DIGITAL AND TECHNOLOGY

The second release of Clinigen Direct was recently completed which brings all Managed Access Programs into the online platform. As part of the release all Cliniport customers have been onboarded into Clinigen Direct meaning healthcare professionals anywhere in the world can register for an account, login, browse a product catalogue containing each of the product types we provide (MAPs, Partner Products, On Demand), add them to a basket and place their order.

This is a key strategic milestone and opens up a number of opportunities to help more HCPs in more countries, and to grow our business. Since the release, orders from more than 50 countries have been received through the platform. In FY2022, we will also begin localising the platform to support our regional businesses, make more products available for full self-service and help HCPs for whom English may not be their first language.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Clinigen is dedicated to solving an increasingly global healthcare problem – ensuring patients around the world have access to the critical medicines they need. Our mission to deliver the Right Medicine, to the Right Patient, at the Right Time is at the heart of everything we do. This mission gives Clinigen a clear purpose – to ultimately improve health outcomes and improve the lives of patients accessing our medicines whilst also delivering greater value and sustainability for our stakeholders. We continue to report our progress on our website against 17 key ESG commitments under the four pillars of Environment, Products and Services, Our People and Responsible Business.

The Board has considered the impact of climate change and concluded that the risk is currently low and there is immaterial impact to the financial statements.

BOARD AND MANAGEMENT

As previously announced, Elmar Schnee assumed the role of Chairman on 1 September 2021, and Ian Johnson was appointed Senior Independent Director on 3 August 2021.

SUMMARY AND OUTLOOK

Clinigen has continued to achieve good delivery across all areas of its business during the first half of the year. The Group reiterates the financial guidance as stated in the Scheme Document sent to shareholders on 20 December 2021; namely that the Group expects FY2022 EBITDA growth of between 5% and 10%, in line with prior guidance.

Shaun Chilton
Chief Executive Officer

FINANCIAL REVIEW

The first six months of the financial year saw good growth in the business driven by the Services division and Partnered products which are now bearing the fruit of the significant number of contract wins seen during FY2021 and which have continued into this year. We remain well placed to meet the growth guidance for the full year in spite of the headwinds presented by reduced demand for Proleukin and the inability to sell Erwinase in the US.

Overall, net revenue increased by 10% (14% on an organic basis) to £238.1m (H1 2021: £215.7m) and gross profit increased by 4% (7% on an organic basis) to £100.4m (H1 2021: £96.2m). As a result of the continued strong operational leverage, adjusted EBITDA grew by 6% (8% on an organic basis) to £57.4m (H1 2021: £54.4m).

Excellent cash conversion in the period of 126% follows on from a strong H2 in FY2021, demonstrating the Group's ability to consistently generate cash returns from its operating profits. As a result of the strong cash flow in the period, net debt fell to £274.7m (excluding IFRS 16 liabilities) which represents a net debt to EBITDA leverage ratio of 2.5x significantly below the temporary covenant limit of 3.5x.

Summary adjusted income statement

Six months ended 31 December			Growth	
	2021	2020		
Adjusted results[1]	£m	£m	Reported	Organic[3]
Reported revenue	283.9	241.9	17%	21%
Net revenue[2]	238.1	215.7	10%	14%
Gross profit	100.4	96.2	4%	7%
Administrative expenses	(43.1)	(41.9)	3%	5%
EBITDA from joint venture	0.1	0.1	0%	
EBITDA[3]	57.4	54.4	6%	8%
EBITDA as % of net revenue	*24.1%*	*25.2%*		
Depreciation and amortisation	(10.4)	(7.1)	46%	
EBIT	47.0	47.3		
Finance expense	(7.4)	(2.6)	185%	
Profit before tax	39.6	44.7		
Basic earnings per share	22.6p	26.4p	(14)%	
Dividend per share	–	2.15p		

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

Adjusted EBITDA from continuing operations increased by 6% (8% on an organic basis) to £57.4m (H1 2021: £54.4m) primarily due to strong growth in Services and Partnered Products capitalising on contract wins made in H2 of FY2021.

Six months ended 31 December	2021	2020	Growth	
Adjusted EBITDA by business	£m	£m	Reported	Organic
Products	43.1	44.1	(2%)	2%
Services	18.9	13.6	39%	35%
Central unallocated costs	(4.6)	(3.3)	39%	33%
Adjusted EBITDA	57.4	54.4	6%	8%

Reconciliation of adjusted profit before tax to reported profit before tax

Six months ended 31 December	2021 £m	2020 £m
Adjusted profit before tax	39.6	44.7
Amortisation of acquired intangibles and products	(20.0)	(19.8)
Acquisition costs	–	(0.1)
Restructuring costs	(1.6)	(1.8)
Costs related to the proposed acquisition by Triley Bidco Limited	(7.8)	–
Foreign exchange on revaluation on contingent consideration	–	1.3
Unwind of discount on contingent consideration	–	(0.7)
Tax on joint venture in South Africa	(0.1)	(0.1)
Total adjustments	(29.5)	(21.2)
Reported profit before tax	10.1	23.5

The adjustments to profit before tax comprise costs relating to amortisation, restructuring, offer costs and the Group's share of the tax charge on the joint venture earnings of £0.1m (H1 2021: £0.1m).

Total amortisation was £26.5m (H1 2021: £23.8m), of which £10.9m (H1 2021: £12.7m) related to acquired intangibles, £9.1m (H1 2021: £7.1m) related to acquired product licences, £5.3m (H1 2021: £3.7m) related to software and £1.2m (H1 2021: £0.3m) related to internally developed product licences.

Restructuring costs were £1.6m (H1 2021: £1.8m), in respect of restructuring including redundancies.

Costs related to the proposed acquisition by Triley Bidco Limited include legal and professional fees of £1.4m and additional charges for employee share schemes of £6.4m which have been expensed. The accelerated share-based payment charge is contingent on the vesting of share options on completion of the acquisition.

In the prior year there was a £1.3m credit arising from revaluation of the contingent consideration on CSM and iQone acquisitions which were denominated in foreign currency.

Reported profit before tax fell by 57% due to the costs associated with the proposed acquisition as well as increased depreciation, amortisation and finance costs.

Finance costs

Finance costs were £7.4m (H1 2021: £2.6m from continuing operations) with the increase predominantly due to revaluation of the Group's borrowings with a foreign exchange charge of £1.3m in the period (H1 2021: £2.7m credit). The average interest charge on gross debt was 2.5% (H1 2021: 2.2%).

Taxation

Taxation was £2.9m (H1 2021: £4.8m from continuing operations), based primarily on the prevailing UK and overseas tax rates. This charge is calculated as £9.5m based on the adjusted profit before tax of £39.6m, offset by a credit of £6.6m in respect of the adjusted items.

The Group's adjusted effective tax rate (ETR) increased to 24.0% (H1 2021: 21.5%) due to a higher proportion of earnings in higher tax jurisdictions.

Earnings per share

Adjusted basic EPS, calculated excluding amortisation of acquired intangibles and products, and other non-underlying items, decreased by 14% to 22.6p (H1 2021: 26.4p from continuing operations). The decrease reflects the Group's increased depreciation and amortisation following the significant investment in digital infrastructure and development of products as well as higher finance costs due to foreign exchange movements.

Reported basic EPS was 5.4p (H1 2021: 14.0p from continuing operations) with the difference to adjusted EPS relating to the adjustments noted on the previous page.

Dividend

As a result of shareholder approval for the acquisition of the Group by Triley Bidco Limited, the directors do not propose an interim dividend is paid.

Cash flow and net debt

Adjusted operating cash flow for the period was £72.5m (H1 2021: £58.2m from continuing operations), representing a very strong cash conversion of 126% as a result of the strong working capital management.

Capital expenditure was £13.0m (H1 2021: £12.1m), which includes £8.6m related to warehouse, IT and other infrastructure investments, £2.3m related to ongoing investment in the Group's digital infrastructure, and £2.1m on product development.

The other main cash outflows were tax payments of £7.5m (H1 2021: £8.7m) and interest payments of £5.7m (H1 2021: £5.0m).

Net debt at the period end decreased to £274.7m, (£295.6m including IFRS 16 liabilities) representing leverage of 2.5x, significantly below the Group's temporary banking covenant of 3.5x.

Treasury management

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

At the period 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 3.0x, which was extended to 3.5x for the December 2021 covenant testing date as a precautionary measure. As at 31 December 2021, interest cover was 10.8x and the net debt/adjusted EBITDA leverage was 2.5x.

Borrowings are denominated in a mixture of sterling, euros and US dollars, and are managed by the Group's treasury function, which manages the Group's treasury risk in accordance with policies set by the Board.

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.

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.

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, counterfeit products penetrating the supply chain, compliance, reliance on technology, cyber risk, foreign exchange, people, COVID-19 and the identification, strategic rationale and integration of acquisitions. These risks and the Group's mitigating actions are set out on pages 52 to 61 of the Annual Report 2021.

Richard Paling
Interim Chief Financial Officer

Condensed consolidated income statement for the 6 months ended 31 December 2021

		Six months ended 31 December 2021			Six months ended 31 December 2020 Re-presented (Note 14)		
(In £m)	Note	**Underlying**	**Non-underlying (Note 4)**	**Total**	Underlying	Non-underlying (Note 4)	Total
Revenue	3	**283.9**	**–**	**283.9**	241.9	–	241.9
Cost of sales		**(183.5)**	**–**	**(183.5)**	(145.7)	–	(145.7)
Gross profit	3	**100.4**	**–**	**100.4**	96.2	–	96.2
Administrative expenses		**(53.5)**	**(29.4)**	**(82.9)**	(49.0)	(20.3)	(69.3)
Profit from operations		**46.9**	**(29.4)**	**17.5**	47.2	(20.3)	26.9
Finance costs	5	**(7.4)**	**–**	**(7.4)**	(2.6)	(0.8)	(3.4)
Profit before income tax		**39.5**	**(29.4)**	**10.1**	44.6	(21.1)	23.5
Income tax expense	6	**(9.4)**	**6.5**	**(2.9)**	(9.5)	4.7	(4.8)
Profit for the period from continuing operations		**30.1**	**(22.9)**	**7.2**	35.1	(16.4)	18.7
Loss for the period from discontinued operations	14	**–**	**–**	**–**	(0.2)	(0.5)	(0.7)
Profit for the period attributable to owners of the Company		**30.1**	**(22.9)**	**7.2**	34.9	(16.9)	18.0
Earnings per share (pence)							
Basic	7			**5.4p**			13.5p
Diluted	7			**5.3p**			13.3p
Earnings per share from continuing operations (pence)							
Basic	7			**5.4p**			14.0p
Diluted	7			**5.3p**			13.8p

Condensed consolidated statement of comprehensive income for the 6 months ended 31 December 2021

	Six months ended 31 December 2021			Six months ended 31 December 2020 Re-presented (Note 14)		
(In £m)	**Underlying**	**Non-underlying (Note 4)**	**Total**	Underlying	Non-underlying (Note 4)	Total
Profit for the period attributable to owners of the Company	**30.1**	**(22.9)**	**7.2**	34.9	(16.9)	18.0
Other comprehensive income items that may be reclassified to profit or loss						
Cash flow hedges	**–**	**–**	**–**	0.6	–	0.6
Currency translation differences	**(0.3)**	**–**	**(0.3)**	(21.6)	–	(21.6)
Net investment hedge	**1.7**	**–**	**1.7**	1.1	–	1.1
Income tax relating to components of other comprehensive income	**(0.3)**	**–**	**(0.3)**	–	–	–
Total other comprehensive income/(expense) for the period	**1.1**	**–**	**1.1**	(19.9)	–	(19.9)
Total comprehensive income/(expense) for the period	**31.2**	**(22.9)**	**8.3**	15.0	(16.9)	(1.9)
Total comprehensive income/(expense) attributable to owners of the company:						
Continuing operations	**31.2**	**(22.9)**	**8.3**	15.2	(16.4)	(1.2)
Discontinued operations	**–**	**–**	**–**	(0.2)	(0.5)	(0.7)

Condensed consolidated statement of financial position as at 31 December 2021

(In £m)	Note	31 December 2021	31 December 2020	30 June 2021
Assets				
Non-current assets				
Intangible assets	9	**699.4**	750.9	718.3
Property, plant and equipment		**19.0**	13.7	13.6
Right-of-use assets		**20.6**	18.5	19.1
Other financial assets		**1.2**	–	1.1
Deferred tax assets		**13.0**	3.0	10.8
Total non-current assets		**753.2**	786.1	762.9
Current assets				
Inventories		**63.1**	55.0	56.6
Trade and other receivables		**114.8**	116.0	163.2
Derivative financial instruments		**–**	0.8	**–**
Corporation tax receivables		**–**	0.9	**–**
Cash and cash equivalents		**117.5**	62.9	82.9
Total current assets		**295.4**	235.6	302.7
Total assets		**1,048.6**	1,021.7	1,065.6
Liabilities				
Non-current liabilities				
Trade and other payables		**0.7**	7.4	1.7
Borrowings and lease liabilities	10	**408.8**	410.0	413.9
Deferred tax liabilities		**27.5**	30.2	30.2
Total non-current liabilities		**437.0**	447.6	445.8
Current liabilities				
Trade and other payables		**145.9**	131.8	162.0
Corporation tax liabilities		**6.3**	–	6.0
Borrowings and lease liabilities	10	**4.3**	4.4	4.8
Total current liabilities		**156.5**	136.2	172.8
Total liabilities		**593.5**	583.8	618.6
Net assets		**455.1**	437.9	447.0
Equity attributable to owners of the Company				
Share capital	12	**0.1**	0.1	0.1
Share premium account		**240.2**	240.2	240.2
Merger reserve		**88.2**	88.2	88.2
Hedging reserve		**–**	0.5	**–**
Foreign exchange reserve		**(3.6)**	(2.8)	(4.7)
Retained earnings		**130.2**	111.7	123.2
Total equity		**455.1**	437.9	447.0

The notes below form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows
for the 6 months ended 31 December 2021

(In £m)	Note	2021	Six months to 31 December 2020 Re-presented (Note 14)	Year to 30 June 2021
Operating activities				
Profit before income tax		**10.1**	23.5	51.8
Finance costs	5	**7.4**	3.4	9.7
Profit from operations		**17.5**	26.9	61.5
Adjustments for:				
Amortisation of intangible fixed assets	9	**26.5**	23.8	51.1
Impairment of intangible fixed assets		–	–	2.6
Depreciation of property, plant and equipment		**3.9**	3.1	6.5
Movement in fair value of derivative financial instruments		–	(0.3)	–
Decrease in fair value of contingent consideration		–	–	(5.9)
Payment of increased fair value of contingent consideration	13	–	(33.2)	(33.2)
Currency revaluation on contingent consideration	4	–	(1.3)	(1.6)
Equity-settled share-based payment expense		**7.0**	1.6	3.7
		54.9	20.6	84.7
Increase in inventories		**(7.1)**	(10.6)	(15.2)
Decrease/(increase) in trade and other receivables		**48.1**	10.2	(47.9)
(Decrease)/increase in trade and other payables		**(23.4)**	4.8	45.1
Cash generated from operations		**72.5**	25.0	66.7
Income taxes paid		**(7.5)**	(8.7)	(15.6)
Interest paid		**(5.7)**	(5.0)	(10.6)
Net cash flows from operating activities – continuing operations		**59.3**	11.3	40.5
Net cash flows from operating activities – discontinued operations		–	2.4	4.7
Net cash flows from operating activities		**59.3**	13.7	45.2
Investing activities				
Purchase of intangible fixed assets (excluding products)	9	**(6.1)**	(10.0)	(23.2)
Purchase of property, plant and equipment		**(6.9)**	(2.1)	(5.1)
Payment of deferred consideration on purchase of subsidiaries	13	**(1.0)**	(34.7)	(34.7)
Proceeds from sale of business, net of cash disposed		–	–	3.1
Net cash flows used in investing activities – continuing operations		**(14.0)**	(46.8)	(59.9)
Net cash flows used in investing activities – discontinued operations		–	(0.2)	(0.6)
Net cash flows used in investing activities		**(14.0)**	(47.0)	(60.5)
Financing activities				
Proceeds from increase in loan		–	–	7.6
Loan repayments	10	**(7.3)**	(30.8)	(30.9)
Principal element of lease repayments		**(2.4)**	(1.5)	(3.4)
Step acquisition of Clinigen Ireland	13	–	(1.8)	(1.8)
Dividends paid	8	–	(7.2)	(10.1)
Net cash flows used in financing activities – continuing operations		**(9.7)**	(41.3)	(38.6)
Net cash flows used in financing activities – discontinued operations		–	(0.2)	(0.3)
Net cash flows used in financing activities		**(9.7)**	(41.5)	(38.9)
Net increase/(decrease) in cash and cash equivalents		**35.6**	(74.8)	(54.2)
Cash and cash equivalents at the beginning of the period		**82.9**	143.1	143.1
Exchange losses		**(1.0)**	(5.4)	(6.0)
Cash and cash equivalents at the end of the period		**117.5**	62.9	82.9

Condensed consolidated statement of changes in equity for the 6 months ended 31 December 2021

(In £m)	Share capital (note 12)	Share premium account	Merger reserve	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
At 1 July 2021	**0.1**	**240.2**	**88.2**	**–**	**(4.7)**	**123.2**	**447.0**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**7.2**	**7.2**
Currency translation differences	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Net investment hedge, net of tax	**–**	**–**	**–**	**–**	**1.4**	**–**	**1.4**
Total comprehensive income	**–**	**–**	**–**	**–**	**1.1**	**7.2**	**8.3**
Employee share schemes	**–**	**–**	**–**	**–**	**–**	**7.0**	**7.0**
Dividend declared and approved (note 8)	**–**	**–**	**–**	**–**	**–**	**(7.2)**	**(7.2)**
Total transactions with owners of the Company, recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**
At 31 December 2021	**0.1**	**240.2**	**88.2**	**–**	**(3.6)**	**130.2**	**455.1**

(In £m)	Share capital (note 12)	Share premium account	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 period	–	–	–	–	–	18.0	18.0
Currency translation differences	–	–	–	–	(21.6)	–	(21.6)
Net investment hedge, net of tax	–	–	–	–	1.1	–	1.1
Cash flow hedges							
– Effective portion of fair value movements	–	–	–	0.4	–	–	0.4
– Transfers to income statement (revenue)	–	–	–	0.2	–	–	0.2
Total comprehensive income	–	–	–	0.6	(20.5)	18.0	(1.9)
Employee share schemes	–	–	–	–	–	1.6	1.6
Step acquisition of Clinigen Ireland	–	–	–	–	–	(0.2)	(0.2)
Dividend paid (note 8)	–	–	–	–	–	(7.2)	(7.2)
Total transactions with owners of the Company, recognised directly in equity	–	–	–	–	–	(5.8)	(5.8)
At 31 December 2020	0.1	240.2	88.2	0.5	(2.8)	111.7	437.9

Notes forming part of the condensed consolidated financial statements

1. General information

Clinigen Group plc ('the Company') and its subsidiaries (together, 'the Group') is a global pharmaceutical products and services group headquartered in the UK, with offices in the US, South Africa, Australia, New Zealand, Japan, Hong Kong, Singapore, Malaysia, Greece, Belgium, Switzerland, France and Germany.

The company is a public limited company, which is listed on the AIM market of the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is Pitcairn House, Crown Square, First Avenue, Burton-on-Trent, DE14 2WW, United Kingdom.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2021 were approved by the board of directors on 15 September 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. These condensed interim financial statements have been reviewed, not audited.

2. Basis of preparation

These condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim financial reporting' ('IAS 34'). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2021, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The Group meets its day-to-day working capital requirements through its cash balances and bank facilities. Management's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current cash balances and available facilities. Following the shareholder vote on 8 February 2022 to approve the Scheme of Arrangement for the all-cash acquisition of Clinigen by Triley Bidco Limited as detailed in note 15, the Directors have considered the impact on their assessment of going concern. The Directors unanimously recommended the offer to shareholders and believe Clinigen is well positioned for future continued success under Triton ownership. However, they also recognise that unavoidable uncertainties exist regarding the future plans and funding requirements for the business under the new ownership and board of directors, given the timing of the completion of the acquisition for the going concern assessment.

The existence of this scenario is considered to qualify as a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. However, notwithstanding any uncertainty regarding post completion activities, the Directors have a reasonable expectation that the Group can continue in operation and meet its liabilities as they fall due, for a period of no less than 12 months from the date of approval of the interim financial statements, and are therefore satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The interim financial statements do not include the adjustments that would result if the Group was no longer to be considered a going concern.

The accounting policies applied in preparation of the condensed consolidated financial statements is on a consistent basis with those applied in the annual financial statements for the year ended 30 June 2021.

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the notes to the Group's statutory consolidated financial statements for the year ended 30 June 2021 in note 2 on page 108.

There have been no accounting standards, amendments and interpretations that are effective for the first time in respect of the Group condensed interim financial statements for the six months ended 31 December 2021.

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 period. The Chief Operating Decision Maker has been identified as the Chief Executive Officer. There have been no changes to the reported segments during the period. In the year ended 30 June 2021, the organisation structure of the business changed to the two reported businesses of Products and Services.

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.

	Six months ended 31 December 2021			Six months ended 31 December 2020 Re-presented (Note 14)		
(In £m)	**Reported revenue**	**Net revenue**	**Adjusted EBITDA**	Reported revenue	Net revenue	Adjusted EBITDA
Products	**129.0**	**129.0**	**43.1**	114.8	114.8	44.1
Services	**157.5**	**111.7**	**18.9**	128.8	102.6	13.6
Central unallocated costs & eliminations	**(2.6)**	**(2.6)**	**(4.6)**	(1.7)	(1.7)	(3.3)
	283.9	**238.1**	**57.4**	241.9	215.7	54.4

Net revenue is presented after excluding pass through revenue of £45.8m (2020 £26.2m) from the Managed Access business within Services.

	Six months ended 31 December 2021			Six months ended 31 December 2020 Re-presented (Note 14)		
(In £m)	**Underlying**	**Non-underlying**	**Total**	Underlying	Non-underlying	Total
Revenue	**283.9**	**–**	**283.9**	241.9	–	241.9
Cost of sales	**(183.5)**	**–**	**(183.5)**	(145.7)	–	(145.7)
Gross profit	**100.4**	**–**	**100.4**	96.2	–	96.2
Administrative expenses excluding amortisation and depreciation	**(43.1)**	**(9.4)**	**(52.5)**	(41.9)	(0.5)	(42.4)
EBITDA	**57.3**	**(9.4)**	**47.9**	54.3	(0.5)	53.8
Analysed as:						
Adjusted EBITDA including share of joint venture	**57.4**	**(9.4)**	**48.0**	54.4	(0.5)	53.9
Joint venture EBITDA	**(0.1)**	**–**	**(0.1)**	(0.1)	–	(0.1)
EBITDA excluding share of joint venture	**57.3**	**(9.4)**	**47.9**	54.3	(0.5)	53.8
Amortisation and impairment	**(6.5)**	**(20.0)**	**(26.5)**	(4.0)	(19.8)	(23.8)
Depreciation	**(3.9)**	**–**	**(3.9)**	(3.1)	–	(3.1)
Profit from operations	**46.9**	**(29.4)**	**17.5**	47.2	(20.3)	26.9
Finance costs	**(7.4)**	**–**	**(7.4)**	(2.6)	(0.8)	(3.4)
Share of joint venture profit	**–**	**–**	**–**	–	–	–
Profit before income tax	**39.5**	**(29.4)**	**10.1**	44.6	(21.1)	23.5
Analysed as:						
Adjusted profit before tax excluding share of joint venture tax	**39.6**	**(29.5)**	**10.1**	44.7	(21.2)	23.5
Joint venture tax	**(0.1)**	**0.1**	**–**	(0.1)	0.1	–
Profit before tax including share of joint venture tax	**39.5**	**(29.4)**	**10.1**	44.6	(21.1)	23.5
Income tax	**(9.4)**	**6.5**	**(2.9)**	(9.5)	4.7	(4.8)
Profit for the period from continuing operations	**30.1**	**(22.9)**	**7.2**	35.1	(16.4)	18.7
Loss for the period from discontinued operations (note 14)	**–**	**–**	**–**	(0.2)	(0.5)	(0.7)
Profit for the period attributable to owners of the Company	**30.1**	**(22.9)**	**7.2**	34.9	(16.9)	18.0

3. Segment information (continued)

Disaggregation of revenue

(In £m)	**Six months ended 31 December 2021** Reported revenue	**Six months ended 31 December 2021** Net revenue	Six months ended 31 December 2020 Re-presented (Note 14) Reported revenue	Six months ended 31 December 2020 Re-presented (Note 14) Net revenue
Products				
Owned	**48.1**	**48.1**	54.4	54.4
Partnered	**56.5**	**56.5**	35.0	35.0
On-Demand	**24.4**	**24.4**	25.4	25.4
	129.0	**129.0**	114.8	114.8
Services				
Clinical	**95.6**	**95.6**	89.9	89.9
Managed Access	**61.9**	**16.1**	38.9	12.7
	157.5	**111.7**	128.8	102.6
Inter-segment eliminations	**(2.6)**	**(2.6)**	(1.7)	(1.7)
Total revenue from external customers	**283.9**	**238.1**	241.9	215.7

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 significant one-off costs as well as the amortisation of intangible assets acquired through business combinations and acquired products. The associated tax impact is also reported as non-underlying.

(In £m)	Six months to 31 December **2021**	Six months to 31 December 2020 Re-presented (Note 14)
Administrative expenses		
a) Restructuring costs	**1.6**	1.8
b) Costs related to the proposed acquisition by Triley Bidco Limited	**7.8**	–
c) Foreign exchange revaluation on contingent consideration	**–**	(1.3)
d) Amortisation of intangible fixed assets acquired through business combinations and acquired products	**20.0**	19.8
	29.4	20.3
Finance costs		
e) Unwind of discount on non-underlying liabilities	**–**	0.7
f) Acquisition costs	**–**	0.1
	–	0.8
Taxation		
g) Credit in respect of non-underlying items	**(6.5)**	(4.7)
	22.9	16.4

a) Restructuring costs have been incurred during the period in respect of the re-organisation of the business including certain redundancy costs for senior management.

b) Costs in relation to the proposed acquisition of the Group by Triley Bidco Limited include legal and professional fees of £1.4m and additional employee share scheme expenses of £6.4m. The accelerated share-based payment charge is contingent on the vesting of share options on completion of the acquisition.

c) Contingent consideration on iQone (and CSM in the prior period) is denominated in foreign currency. The revaluation is treated as non-underlying as they relate to one-off items and do not reflect underlying trading.

d) 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.

e) The non-cash unwind of the discount applied to the contingent consideration on the iQone acquisition.

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

5. Finance costs

(In £m)	Six months to 31 December 2021	2020 Re-presented (Note 14)
Bank interest expense	**4.9**	4.6
Borrowing costs	**0.5**	–
Amortisation of facility issue costs	**0.4**	0.4
Foreign exchange on borrowings	**1.3**	(2.7)
Unwind of discount on lease liabilities	**0.3**	0.3
Underlying finance costs	**7.4**	2.6
Unwind of discount on non-underlying liabilities	**–**	0.7
Acquisitions finance costs	**–**	0.1
Total finance costs	**7.4**	3.4

6. Income tax expense

The Group has recognised a tax charge in the income statement based on the current projected full year adjusted tax rate of 24.0% (2020: 21.5%) and adjusted for non-underlying items to give an effective tax rate of 28.7% (2020: 20.4%).

7. Earnings per share

(In £m)	Six months to 31 December 2021	2020 Re-presented (Note 14)
Profit after tax used in calculating reported EPS	**7.2**	18.0
Profit after tax used in calculating reported EPS - continuing	**7.2**	18.7
Loss after tax used in calculating reported EPS - discontinued	**–**	(0.7)
Adjusted profit after tax used in calculating adjusted EPS	**30.1**	35.1
Number of shares (million)		
Weighted average number of shares	**133.1**	133.0
Dilution effect of share options	**3.3**	1.9
Weighted average number of shares used for diluted EPS	**136.4**	134.9
Reported EPS (pence)		
Basic	**5.4p**	13.5p
Diluted	**5.3p**	13.3p
Basic - continuing	**5.4p**	14.0p
Diluted - continuing	**5.3p**	13.8p
Basic - discontinued	–	(0.5)p
Diluted - discontinued	–	(0.5)p
Adjusted EPS (pence)		
Basic	**22.6p**	26.4p
Diluted	**22.1p**	26.0p

8. Dividends

The FY2021 final dividend of 5.46p (£7.2m) was approved at the AGM on 24th November 2021 and was paid post period end on 4th January 2022. As the dividend was declared and approved during the period it has been recognised in the statement of financial position as a current liability. As a result of shareholder approval for the acquisition of the Group by Triley Bidco Limited, the directors do not propose an interim dividend is paid.

9. Intangible assets

(In £m)	**Brand**	**Contracts**	**Customer relationships**	**Trademarks & licences**	**Computer software**	**Goodwill**	**Total**
At 1 July 2021	39.7	4.9	54.4	216.4	32.2	370.7	718.3
Additions	–	–	–	2.1	4.0	–	6.1
Amortisation charge	(1.8)	(0.5)	(6.8)	(12.1)	(5.3)	–	(26.5)
Exchange differences	–	(0.1)	0.6	2.7	–	(1.7)	1.5
At 31 December 2021	**37.9**	**4.3**	**48.2**	**209.1**	**30.9**	**369.0**	**699.4**

10. Net debt

	31 December		30 June
(In £m)	**2021**	2020	2021
Revolving credit facility	**213.0**	215.8	220.9
Term loan	**176.7**	178.7	176.6
Lease liabilities	**23.8**	22.0	21.9
Financial guarantee	**0.9**	–	0.9
Unamortised issue costs	**(1.3)**	(2.1)	(1.6)
Total borrowings	**413.1**	414.4	418.7
Cash	**(117.5)**	(62.9)	(82.9)
Net debt	**295.6**	351.5	335.8

During the period the Group repaid £7.3m (2020: £30.8m) of its RCF using free cash flow generated from operations.

At the period end, there were two covenants that applied to the bank facility (calculated excluding the impact of IFRS 16): interest cover of not less than 4.0x and net debt/adjusted EBITDA cover of not more than 3.5x with the leverage covenant limit raised from 3.0x as a matter of prudence. As at 31 December 2021, interest cover was 10.8x and the net debt/adjusted EBITDA leverage was 2.5x. There were no instances of default, including covenant terms, in either the current or the preceding period.

11. Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2021. There have been no changes in the risk management processes or in any risk management policies since the year end.

Financial instruments

At 31 December 2021 (In £m)	**Designated at fair value**	**Amortised cost**	**Total carrying value**	**Fair value**
Cash and cash equivalents	–	**117.5**	**117.5**	**117.5**
Trade and other receivables	–	**93.2**	**93.2**	**93.2**
Total financial assets	–	**210.7**	**210.7**	**210.7**
Trade and other payables	–	**(140.9)**	**(140.9)**	**(140.9)**
Contingent consideration	**(0.7)**	–	**(0.7)**	**(0.7)**
Borrowings	–	**(414.4)**	**(414.4)**	**(414.4)**
Total financial liabilities	**(0.7)**	**(555.3)**	**(556.0)**	**(556.0)**

At 31 December 2020 (In £m)	Designated at fair value	Amortised cost	Total carrying value	Fair value
Cash and cash equivalents	–	62.9	62.9	62.9
Trade and other receivables	–	94.0	94.0	94.0
Derivative financial instruments	0.8	–	0.8	0.8
Total financial assets	0.8	156.9	157.7	157.7
Trade and other payables	–	(126.3)	(126.3)	(126.3)
Contingent consideration	(7.4)	–	(7.4)	(7.4)
Borrowings	–	(416.5)	(416.5)	(416.5)
Total financial liabilities	(7.4)	(542.8)	(550.2)	(550.2)

11. Financial risk management and financial instruments (continued)

Financial instruments are classified as follows: Level 1 instruments are those valued using unadjusted quoted prices in active markets for identical instruments; Level 2 instruments are those valued using techniques based significantly on observable market date; and Level 3 instruments are those valued using information other than observable market data.

Derivative financial instruments at 31 December 2021 and 31 December 2020 comprise forward foreign exchange contracts. These derivatives have been fair valued using forward exchange rates that are quoted in an active market and fall within Level 2 of the fair value hierarchy.

Contingent consideration on acquisitions has been valued using management's latest forecast of the profit of the businesses during the earn out period and falls within Level 3 of the fair value hierarchy. Consideration of the sensitivities on the fair value estimate of the contingent consideration liability is given in note 13.

There are no Level 1 financial instruments at 31 December 2021, and there have been no transfers between valuation levels nor changes in valuation techniques during the period.

12. Share capital

	Number ('000s)	**Cost (£m)**
Issued and fully paid (Ordinary shares of 0.1p each)		
At 1 July 2020	132,899	0.1
Issue of new shares	130	–
At 30 June 2021	**133,029**	**0.1**
Issue of new shares	338	–
At 31 December 2021	**133,367**	**0.1**

13. Business combinations

There were no business combinations in the six-month period ended 31 December 2021 (2020: none).

During the period, the sale and purchase agreement with the previous owners of the iQone business was re-negotiated and the business restructured to better align with the European strategy of the Group. On conclusion of this re-negotiation an immediate payment of €1.2m (£1.0m) was paid to the former owners of the business. Additionally, a new contingent consideration liability was recognised, replacing the liability attached to the original agreement, which is based on the EBITDA that will be generated by the relevant activities in the 12 months to 31 December 2023, and will be paid in January 2024.

The undiscounted fair value of the new contingent consideration liability has been estimated at €1.0m (£0.9m) but could be in the range of €nil to €11.2m. This is in line with the estimate recognised at 30 June 2021 after accounting for the €1.2m (£1.0m) immediate payment and so no charge or credit has been recognised in the financial statements for the period. The liability has been discounted at a rate of 10%. A 100bps change in the discount rate would not materially change the fair value, and a 10% change in the expected value of the EBITDA in the earn out period would increase/decrease the fair value by £0.1m.

The contingent consideration liability outstanding at 31 December 2021 was £0.7m (Dec-20: £7.4m; Jun-21: £1.7m) and is classified within non-current liabilities.

In the period ended 31 December 2020, 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 related 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.

Also in the period ended 31 December 2020, 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 was recognised within cash flows used in financing activities.

14. 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 in the prior period are accordingly 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)	Six months to 31 December 2020
Revenue	16.2
Adjusted EBITDA	**0.2**
Restructuring costs	(0.1)
Amortisation and depreciation	(0.8)
Finance costs	(0.1)
Loss before tax	**(0.8)**
Income tax credit	0.1
Loss for the period from discontinued operations	**(0.7)**

The amortisation and depreciation charge includes amortisation of acquired intangibles of £0.5m.

Cash flows from discontinued operations

(In £m)	Six months to 31 December 2020
Cash flows from operating activities	2.4
Cash flows used in investing activities	(0.2)
Cash flows used in financing activities	(0.2)
Net cash flow from discontinued operations	**2.0**

15. Events occurring after the balance sheet date

On 8 December 2021, Clinigen announced an agreement on the terms of a recommended all-cash offer by Triley Bidco Limited (a company indirectly owned by Triton Investment Management Limited) for the entire issued and to be issued share capital of Clinigen. Under the terms of the original offer Clinigen Shareholders would have been entitled to receive 883 pence for each Clinigen share, to be effected by means of a Scheme of Arrangement.

On 17 January 2022 the terms of an increased and final recommended all-cash offer were announced at an increased value of 925 pence for each Clinigen share. On the 8 February 2022 at the Court Meeting and General Meeting shareholders voted in favour to approve the resolutions in connection to the increased and final all-cash acquisition of Clinigen by Triley Bidco Limited.

Completion of the Acquisition remains subject to the satisfaction or, where applicable, waiver of the remaining Conditions set out in the Scheme Document, the sanction of the Scheme by the Court at the Scheme Court Hearing and the delivery of a copy of the Court Order to the Registrar of Companies. It is anticipated the deal will close in accordance with the updated timetable published on 16 February 2022 with the effective date of the Scheme expected to be 4 April 2022.

£7.8m of costs have been expensed in the period in relation to the offer for Clinigen Group made by Triley Bidco Limited which include legal and professional fees of £1.4m and additional charges for employee share schemes of £6.4m. In addition, contingent liabilities of £12.7m exist at 31 December 2021 in respect of advisor costs which are subject to the successful completion of the acquisition.

Independent review report to Clinigen Group plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Clinigen Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results for the six months of Clinigen Group plc for the 6 month period ended 31 December 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 2 to the interim financial statements concerning the Group's ability to continue as a going concern. On 8 February 2022 the shareholders approved the Scheme of Arrangement for the all-cash acquisition of Clinigen Group plc by Triley Bidco Limited ("Triley", a company indirectly owned by Triton Investment Management Limited). The Directors have not had detailed visibility of Triley's detailed future plans and funding requirements for the business post the acquisition. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the Group was no longer to be considered a going concern.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 31 December 2021;
- the condensed consolidated income statement for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results for the six months of Clinigen Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the AIM Rules for Companies.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results for the six months, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results for the six months in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results for the six months based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results for the six months and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
East Midlands
22 February 2022