17 September 2020

Double digit organic EBITDA growth delivered
Platform in place for accelerated growth

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 2020.

FINANCIAL SUMMARY

Year ended 30 June			Growth		
	2020 £m	2019 £m	Reported	**Constant currency[5]**	**Organic[6]**
Adjusted measures[1]					
Net revenue[2]	**466.2**	407.0	15%	**15%**	**8%**
Gross profit[3]	**220.0**	182.3	21%	**21%**	**10%**
EBITDA[4]	**131.0**	100.8	30%	**31%**	**13%**
EBITDA[4] as % net revenue	***28.1%***	*24.8%*	*330bps*		
Earnings per share	**65.6p**	54.4p	20%		
Statutory measures					
Revenue	**504.3**	456.9	10%	**10%**	**4%**
Gross profit	**215.1**	182.3	18%		
Profit before tax	**22.6**	12.3	83%		
Earnings per share	**10.3p**	4.0p	>100%		
Dividend per share	**7.61p**	6.7p	14%		
Operating cash flow[7]	**94.8**	89.8	6%		
Net debt	**311.9**	252.4			

FINANCIAL HIGHLIGHTS

- Strong organic performance at net revenue, gross profit and EBITDA with adjusted EPS up 20% to 65.6p (2019: 54.4p)
- Cash flows materially improved in H2, with operating cash flow conversion of 123% in H2, equating to 72% for FY20 overall
- Medium term organic net revenue growth guidance of 5 - 10% - with FY21 to be at the lower end due to impact of COVID-19 and expected launch of a generic Foscavir in the EU; Foundations in place for accelerated long term growth from FY22
- Trading to date at this early stage of the current financial year is in line with market expectations, with impact of COVID-19 continuing but at improved levels from Q4

OPERATIONAL HIGHLIGHTS

- Diversified business model adapted well to disruption caused by COVID-19 pandemic in Q4; synergies continuing to build between operations for longer term sustainable growth
- Commercial Medicines – strong underlying performance across the portfolio, particularly from Unlicensed-to-Licensed (UL2L) developments and from licensing agreements in the Africa and Asia Pacific regions (AAA). Headwinds to Proleukin caused by COVID-19 disruption partly reversed towards year end and are expected to improve further in the current financial year
- Significant in-licensing agreement for Erwinase® signed with Porton Biopharma Ltd, commencing in 2021; example of the strategy to partner with pharmaceutical companies and strengthens commercial offering in key markets
- Unlicensed Medicines – excellent growth in Global Access with weakness in Managed Access caused by both timing of programs starting and finishing, and COVID-19 disruption offset partly by record program win-rate
- Clinical Services – robust top line performance driven by good growth in CSM and material contract win in CTS, against a challenging market backdrop due to COVID-19 disruption

Shaun Chilton, Group Chief Executive Officer, said:

"Few companies have been immune to the disruption caused by COVID-19, but Clinigen's performance has remained robust and the Group has delivered double digit organic growth and double digit EPS growth yet again. This is a testament to the Group's employees who have worked tirelessly during this difficult period.

"The year has presented challenges, but also new opportunities for growth as the Group has pivoted quickly to support efforts against the pandemic with several material new contract wins in Unlicensed Medicines and Clinical Services. There has been a strong underlying performance from Commercial Medicines despite headwinds facing Foscavir and COVID-19 related disruption to Proleukin. Looking forward, the impact from these headwinds is expected to reduce throughout FY21, before growth accelerates from further expected market share gains for our services businesses, the in-licensing of Erwinase and the revitalisation of Proleukin in new indications.

"We remain confident in achieving our objectives for FY21 - continuing to focus on both the unlicensed and licensed markets, and to demonstrate the synergistic link between the divisions. For the longer term, we have the pillars of the business in place for accelerated growth from FY22."

Note

1. Group results on an adjusted basis exclude amortisation of acquired intangibles and products, and other non-underlying items relating to acquisitions (see note 3 and 4 of the condensed financial statements).

2. Adjusted net revenue excludes Managed Access pass through revenue which varies each period dependent on the mix of programs. Adjusted net revenue is a new alternative performance measure of top line performance which is now used to manage the business as it eliminates volatility in reported revenue which can arise as a result of the mix of Managed Access Programs.

3. Adjusted gross profit excludes the impact of exceptional charges from write down of inventories.

4. Adjusted EBITDA includes the Group's share of EBITDA from its joint venture and is now shown after the adoption of IFRS 16. The Group implemented IFRS 16 'Leases' for the first time in FY20 using the modified retrospective approach. Comparatives have not been restated and therefore are not comparable to the prior year. Organic growth has been calculated excluding the impact of IFRS 16.

5. Constant currency growth is derived by applying the prior year's actual exchange rate to this year's result.

6. Year-on-year comparisons referred to as 'organic' are a measure of growth on a constant currency basis, excluding the impact of business and product acquisitions. Acquisitions completed in the previous financial year are included on a like-for-like basis including the

results for the acquisition where it is included in the comparable historical period. Organic growth is presented to aid the reader's understanding of the underlying performance of the business. In previous reports, organic growth was calculated on a pro forma basis with the comparative period results before acquisition based on the vendors' previously reported results. The like-for-like basis now used has been necessary due to the limited reported financial information available for the products' results prior to acquisition by Clinigen. On a pro forma basis, the best estimate for organic adjusted EBITDA growth for the year ended 30 June 2020 is 12%.

7. Operating cash flow is net cash flow from operating activities before income taxes and interest.

- Ends -

A virtual analyst briefing will be held at 9:30am on Thursday, 17 September 2020. To register interest, please contact Instinctif Partners at clinigen@instinctif.com.

An audio replay file will be made available shortly afterwards via the Group's website: www.clinigengroup.com.

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Notes to editors

About Clinigen Group
Clinigen Group plc (AIM: CLIN) is a global pharmaceutical and services company with a unique combination of businesses focused on providing ethical access to medicines. Its mission is to deliver the right medicine to the right patient at the right time through three areas of global medicine supply; clinical trial, unlicensed and licensed medicines. The Group has sites in North America, Europe, Africa and the Asia Pacific region.

Clinigen now has over 1,150 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 21 of the top 25 pharmaceutical companies; interacting with over 18,000 registered users across 115 countries, shipping approximately 6.5 million units in the year.

For more information on Clinigen, please visit www.clinigengroup.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.

OVERVIEW

Introduction

Clinigen is dedicated to providing greater access to medicines around the world and in doing so delivering incremental value from pharmaceutical products by extending and expanding its lifecycle.

Clinigen achieves this through operating as a pharmaceutical and pharma services group. Clinigen has three businesses; Clinical Services, Unlicensed Medicines and Commercial Medicines – each working synergistically to facilitate access to medicines at key points of a product's lifecycle.

Within services, Clinigen has created an international, integrated services group via organic growth and through a buy and build strategy, positioning itself as the most logical partner for two distinct but directly connected customer groups:

1) Pharmaceutical and biotech companies, increasing the value of their product(s) through lifecycle management; and

2) Healthcare professionals (HCPs), particularly hospital pharmacists, giving them a 'go to' source for hard to access medicines.

Within pharmaceutical products, the Group is building a portfolio of specialist, hospital medicines to further increase shareholder value by revitalising these products. This benefits from the insight of its unlicensed supply channel to drive extended use of these niche, important medicines.

FY20 Overview

Following the strategically transformational corporate and product acquisitions made in FY19, the focus for the Group in FY20 has been to integrate the acquisitions further and to capitalise on the Group's international platform to support synergistic growth in FY21 and beyond. Integration of these acquisitions is either complete or well progressed, and the Group is already seeing the benefits through strong financial performance and operational synergies.

An important area of focus continues to be in strengthening the links between the Group's three business operations by deepening the relationships with both pharmaceutical and biotech companies (clients) and HCPs (customers). The Group is aiming to embed a culture that seeks to maximise value through extending the commercial relationship through the product lifecycle. The Group increased the number of pharmaceutical and biotech companies it works with during the year to 557 (2019: 532) and also expanded the number of registered users (HCPs) with which it interacts to 18,625 (2019: 15,580) on its digital platform, Cliniport.

As previously guided, the Group has now changed its reporting structure to a divisional EBITDA profit-level model, akin to industry peers. Management believes this will lead to better internal cost control and P&L accountability whilst allowing for easier interpretation of results by external stakeholders.

The Group is delivering on its strategy, as demonstrated by the good financial performance in FY20, despite headwinds faced by the business due to COVID-19. Net revenue increased by 15% (15% on a constant currency basis and 8% on an organic basis), adjusted gross profit increased by 21% (21% on a constant currency basis and 10% on an organic basis) to £220.0m (2019: £182.3m), driven by both the acquisitions made in FY19 and a strong underlying performance.

Adjusted EBITDA increased by 30% (31% on a constant currency basis and 13% on an organic basis) to £131.0m (2019: £100.8m). Adjusted EPS increased by 20% to 65.6p (2019: 54.4p). Operating cash flow at £94.8m (2019: £89.8m) reflects a materially improved performance overall in H2 after the working capital outflow seen in H1. Management expects the FY21 cash flow performance to improve upon that delivered in FY20, as the working capital headwinds seen in H1 FY20 continue to unwind.

The Directors are also proposing to increase the final dividend to 5.46p per share (2019: 4.75p), resulting in a 14% increase in the full year dividend to 7.61p per share (2019: 6.7p).

Based upon current expectations, net debt is expected to end FY21 broadly flat with FY20, with the temporary working capital headwinds seen in H1 FY20 continuing to unwind. In FY21 net debt is expected to increase temporarily in H1 following the payment of US$89.5m on the CSM deferred consideration. The Group reiterates its aim to paydown and maintain net debt within a range of 1.0x to 2.0x EBITDA on an ordinary basis within 12-18 months.

COVID-19

During the COVID-19 pandemic, Clinigen immediately implemented a range of measures to prioritise keeping its employees safe, including extensive home working. The Group has worked closely with its pharmaceutical clients and its hospital customers to ensure that the supply of critical medicines to patients on a global basis continued uninterrupted.

During the fourth quarter, the Group experienced more meaningful disruption to its activities from COVID-19, but continued to deliver good progress overall. Clinical Services was impacted by clinical trials being delayed or cancelled, whilst both Commercial Medicines and Unlicensed Medicines saw reduced volume demand as treatments in the hospital setting, particularly for oncology, slowed. However, the Group quickly pivoted activities to support efforts against the pandemic, resulting in material contract wins, whilst containing costs to lessen the impact from a lower top line performance.

Clinigen estimates that the impact of COVID-19 to be between 5% to 7% to adjusted EBITDA in FY20, with this primarily related to Proleukin as treatment centres shut and demand fell. As expected, these headwinds have continued throughout the first quarter of the current financial year and are expected to continue through the second quarter. The Group has seen signs of recovery, specifically from territories that have begun to relax restrictions related to the pandemic or have adapted to the new working environment, but as expected the recovery is protracted, shows variability by geography, and hospital demand in particular remains lower than normal.

CURRENT TRADING AND OUTLOOK

Trading to date at this early stage of the current financial year is in line with market expectations, with the impact of COVID-19 continuing, but at an improved level from Q4 FY20.

The Group's medium term guidance is for future organic net revenue growth to be between 5% to 10%, with FY21 expected to be at the lower-end due to the impact of COVID-19, which is expected to subside, and an expected launch of a generic Foscavir in the EU. Given the above and the timing of contracted Proleukin shipments, H1 is expected to be below the prior year followed by a return to growth in H2. This will be more evident within Commercial Medicines and Unlicensed Medicines where the impact of COVID-19 has been greater.

Growth in FY22 is then expected to significantly accelerate as new asset Erwinase is onboarded and the Group continues to gain share in the end-markets it serves. Management sees the potential for higher organic growth as Proleukin revitalisation takes place and as it gains traction within new indications.

The next scheduled trading update will be at the AGM on 26 November 2020.

OPERATIONAL REVIEW

Commercial Medicines *(encompassing medicines acquired, licensed and developed)*

The strategy for Commercial Medicines comprises three areas of focus in order to expand its diversified product portfolio that can deliver sustainable growth:

- Acquired: Continued revitalisation/growth of current portfolio of niche hospital-only and critical care products, coupled with future, selective product acquisitions
- Licensed: Being the licensing partner of choice for pharmaceutical and biotech clients in their core or non-core territories through regional and global licensing agreements using Clinigen's scale and footprint
- Developed: Developing a pipeline of products using the Unlicensed-to-Licensed (UL2L) or regional model to support unmet medical need in the markets regionally or globally

Net revenue in Commercial Medicines increased 42% (+29% on an organic basis) to £156.7m (2019: £110.3m), whilst gross profit increased by 47% (+29% on an organic basis) to £116.5m (2019: £79.3m). The performance was due to strong underlying growth across the portfolio, particularly from the UL2L developments and from licensing agreements in the AAA regions. Growth was also supported by the acquisitions made in FY19. In the final quarter, growth was impacted by material headwinds to Proleukin caused by COVID-19 disruption. The impact of this disruption has continued into Q1, albeit at a reduced level, and management currently assumes it will subside fully in the second quarter as treatment centres reopen and patient referrals pick up to pre-COVID-19 levels.

EBITDA in Commercial Medicines increased 55% (+34% on an organic basis) to £84.3m (2019: £54.4m) due to the increase in net revenue. The growth in EBITDA was higher than the growth in net revenue due to improving sales mix and good cost control.

Gross margin was 74.4% (2019: 72.0%) with the increase due to the change in mix towards the higher margin Acquired Products portfolio.

Commercial Medicines pipeline

The Group continues to seek selective product acquisitions that fit within the Acquired Products portfolio, and regional and global in-licensing opportunities to leverage the platform. In addition, the business continues to develop its pipeline of UL2L products, as well as complementary, larger, niche generic products. There are currently 14 products in the Developed Products pipeline which are due to be launched in the next two to three years (2019: 17) with a peak asset net revenue value of £39m.

Acquired Products (by therapeutic category)

This includes the seven Acquired Products (Foscavir, Imukin, Proleukin, Cardioxane, Savene, Totect and Ethyol), along with iQone, the Swiss-based specialty pharmaceutical business acquired in October 2018.

Anti-infective portfolio (Foscavir and Imukin)

Foscavir, the Group's largest product prior to the acquisition of Proleukin, is an antiviral used to treat herpesvirus infections (typically CMV and HHV6) mainly in bone marrow transplant and HIV-infected patients. Foscavir performed well in the H2 in spite of increased competition from a novel product, with gross profit flat year-on-year.

At the year end the Group became aware of a generic Foscavir approval in the EU but has not yet seen any formal product launch. It is not possible to quantify precisely the financial impact that the launch of a generic alternative to Foscavir will have on Clinigen's revenues, or how quickly such an impact would take effect. However, the Board has long anticipated the generic threat and management is enacting its strategy to mitigate loss and expects the impact to be captured within its medium term organic gross profit guidance.

Imukin has performed in line with management expectations despite disruption caused by COVID-19.

Oncology portfolio (Proleukin, Cardioxane, Savene, Totect and Ethyol)

Proleukin, one of the Group's two biologics, is indicated for use in metastatic renal cell carcinoma, as well as for metastatic melanoma in certain markets. It is Clinigen's largest product and has created the foundation from which to expand Clinigen's existing footprint in the higher value US market.

Proleukin usage declined largely as a result of disruption caused by COVID-19 in the US and, whilst end-market demand has improved as treatment centres have reopened, volumes still remain below pre-COVID-19 levels and are expected to remain subdued until the situation resolves further. In addition, the timing of contracted shipments to clinical trial customers are weighted to the 2H of the financial year. Given this, it is anticipated that growth will be weighted to the 2H with the 1H expected to be below the prior year.

Whilst the FY21 impact of COVID-19 is impacting growth rates, management sees this as temporary in nature and continues to see meaningful potential from the revitalisation of Proleukin, particularly within new indications and alternative usages, and there were a number of positive developments in the period.

Proleukin is being investigated alongside TIL (tumor infiltrating lymphocyte) therapies within a number of new and existing oncology indications. During the period, data for adoptive cell therapy was presented at the prestigious US cancer conference, ASCO, that showed significant benefit to patients within both metastatic melanoma and cervical cancer. If these therapies in these indications are approved, management sees a significant new commercial opportunity for Proleukin, with a market opportunity of c.7k patients in metastatic melanoma alone.

Separately, there has been research published evaluating the safety and efficacy of Proleukin with emerging cell therapies in metastatic Non-Small-Cell Lung Carcinoma (mNSCLC) after evidence of progression on nivolumab. These opportunities are being evaluated by third parties independent from Clinigen which could open up another significant market opportunity for Proleukin. Clinigen management is evaluating both the potential for improved reimbursement and optimal presentation for the product to support these new indications.

Outside of oncology management also sees a significant medium term opportunity for aldesleukin (the active pharmaceutical ingredient (API) of Proleukin) within amyotrophic lateral sclerosis (ALS). In July 2020, Clinigen announced that the US Food and Drug Administration (FDA) Office of Orphan Products Development (OOPD) granted Orphan Drug Designation (ODD) for aldesleukin in the treatment of ALS. ALS is a severe, neurodegenerative disease which affects motor neurons leading to progressive muscle weakness, paralysis and ultimately death within a median time of two to four years from disease onset.

Clinigen is supplying aldesleukin to the ongoing MIROCALS study evaluating its clinical potential within ALS, with data expected by Q3 2021, and is investigating the optimal pathway to support and submit an application for a marketing authorisation in the US and other key markets. An ODD in the US recognises the potential therapeutic role of aldesleukin in this devastating disease and could provide a number of benefits for Clinigen should it obtain a marketing approval for this indication. These benefits include seven years marketing exclusivity within the US upon launch, along with tax credits for clinical development costs and fee waivers. Management is exploring developing a new product presentation for this indication and will update further in due course.

Ethyol benefited from the Group taking back direct control of the product in the US from its previous partner, and being able to sell directly into hospitals utilising its commercial infrastructure, formed and developed as a result of the acquisition of Proleukin. However, due to delays with the manufacturing tech transfer process between third party manufacturers, management expects to be without product for a prolonged period of FY21. Whilst disappointing, management remains committed to the product, the only product of its type in the US and EU, and has enlisted a top tier CDMO to take on the manufacturing moving forwards. This impact has been captured within management's forward-looking guidance.

From the dexrazoxane products (Cardioxane, Savene and Totect), Savene performed very well where the focus has been on the products replacement cycle and education of HCPs on its usage in the hospital setting to treat extravasation. The Group are currently evaluating the potential to amend the label on Totect, which if successful, would lead to increased revenues.

Licensed Products

The Group continues to make good progress in extending the commercial strategy through utilising its international platform and expertise in being the ideal licensing partner for an increasing number of companies where they have no desire or infrastructure to commercialise their products.

In April 2020, Clinigen signed an exclusive licensing and distribution agreement with Porton Biopharma Ltd (PBL) to commercialise Erwinase® / Erwinaze® (Erwinase). Erwinase is approved for patients with Acute Lymphoblastic Leukaemia (ALL) who have developed hypersensitivity to E.coli-derived asparaginase in 19 countries, including the US, Europe and Japan.

Clinigen will look to expand the market opportunity for Erwinase by driving awareness of the product's availability, ensuring uninterrupted patient access, launching in select new countries and increasing the global supply of the product into unlicensed markets utilising its global infrastructure and experience in this field.

Erwinase will be the Group's third biologic and fits well within Clinigen's existing haematology and oncology product portfolio and customer base. It further strengthens and leverages Clinigen's established commercial infrastructure in the EU, the higher value US market and in other territories such as Japan.

In the year to 31 December 2019, net sales of Erwinase were US$177m. Whilst the agreement will start on 1 January 2021, it is anticipated that net sales for Clinigen will not begin until the second half of 2021 as the product is transitioned from PBL's current licensing partner. PBL will maintain the trademarks and manufacturing of the product, whilst Clinigen will be responsible for marketing, packaging, labelling, storage and distribution of Erwinase.

In the Africa and Asia Pacific region, the Group has 267 (2019: 241) local marketed licences including branded and generic products of variable strengths and dosages across multiple geographies. Growth was good across all regions, particularly from Asia where licences are held across six countries.

In April 2020, Clinigen announced it had submitted a New Drug Application (NDA) to the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan for Hunterase (Idursulfase-beta) ICV under the strategic alliance with

GC Pharma. The NDA submission follows the agreement signed with GC Pharma in April 2019, which was the first Japanese licensing agreement with an international company signed by Clinigen. Clinigen will license and commercialise the product using its local expertise and infrastructure in the Japanese market.

Management continues to actively review new in-licensing opportunities of both established and late-stage development molecules to launch from Clinigen's established platform. These late-stage development molecules have often been introduced from the Group's Managed Access business and represent a further strengthening of the platform, as management works to 'follow the molecule' from development to launch, partnering with those companies that do not have the required commercial infrastructure, or wish to benefit from accessing both the unlicensed and licensed market opportunities in full.

Developed Products

The Commercial Medicines business also develops, licenses and commercialises medicines that were previously prescribed as unlicensed medicines. Obtaining marketing authorisations for previously unlicensed products is an example of the UL2L strategy in Commercial Medicines. This strategy not only leads to a material uplift in revenues but also satisfies a previously unmet clinical need for patients and is why the business will continue to explore and invest to strengthen and diversify the portfolio on an international basis.

By year end, the business had 15 products in its portfolio (2019: 14).

Following its launch in June 2019, the portfolio's lead product, Melatonin, performed strongly as did the portfolio's first significant product taken through the UL2L regulatory pathway, Glycopyrronium Bromide Oral Solution 1mg/5ml (Glyco). The performance of both these products was a key driver of organic growth in the year.

Although both these products initially were supplied on an unlicensed basis and subsequently launched in the UK, good progress has been made to internationalise revenues by utilising the Group's commercial infrastructure and working with partners to supply and distribute into new territories. Internationalisation of the Developed Products portfolio is a key part of the strategy in extending and expanding the lifecycle of medicines and help patient to get access to these products.

Unlicensed Medicines *(encompassing Managed Access and Global Access)*

Clinigen is the international leader in ethically sourcing, managing and supplying unlicensed medicines to hospital pharmacists and physicians for patients with a high unmet medical need. The Group contracts with pharmaceutical and biotech companies to provide Managed Access Programs (MAPs) for innovative new medicines and provides Global Access to medicines which remain unlicensed at the point of care.

Clinigen's aim is to be the first point of call for HCPs to source hard to access, unlicensed medicines through its strategy of:

- Developing a rich pipeline based on industry trends and innovation
- Providing a world-class customer service to HCPs through three distinct channels (online, telephony and in person), sourcing hard to access medicines for their patients
- Converting MAPs to long term exclusive supply agreements in Global Access

Net revenue in Unlicensed Medicines increased 2% (+3% on an organic basis) to £158.9m (2019: £156.0m), whilst gross profit decreased by 4% (-3% on an organic basis) to £66.7m (2019: £69.7m). The performance represented excellent growth in Global Access despite ongoing headwinds in the UK Specials business and weakness in Managed Access caused by both the timing of programs starting and finishing, and COVID-19

disruption, which has continued into the first quarter. Organic net revenue and gross profit growth excluding UK Specials was 14% and 7% respectively.

EBITDA in Unlicensed Medicines decreased 2% (-5% on an organic basis) to £34.4m (2019: £35.0m). The decline in EBITDA was greater than the decline in net revenue due to investment in the business to support the onboarding of new MAPs and lower utilisation at the UK Specials facility.

Unlicensed Medicines pipeline

The business development teams in Unlicensed Medicines is focused on forming long term relationships with clients to realise the full opportunity of following a molecule from an early access setting through to commercial launch. Given the lengthy nature of the product lifecycle, this opportunity is likely to be realised in the medium to long term.

At the end of period there were 70 programs in the Managed Access pipeline (2019: 52) and 47 partnered products in the Global Access pipeline which the business is looking to partner with on an exclusive basis (2019: 22).

Managed Access

Following a slow performance in Managed Access in H1, due to two of its largest programs beginning to wind down, the performance improved in H2 despite facing headwinds in the final quarter from COVID-19 as demand for treatments in the hospital setting, particularly for oncology, slowed.

Following the 16 programs signed in H1, which contributed to the improved H2, there were a further 25 programs signed in the second half – the highest in the Group's history. Some of these new programs are high profile and relate to the clinical development of products for COVID-19. Whilst these new program wins have led to an increase in market share, and would ordinarily lead to meaningful revenue and profit growth, it is expected the disruption caused by COVID-19 will lead to a reduced first half performance based upon a lower than normal level of patients started on these novel therapies. Once hospital disruption ends and end-market demand returns to normal, the business expects to benefit more meaningfully from these program wins.

As at 30 June 2020, there were 131 MAPs (2019: 117), of which 91% of products shipped on behalf of the client were provided free of charge to patients. When the product is 'charged for', the revenue is passed through the Group's accounts. A shift in mix towards 'free of charge' products can have a material impact on the revenue generated without affecting gross profit, which is why the Group views net revenue and gross profit as the preferred measures of top-line growth.

Collectively, the top 10 MAPs contributed 35% of the Managed Access gross profit (2019: 38%) with nine of the top 10 in the oncology therapy area (2019: six oncology).

Global Access

In Global Access, the Group ethically supplies unlicensed or short supply medicines to patients via their HCPs; note, the hospital pharmacist is the main customer. There are 44 exclusive supply agreements for high demand or niche medicines covering 57 products under management (2019: 54). Contracting for exclusive supply agreements was delayed by COVID-19, but issues surrounding this have alleviated somewhat and the Group has signed 15 exclusive supply agreements post the year end.

On a regional basis, Asia once again delivered excellent growth, driven by expanding supply from the hub in Singapore into surrounding territories. Strong growth in Australia, New Zealand and Europe was supplemented by maximising the opportunity in fulfilling drug shortages. Although short term in nature, shortages are becoming an increasing challenge for pharmaceutical companies as they struggle to manage an imbalance in the demand and supply of medicines. In having the international infrastructure to provide access to medicines, this is an increasing area of growth for the division as well as serving a benefit to patients in need.

Within Global Access, the greatest disruption caused from COVID-19 was to those medicines supplied outside an exclusive agreement ('on-demand'), as demand for non-COVID-19 treatments reduced in the hospital setting. This disruption has continued in the first quarter of this financial year.

As previously highlighted, the niche UK Specials business within Unlicensed Medicines is facing modest pricing pressure from products going onto drug tariffs and volume pressure from increased competition. In addition, as a result of launching Melatonin in June 2019, the revenue associated with the product is now recognised in Commercial Medicines where it has been a key contributor of growth.

The Aseptic Services business within UK Specials, which saw good growth in H1, was impacted by COVID-19 in the final quarter. Aseptic Services prepare and supply patient-specific, dose-banded and batch-made aseptically prepared products and until COVID-19, were benefiting from fulfilling a capacity constraint in the market. The Group is investing in its Aseptic capability (both incremental capacity and online ordering) and expects this to help the business return to EBITDA growth in the current financial year.

Following the implementation of ClinigenOne, the Group's Enterprise Resource Planning (ERP) system, the Group is working towards a unified digital platform. This will be a major contributor to the future success of the Unlicensed Medicines business, driving customer intimacy and extending and expanding Clinigen's reach. Currently the Group has a digital service oriented to Global Access, Clinigen Direct, and a complementary service, Cliniport, oriented to Managed Access.

Clinigen Direct is the Group's digital search tool for HCPs to source hard to access medicines with over 2,600 medicines available. It also provides customer service support to help HCPs navigate the regulatory hurdle in importing unlicensed medicines. Since its launch, Clinigen Direct has received interest from HCPs in over 150 countries.

This service is complementary to Cliniport, the Group's customisable, scalable web portal which continues to be an invaluable part of Clinigen's offering for its Managed Access clients and strengthens its interaction with the customer. The community of HCPs on Cliniport continues to build and now has 18,625 registered users (2019: 15,580).

Clinical Services *(encompassing CTS and CSM)*

Clinical Services aims to be the market leader in servicing clinical trials and supplying quality-assured comparator medicines internationally. Its strategic focus is on:

- Establishing Clinigen with customer compounds earlier in the product lifecycle (phase I/II)
- Improving visibility and quality of revenue streams through diversification of customer base, longer term contracts and exclusive supply arrangements
- Presenting product opportunities to the Unlicensed Medicines business operation

Net revenue in Clinical Services increased 15% (+1% on an organic basis) to £162.2m (2019: £141.7m), whilst gross profit increased by 18% (-4% on an organic basis) to £39.2m (2019: £33.2m). The performance benefited from a full year's contribution from CSM. The marginal decline in organic gross profit was largely a consequence of clinical trials being delayed or cancelled due to COVID-19 and was against a market backdrop which management believes was down c.30-50% in Q4. Whilst the performance of Clinical Services has improved notably following wins to support the development of products against COVID-19 (both vaccines and products to treat the disease), the overall clinical trial market outlook remains uncertain given reduced activity by clients.

EBITDA increased 14% (-12% on an organic basis) to £22.6m (2019: £19.8m). The increase in EBITDA was largely due to the full year effect of the CSM acquisition, with the overall organic performance impacted by the timing

of investment in the CSM platform to support long term growth which coincided with the outbreak of COVID-19.

The Clinical Services business continues to build capacity in its platform in Europe and the US for future growth. Work continues to harness the client synergies to bring together the package and labelling, and legacy Clinigen comparator business to develop deeper client relationships at the start of the product lifecycle. The number of clients in Clinical Services continues to be strong and diverse with 458 clients generating revenue in the financial year, 362 from CSM alone. There were 13 clients which worked across both the CTS and CSM businesses, 25 worked with Unlicensed Medicines and nine worked with Commercial Medicines, demonstrating both the synergy that currently exists and the potential cross-selling opportunity.

CSM

The acquisition of CSM in October 2018 gives the Group a broader complementary offering to the comparator sourcing market within Clinical Services. It provides a diversified set of value-added clinical services: comparator and ancillary sourcing, on-demand specialist packaging, labelling, supply and distribution, and biological sample management, along with infrastructure in the US, Belgium and Germany.

Within CSM, the direct-to-patient model was a clear differentiator against competitors, particularly during the COVID-19 pandemic where more COVID-19 related work has been won than has been delayed or cancelled, including notable large contract wins in the final months of the financial year.

The earn-out period associated with CSM was completed on 31 December 2019 and since then, more meaningful steps have and are being taken to integrate it into the Clinical Services business. Business Development and strategic sourcing were previously working under one leadership and management structure which has already led to revenue synergies with CTS, with the expectation that this will now increase. Since CSM's acquisition, 23 introductions have been made to Unlicensed Medicines and 18 introductions have been made from Unlicensed Medicines to Clinical Services, reinforcing the links between the Group's business operations.

Since its acquisition, CSM has outperformed management expectations, demonstrating excellent growth and has created a resilient and robust platform in which its reach can be extended across the other two of the Group's business. Post year end deferred consideration of US$89.5m was paid to the sellers, with the upfront consideration of US$151.9m representing 14.2x CY19 EBITDA as this outperformance lead to the maximum earnout consideration being met.

CTS

The performance of this business has been encouraging even though COVID-19 has led to a slowdown in customer enquiries. Clinigen signed and delivered a significant contract win in April 2020. This multi-year contract, the largest in the division's history, is with a large pharmaceutical company and will continue to support the division in the medium term. Alongside this, the business agreed terms on a Master Service Agreement with a large global biopharma client that should lead to strong medium term growth as clinical trial activity picks up.

The focus in CTS remains on improving service levels amongst the existing client base and becoming more competitive with sourcing in a highly competitive market. Business Development is focused on leveraging the existing client base and rejuvenating older relationships as well as developing revenue synergies with CSM.

Clinical Services pipeline

Clinical Services continues to be a trusted partner capable of delivering high-quality services across the world with an extensive understanding of the complex regulatory environment. These strengths, combined with

overlaying the services offered by CSM, position the operation well to take advantage of the rapidly developing market opportunity.

The Clinical Services pipeline is broadly in line with the prior year.

Group infrastructure

The Group's ERP system was implemented in October 2019. The ERP is designed to deliver automated, streamlined operational activities and processes to increase the Group's efficiency and productivity.

Upon implementation, several process issues were identified, from order creation to shipping and billing, and whilst most were resolved within weeks, some remained until the year-end, which is not unusual in a project of this scope and scale. This included delays in invoicing and subsequent cash collection which contributed to a working capital outflow in H1, which partially reversed in H2 and should continue to reverse during FY21. These key concerns have been addressed with help from a specialist ERP implementation firm and the Group is now working to maximise the benefits of the ERP with the next stages of implementation to make the business ready for unified digitisation in FY21.

The ERP is by far the Group's most extensive capital expenditure project and it is a critical feature for leveraging the operational benefit of the enlarged Group for the future. The operational efficiency obtained from its implementation will allow the Group to better compete on a global scale.

Shaun Chilton
Group Chief Executive Officer

FINANCIAL REVIEW

Clinigen has achieved a strong year of organic growth at net revenue, adjusted gross profit and adjusted EBITDA with adjusted gross profit growth in line with the Group's organic guidance. This is in spite of the disruption caused by COVID-19 in the final quarter, which impacted the Group by between 5% to 7% at adjusted EBITDA, with an acute effect on Proleukin in particular. On top of the strong organic growth we have seen operational leverage and the benefits of prior year acquisitions help deliver earnings per share (adjusted EPS) growth of 20%.

Cash generation and cash conversion in the year of 72% was below historic levels, but represented a solid second half performance (123%) after the working capital headwinds seen in H1 that should continue to reverse during FY21. Management remains committed to achieving a leverage ratio of 1.0x - 2.0x within 12-18 months, with the delay to this caused by COVID-19, a generic to Foscavir and an increased earn out consideration for CSM.

By business operation, both Clinical Services and Unlicensed Medicines saw an impact from the COVID-19 pandemic that has continued to dampen growth rates, but both have continued to develop and broaden client relationships which bode well for the future. Within Commercial Medicines organic growth was extremely strong, and whilst the near term outlook has been impacted by both COVID-19 and a generic entrant to Foscavir, the medium to long term outlook remains very positive with the in-licensing of Erwinase and exciting new opportunities for Proleukin. On top of this, the Group is exploring new in-licensing opportunities to leverage across the platform, that will both underpin the business strategy of focusing on both unlicensed and licensed markets and demonstrate the synergistic link between the divisions.

Summary adjusted income statement

Year ended 30 June			Growth		
Adjusted results[1]	**2020 £m**	2019 £m	Reported	**Constant currency**[5]	**Organic**[6]
Gross revenue	**504.3**	456.9	10%	**10%**	**4%**
Net revenue[2]	**466.2**	407.0	15%	**15%**	**8%**
Gross profit[3]	**220.0**	182.3	21%	**21%**	**10%**
Administrative expenses	**(89.6)**	(82.6)	(9)%		
EBITDA from joint venture	**0.6**	1.1	(46)%		
EBITDA[4]	**131.0**	100.8	30%	**31%**	**13%**
EBITDA[4] as % net revenue	***28.1%***	*24.8%*	*330bps*		
Depreciation and amortisation	**(11.1)**	(3.9)			
EBIT	**119.9**	96.9	24%		
Finance cost	**(11.4)**	(8.6)			
Profit before tax	**108.5**	88.3	23%		
Basic earnings per share	**65.6p**	54.4p	20%		
Dividend per share	**7.61p**	6.7p	14%		

1. The summary adjusted income statement presents Group results on an adjusted basis excluding amortisation of acquired intangibles and products, and other non-underlying items relating to acquisitions (see note 3 and 4 of the condensed financial statements).

2. Adjusted net revenue excludes Managed Access pass through revenue which varies each period dependent on the mix of programs. Adjusted net revenue is a new alternative performance measure of top line performance which is now used to manage the business as it eliminates volatility in reported revenue which can arise as a result of the mix of Managed Access Programs.

3. Adjusted gross profit excludes the impact of exceptional charges from write down of inventories.

4. Adjusted EBITDA includes the Group's share of EBITDA from its joint venture and is now shown after the adoption of IFRS 16. The Group implemented IFRS 16 'Leases' for the first time in FY20 using the modified retrospective approach. Comparatives have not been restated and therefore are not comparable to the prior year. Organic growth has been calculated excluding the impact of IFRS 16.

5. Constant currency growth is derived by applying the prior year's actual exchange rate to this year's result.

6. Year-on-year comparisons referred to as 'organic' are a measure of growth on a constant currency basis, excluding the impact of business and product acquisitions. Acquisitions completed in the previous financial year are included on a like-for-like basis including the results for the acquisition where it is included in the comparable historical period. Organic growth is presented to aid the reader's understanding of the underlying performance of the business. In previous reports, organic growth was calculated on a pro forma basis with the comparative period results before acquisition based on the vendors' previously reported results. The like-for-like basis now used has been necessary due to the limited reported financial information available for the products' results prior to acquisition by Clinigen. On a pro forma basis, the best estimate for organic adjusted EBITDA growth for the year ended 30 June 2020 is 12%.

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 one-off impairments which are explained in note 4 of the condensed financial statements.

Overall, the Group delivered strong growth in revenues which increased by 10% (4% on an organic basis) to £504.3m (2019: £456.9m). Net revenues, adjusting for the pass through revenue in the Managed Access business in Unlicensed Medicines, grew by 15% (8% on an organic basis).

Group profits also grew strongly, with adjusted EBITDA up 31% on a constant currency basis and adjusted EPS up 20%.

Profitability

As announced at the full year results in September 2019, the Group has changed its reporting structure to a divisional EBITDA profit-level model, akin to industry peers. Management believes this will lead to better internal cost control and P&L accountability whilst allowing for easier interpretation of results by external stakeholders.

EBITDA by business	2020	2019	Growth		
	£m	£m	Reported	Constant currency[4]	Organic[5]
Commercial Medicines	84.3	54.4	55%	55%	34%
Unlicensed Medicines	34.4	35.0	(2)%	1%	(5)%
Clinical Services	22.6	19.8	14%	13%	(12)%
Central unallocated costs	(10.3)	(8.4)	(23)%	(23)%	(16)%
	131.0	100.8	30%	31%	13%

Adjusted EBITDA increased by 30% (13% on an organic basis) to £131.0m (2019: £100.8m). The growth in adjusted EBITDA was driven by both the acquisitions made in FY19 and a strong underlying performance. This performance was despite the difficult trading conditions in the last few months of the financial year due to COVID-19. On an organic basis, there were good performances in Commercial Medicines, from CSM in Clinical Services and in Unlicensed Medicines, from Global Access. These performances offset weaker performances from CTS in Clinical Services and in Unlicensed Medicines, from both Managed Access and the UK Specials business.

The growth in adjusted EBITDA was higher than the growth in net revenue due to operational leverage and the change in business mix following the acquisitions. Adjusted EBITDA on an organic basis increased by 13% benefiting from the higher growth of Commercial Medicines and controlled investment in underlying

overheads. Towards the end of the period, management also carried out a number of structural changes to both commercial and operational personnel, with those cost savings to be reallocated towards higher growth opportunities, reflecting the continued focus on driving efficiencies across the Group.

Management continues to see further cost saving opportunities from the enlarged platform, primarily from utilising the now embedded ERP, from sourcing opportunities on key spend lines and on challenging non-drug procurement costs.

See note 3 of the condensed financial statements for a reconciliation of adjusted EBITDA to the IFRS equivalent comparative.

Finance cost

The adjusted net finance cost was £11.4m (2019: £8.6m) with the increase due to the Group's higher net debt position following the recent acquisitions and as the Group's debt facility was fully drawn down for the final quarter during the height of the COVID-19 period. The average interest charge on gross debt, excluding the impact of IFRS 16, was 2.6% (2019: 2.8%). The reported net finance cost was £19.7m (2019: £12.8m), after taking account of the non-cash £8.1m unwind of discount on the deferred and contingent consideration relating to the acquisitions (2019: £4.2m).

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 £108.5m (2019: £88.3m) and the reported profit before tax of £22.6m (2019: £12.3m).

Year ended 30 June	2020 £m	2019 £m
Adjusted profit before tax	**108.5**	88.3
Amortisation of acquired intangibles and products	**(45.4)**	(37.8)
Acquisition costs	**(0.5)**	(5.5)
Restructuring costs	**(2.8)**	(6.4)
Increase in the fair value of contingent consideration	**(11.8)**	(21.4)
Impairment of assets related to acquired products	**(9.1)**	–
Impairment of investment in joint venture	**(5.9)**	–
FX revaluation on contingent consideration	**(2.0)**	(0.4)
Unwind of discount on deferred and contingent consideration	**(8.1)**	(4.1)
Tax on joint venture in South Africa	**(0.3)**	(0.4)
Total adjustments	**(85.9)**	(76.0)
Reported profit before tax	**22.6**	12.3

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 £0.3m (2019: £0.4m).

Total amortisation was £50.1m (2019: £39.3m), of which £30.4m (2019: £31.1m) related to acquired intangibles, £15.0m (2019: £6.7m) related to acquired product licences, £4.2m (2019: £1.1m) related to software and £0.5m (2019: £0.4m) related to internally developed product licences.

Acquisition costs amounted to £0.5m (2019: £5.4m) relating to the iQone, Proleukin and CSM acquisitions. Restructuring costs were £2.8m (2019: £6.4m), in respect of one-off redundancies primarily from the acquisition reorganisations as well as preparations for any potential Brexit impact.

Impairment charges have been recognised against the Totect IP, Totect short-dated stock and excess Foscavir active pharmaceutical ingredient totalling £9.1m. Totect is facing challenging market conditions with an increased number of generic competitors, and whilst management has successfully increased the number of indications for the product, the ability to achieve a suitable return has reduced. Alongside this, a generic entrant to Foscavir has required a review of the recoverability of the raw material holding resulting in an impairment charge.

The Group's joint venture in South Africa has been impaired following a reassessment of the likely future profitability of the business due in part to the introduction of constraints to the procurement policies related to broad-based black economic empowerment.

There was a £2.0m (2019: £0.4m) foreign exchange charge from revaluation of the contingent consideration on CSM and iQone which is denominated in foreign currency.

Taxation
Taxation was £8.9m (2019: £7.1m), based primarily on the prevailing UK and overseas tax rates. This charge is calculated as £21.5m based on the adjusted profit of £108.5m, offset by a credit of £12.6m in respect of the adjusted items.

The Group's adjusted effective tax rate (ETR) was 19.8% (2019: 20.0%). Given the increasing proportion of ex-UK activity, the Group expects the ETR to increase c. 50-100bps in FY21.

Earnings per share
Adjusted basic EPS, calculated excluding amortisation of acquired intangibles and products, and other non-underlying items, increased by 20% to 65.6p (2019: 54.4p). The increase reflects the Group's higher adjusted profit from operations, offset by dilution and higher finance costs following the acquisitions in FY19 and the related equity placing and debt re-financing.

Reported basic EPS was 10.3p (2019: 4.0p).

Dividend
The Directors are proposing to increase the final dividend to 5.46p per share (2019: 4.75p), resulting in a 14% increase in the full year dividend to 7.61p per share (2019: 6.7p).

The final dividend will be paid, subject to shareholder approval, on 2 December 2020 to shareholders on the register on 6 November 2020.

Cash flow and net debt
Operating cash flow of £94.8m (2019: £89.8m) reflects a materially improved performance overall in H2 after the working capital outflow seen in H1. Management expects the FY21 performance to improve upon that delivered in FY20, as the working capital headwinds seen in H1 FY20 continue to unwind.

Capital expenditure (excluding product acquisitions) was £23.0m (2019: £19.0m), which includes £5.9m related to warehouse, IT and other infrastructure investments, £10.7m related to the Group ERP system, and £6.4m on new product development. Capital expenditure for FY21 is expected to increase marginally versus the prior year due to increased spend on Proleukin product development more than offsetting reduced spend on the ERP system.

The Group made two deferred consideration payments of US$30m for the rights to Proleukin US during the financial year.

For CSM, the Group paid initial consideration of £115.5m (US$151.9m) in cash on completion in October 2018 and has, post year end, finalised and paid the additional contingent consideration to the sellers US$89.5m. The total consideration representing an EBTIDA multiple of 14.2x CY19 EBITDA.

The other main cash outflows were tax paid of £23.9m (2019: £13.6m), interest paid of £10.3m (2019: £7.9m) and dividends paid of £9.2m (2019: £7.7m).

Net debt as at 30 June 2020 of £311.9m, (£288.4m excl. IFRS 16 adjustment) represented leverage of 2.3x. Net debt is expected to increase temporarily in H1 FY21 as operational cash flow is offset by the deferred consideration payment for CSM alongside planned capital expenditure. Leverage is therefore expected to peak at this point at between 2.5x to 3.0x before reducing thereafter, with FY21 set to end below 2.5x (broadly similar to FY20), and management targeting a range of 1.0x to 2.0x within 12-18 months. As a prudent measure, management has already obtained support from its banking syndicate to lift the net debt/adjusted EBITDA covenant limit from 3.0x to 3.5x for the next testing period.

Treasury management

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

During the year, the debt facility has been increased from £375m to £430m, comprising an unsecured £180m term loan with a single repayment in 2023 and an unsecured revolving credit facility of up to £250m. The incremental debt facilities are to help cover the upcoming deferred consideration payments on CSM, whilst providing headroom for future acquisitions should they arise.

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 June 2020 covenant testing date as a precautionary measure (excluding IFRS 16). As at 30 June 2020, interest cover was 13.3x and the net debt/adjusted EBITDA leverage was 2.3x. The leverage ratio in the current financial year is expected to peak post the CSM earnout payment in H1 and be broadly flat by the end of the financial year before reducing thereafter in FY22.

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.

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.

Mid term guidance

The long-term fundamentals of the business and its end-markets remain strong even if COVID-19 leads to a degree of near-term uncertainty. As demonstrated in FY20, the Group is well positioned to capture further share from its service focused end-markets whilst revitalising and growing its product portfolio in the Commercial Medicines business and expect to see further signs of strategic progress in the coming year to support this outlook.

The Group's medium term guidance is for future organic net revenue growth to be between 5% to 10%, with FY21 expected to be at the lower end due to the impact of COVID-19, which is expected to subside, and an expected launch of a generic Foscavir in the EU. Given the above and the timing of contracted Proleukin shipments, H1 is expected to be below the prior year followed by a return to growth in H2. This will be more evident within Commercial Medicines and Unlicensed Medicines, where the impact of COVID-19 has been greater. Management will provide a further update at the AGM on 26 November 2020.

Growth in FY22 and beyond is expected to significantly accelerate as Erwinase is onboarded and the Group continues to gain share in the end-markets it serves. Management sees the potential for higher organic growth as Proleukin revitalisation takes place and as it gains traction within new indications.

Further operational leverage is not expected in FY21 due to the headwinds of COVID-19 and a generic to Foscavir, alongside additional investment into the commercial platform ahead of onboarding Erwinase. Operational leverage is expected to increase in FY22.

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 and therefore expect it will be broadly neutral for the current financial year. If the current exchange rates are assumed to apply throughout FY21, the Group estimates it would have a 0% - 2% negative impact on adjusted EBITDA. Current spot exchange rates to pound sterling as at 16 September 2020 are USD: 1.29; EUR: 1.09; ZAR: 21.15; AUD: 1.77.

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 paydown 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, 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 in the Annual Report.

Nick Keher
Group Chief Financial Officer

Condensed consolidated income statement for the year ended 30 June 2020

		2020			2019		
(In £m)	Note	**Underlying**	**Non-underlying (note 3)**	**Total**	Underlying	Non-underlying (note 3)	Total
Revenue	3	**504.3**	**–**	**504.3**	456.9	–	456.9
Cost of sales		**(284.3)**	**(4.9)**	**(289.2)**	(274.6)	–	(274.6)
Gross profit	3	**220.0**	**(4.9)**	**215.1**	182.3	–	182.3
Administrative expenses		**(100.7)**	**(72.4)**	**(173.1)**	(86.5)	(71.4)	(157.9)
Profit from operations		**119.3**	**(77.3)**	**42.0**	95.8	(71.4)	24.4
Finance income	5	**–**	**–**	**–**	0.1	–	0.1
Finance expense	5	**(11.4)**	**(8.3)**	**(19.7)**	(8.7)	(4.2)	(12.9)
Share of profit of joint venture		**0.3**	**–**	**0.3**	0.7	–	0.7
Profit before income tax		**108.2**	**(85.6)**	**22.6**	87.9	(75.6)	12.3
Income tax expense	6	**(21.2)**	**12.3**	**(8.9)**	(17.3)	10.2	(7.1)
Profit attributable to owners of the Company		**87.0**	**(73.3)**	**13.7**	70.6	(65.4)	5.2
Earnings per share (pence)							
Basic	7			**10.3**			4.0
Diluted	7			**10.2**			4.0

Condensed consolidated statement of comprehensive income for the year ended 30 June 2020

	2020			2019		
(In £m)	**Underlying**	**Non-underlying (note 3)**	**Total**	Underlying	Non-underlying (note 3)	Total
Profit for the year attributable to owners of the Company	**87.0**	**(73.3)**	**13.7**	70.6	(65.4)	5.2
Other comprehensive income items that may be reclassified to profit or loss						
Cash flow hedges	**0.2**	**–**	**0.2**	0.1	–	0.1
Currency translation differences	**2.7**	**–**	**2.7**	7.4	–	7.4
Total other comprehensive income for the year	**2.9**	**–**	**2.9**	7.5	–	7.5
Total comprehensive income attributable to owners of the Company	**89.9**	**(73.3)**	**16.6**	78.1	(65.4)	12.7

All amounts relate to continuing operations.

Condensed consolidated statement of financial position as at 30 June 2020

(In £m)	Note	**2020**	2019
Assets			
Non-current assets			
Intangible assets	9	**788.3**	811.9
Property, plant and equipment		**13.4**	13.6
Right-of-use assets		**20.4**	–
Investment in joint venture		**–**	6.5
Deferred tax assets		**7.2**	2.8
Total non-current assets		**829.3**	834.8
Current assets			
Inventories		**43.5**	35.4
Trade and other receivables		**125.9**	110.2
Derivative financial instruments		**0.2**	2.2
Cash and cash equivalents	10	**143.1**	83.5
Total current assets		**312.7**	231.3
Total assets		**1,142.0**	1,066.1
Liabilities			
Non-current liabilities			
Trade and other payables		**8.9**	7.3
Loans and borrowings	10	**450.7**	335.9
Deferred tax liabilities		**33.6**	41.1
Total non-current liabilities		**493.2**	384.3
Current liabilities			
Trade and other payables		**194.9**	235.7
Corporation tax liabilities		**3.7**	7.3
Borrowings and lease liabilities	10	**4.3**	0.1
Derivative financial instruments		**0.3**	0.4
Total current liabilities		**203.2**	243.4
Total liabilities		**696.4**	627.7
Net assets		**445.6**	438.4
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)**	(0.3)
Foreign exchange reserve		**17.7**	15.0
Retained earnings		**99.5**	95.2
Total shareholders' equity		**445.6**	438.4

The notes on pages 25 to 33 form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows for the year ended 30 June 2020

(In £m)	Note	**2020**	2019
Operating activities			
Profit for the year before tax		**22.6**	12.3
Share of profit of joint venture		**(0.3)**	(0.7)
Net finance costs	5	**19.7**	12.8
Profit from operations		**42.0**	24.4
Adjustments for:			
Amortisation of intangible fixed assets	9	**50.1**	39.3
Impairment of intangible fixed assets	9	**4.2**	–
Depreciation of property, plant and equipment		**6.4**	2.5
Impairment of investment in joint venture	4	**5.9**	–
Dividends received from joint venture		–	0.8
Movement in fair value of derivatives		**0.1**	0.2
Increase in fair value of contingent consideration	4	**11.8**	21.4
Currency revaluation on deferred consideration	4	**2.0**	0.4
Equity-settled share-based payment expense		**3.5**	3.0
Operating cash flows before movements in working capital		**126.0**	91.9
Increase in trade and other receivables		**(15.6)**	(2.1)
Increase in inventories		**(8.6)**	(13.4)
(Decrease)/Increase in trade and other payables		**(7.0)**	13.4
Cash generated from operations		**94.8**	89.8
Income taxes paid		**(23.9)**	(13.6)
Interest paid		**(10.3)**	(7.9)
Net cash flows from operating activities		**60.6**	68.3
Investing activities			
Purchase of intangible fixed assets (excluding products)		**(20.1)**	(17.0)
Purchase of property, plant and equipment		**(2.9)**	(2.0)
Purchase of specialty pharmaceutical products		**(58.4)**	(114.3)
Purchase of subsidiaries, net of cash acquired		–	(118.0)
Net cash flows used in investing activities		**(81.4)**	(251.3)
Financing activities			
Proceeds from issue of shares		–	78.9
Proceeds from increase in loan		**107.6**	179.1
Loan repayments		**(17.1)**	(20.5)
Principal element of lease payments		**(3.4)**	–
Dividends paid	8	**(9.2)**	(7.7)
Net cash flows from financing activities		**77.9**	229.8
Net increase in cash and cash equivalents		**57.1**	46.8
Cash and cash equivalents at beginning of the year		**83.5**	36.3
Exchange gains		**2.5**	0.4
Cash and cash equivalents at end of the year		**143.1**	83.5

Condensed consolidated statement of changes in equity for the year ended 30 June 2020

(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	–	–	–	–	**2.7**	–	**2.7**
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**
Share-based payment scheme	–	–	–	–	–	**3.5**	**3.5**
Step-acquisition of QM Specials	–	–	–	–	–	**(1.6)**	**(1.6)**
Deferred taxation on share-based payment scheme	–	–	–	–	–	**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**

(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 2018	0.1	161.3	86.0	(0.4)	7.6	94.9	349.5
Profit for the year	–	–	–	–	–	5.2	5.2
Currency translation differences	–	–	–	–	7.4	–	7.4
Cash flow hedges							
– Effective portion of fair value movements	–	–	–	(1.1)	–	–	(1.1)
– Ineffective portion of fair value movements	–	–	–	0.1	–	–	0.1
– Transfers to the income statement (revenue)	–	–	–	1.1	–	–	1.1
Total comprehensive income	–	–	–	0.1	7.4	5.2	12.7
Share-based payment scheme	–	–	–	–	–	3.0	3.0
Deferred taxation on share-based payment scheme	–	–	–	–	–	(0.4)	(0.4)
Tax credit in respect of tax losses arising on exercise of share options	–	–	–	–	–	0.2	0.2
Issue of new shares	–	78.9	2.2	–	–	–	81.1
Dividends paid (note 8)	–	–	–	–	–	(7.7)	(7.7)
Total transactions with owners of the Company, recognised directly in equity	–	78.9	2.2	–	–	(4.9)	76.2
At 30 June 2019	0.1	240.2	88.2	(0.3)	15.0	95.2	438.4

1. Basis of preparation

The consolidated financial statements of Clinigen Group plc have been prepared in accordance with International Financial Reporting Standards, ('IFRSs') as adopted for use in the European Union and IFRS Interpretations Committee interpretations (together 'adopted IFRSs'), and with those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. 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 2020 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 2020 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 2020.

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 2020.

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 is not immune from COVID-19, however, the impact on trading has been relatively limited and is therefore not impacting on the Group's ability to continue as a going concern. At 30 June 2020, the Group had £143m of cash balances available which combined with the Group's positive cash generation from each of its operations, provides sufficient funding for the near term settlement of deferred consideration liabilities along with sufficient liquidity for ongoing trading.

After making appropriate enquires, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Therefore, the Company and Group continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowing facilities is given in note 10.

2. Changes in accounting policies

(a) New and amended standards, interpretations and amendments adopted by the Group

IFRS 16 - Leases

The Group adopted IFRS 16 on 1 July 2019 using the modified retrospective approach. Under the specific transitional provisions in the standard, comparative information has not been restated. The reclassifications and the adjustments arising from the new leasing rules have been recognised in the opening balance sheet.

2. Changes in accounting policies (continued)

Until 30 June 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Each lease payment is allocated between reducing the liability and a finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

On adoption of IFRS 16, the Group recognised additional lease liabilities in relation to leases which had previously been classified as operating leases under the previous principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 July 2019 which was deemed to be 2.75%.

The associated right-of-use are measured on a retrospective basis as if the new rules had always been applied. As above, the Group's incremental borrowing rate has been used. In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- on initial application, IFRS 16 was only applied to contracts that were previously classified as leases, the Group has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group has relied on its assessment made applying IAS 17 and IFRIC 4;
- lease contracts with a duration of less than 12 months will continue to be expensed to the income statement on a straight-line basis over the lease term;
- the lease term has been determined with the use of hindsight where the contract contains options to extend the lease; and
- reliance on previous assessments on whether or not leases are onerous.

IFRIC 23 – Uncertainty over Income Tax Treatment

The Group adopted IFRIC 23 on 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Group has measured the effect of relevant uncertain income tax positions using either the most likely amount or the expected value amount depending on which method is expected to better reflect the resolution of the uncertainty. Adoption of this interpretation did not have a material impact on the Group's financial statements.

There were no other new standards, interpretations or amendments to standards that are effective for the financial year beginning 1 July 2019 that have a material impact on the Group's consolidated financial statements.

(b) New standards, interpretations and amendments not yet adopted

There are amendments to a number of existing standards which have been endorsed by the EU but not yet adopted. 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.

3. Segment information (continued)

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. The Group's operating segments are Commercial Medicines, Unlicensed Medicines and Clinical Services.

Operating segment results

The segmental performance measures have been changed from revenue and gross profit to net revenue and adjusted EBITDA. These 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 MA programs changes. Segmental adjusted EBITDA is now used as it will lead to better internal cost control and accountability whilst allowing for easier interpretation of profitability of each segment by external stakeholders.

	2020			2019		
(In £m)	**Reported Revenue**	**Net Revenue**	**Adjusted EBITDA**	Reported Revenue	Net Revenue	Adjusted EBITDA
Commercial Medicines	**156.7**	**156.7**	**84.3**	110.3	110.3	54.4
Unlicensed Medicines	**197.0**	**158.9**	**34.4**	205.9	156.0	35.0
Clinical Services	**162.2**	**162.2**	**22.6**	141.7	141.7	19.8
Central unallocated costs & eliminations	**(11.6)**	**(11.6)**	**(10.3)**	(1.0)	(1.0)	(8.4)
Segmental result	**504.3**	**466.2**	**131.0**	456.9	407.0	100.8

Net revenue is presented after excluding pass through revenue of £38.1m (2019: £49.9m) from the Managed Access business within Unlicensed Medicines.

	2020			2019		
(In £m)	**Underlying**	**Non-underlying**	**Total**	Underlying	Non-underlying	Total
Reconciliation to reported profit						
Gross profit	**220.0**	**(4.9)**	**215.1**	182.3	–	182.3
Administrative expenses excluding amortisation and depreciation	**(89.6)**	**(22.8)**	**(112.4)**	(82.6)	(33.6)	(116.2)
EBITDA	**130.4**	**(27.7)**	**102.7**	99.7	(33.6)	66.1
Analysed as:						
Adjusted EBITDA including share of joint venture	**131.0**	**(27.7)**	**103.3**	100.8	(33.6)	67.2
Joint venture EBITDA	**(0.6)**	**–**	**(0.6)**	(1.1)	–	(1.1)
EBITDA excluding share of joint venture	**130.4**	**(27.7)**	**102.7**	99.7	(33.6)	66.1
Amortisation and impairment	**(4.7)**	**(49.6)**	**(54.3)**	(1.5)	(37.8)	(39.3)
Depreciation	**(6.4)**	**–**	**(6.4)**	(2.4)	–	(2.4)
Profit from operations	**119.3**	**(77.3)**	**42.0**	95.8	(71.4)	24.4
Finance costs	**(11.4)**	**(8.3)**	**(19.7)**	(8.6)	(4.2)	(12.8)
Share of joint venture profit	**0.3**	**–**	**0.3**	0.7	–	0.7
Profit before income tax	**108.2**	**(85.6)**	**22.6**	87.9	(75.6)	12.3
Analysed as:						
Adjusted profit before tax excluding share of joint venture tax	**108.5**	**(85.9)**	**22.6**	88.3	(76.0)	12.3
Joint venture tax	**(0.3)**	**0.3**	**–**	(0.4)	0.4	–
Profit before tax including share of joint venture tax	**108.2**	**(85.6)**	**22.6**	87.9	(75.6)	12.3
Income tax expense	**(21.2)**	**12.3**	**(8.9)**	(17.3)	10.2	(7.1)
Profit after tax	**87.0**	**(73.3)**	**13.7**	70.6	(65.4)	5.2

3. Segment information (continued)

(In £m)	**2020**	2019
Breakdown of revenues by products and services:		
Products	**397.3**	410.7
Services	**99.5**	38.0
Royalties	**7.5**	8.2
	504.3	456.9

(In £m)	**2020**	2019
Revenue arises from the location of the customers as follows:		
UK	**144.1**	159.6
Europe	**135.8**	107.9
USA	**121.4**	90.7
South Africa	**32.2**	26.9
Australia	**24.8**	20.4
Rest of World	**46.0**	51.4
	504.3	456.9

Assets and liabilities are reported to the Executive Directors at a Group level and are not reported on a segmental basis.

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 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)	**2020**	2019
Cost of sales		
a) Impairment of Totect and Foscavir inventories	**4.9**	–
Administrative expenses		
b) Acquisition costs	**0.3**	5.4
c) Restructuring costs (relating principally to acquisitions)	**2.8**	6.4
d) Increase in the fair value of contingent consideration	**11.8**	21.4
a) Impairment of IP related to Totect	**4.2**	–
e) Impairment of investment in joint venture	**5.9**	–
f) Foreign exchange revaluation on deferred and contingent consideration	**2.0**	0.4
g) Amortisation of intangible fixed assets acquired through business combinations and acquired products	**45.4**	37.8
	72.4	71.4
Finance costs		
h) Unwind of discount on deferred and contingent consideration	**8.1**	4.1
b) Acquisition costs	**0.2**	0.1
	8.3	4.2
Taxation		
i) Credit in respect of tax on non-underlying costs	**(12.3)**	(10.2)
Total non-underlying items	**73.3**	65.4

4. Non-underlying items (continued)

a) Impairment charges have been recognised against the Totect IP, Totect short-dated stock and excess Foscavir active pharmaceutical ingredient totalling £9.1m. Totect is facing challenging market conditions with an increased number of generic competitors, and whilst management have successfully increased the number of indications for the product, the ability to achieve a suitable return has reduced. Alongside this, a generic entrant to Foscavir has required a review of the recoverability of the raw material holding resulting in an impairment charge.

b) Acquisition costs relate 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 any potential Brexit impact.

d) The increase in the fair value of contingent consideration relates to the final earn out calculation for the CSM acquisition.

e) 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 has taken the decision to fully impair the investment.

f) 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.

g) 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.

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

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

5. Finance income and expense

(In £m)	**2020**	2019
Bank interest	**9.6**	7.6
Borrowing costs	**0.1**	0.2
Amortisation of facility issue costs	**1.1**	0.9
Unwind of discount lease liabilities	**0.6**	–
Underlying finance cost	**11.4**	8.7
Unwind of discount on deferred and contingent consideration on acquisitions	**8.1**	4.1
Acquisitions finance costs	**0.2**	0.1
Total finance cost	**19.7**	12.9
Bank interest income	**–**	(0.1)
Net finance expense	**19.7**	12.8

6. Income tax

(In £m)	**2020**	2019
Current tax expense		
UK corporation tax	**12.8**	9.9
Overseas tax at local prevailing rates	**6.7**	5.8
Adjustment in respect of prior years	**0.6**	(1.1)
Total current tax expense	**20.1**	14.6
Deferred tax credit		
Origination and reversal of temporary differences	**(13.6)**	(7.5)
Adjustment in respect of prior years	**0.1**	–
Adjustments in respect of tax rates	**2.3**	–
Total deferred tax credit	**(11.2)**	(7.5)
Total income tax expense	**8.9**	7.1

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)	**2020**	2019
Profit before income tax	**22.6**	12.3
Expected tax charge based on corporation tax rate of 19.0%	**4.3**	2.3
Expenses not deductible for tax purposes other than amortisation on acquired intangibles	**2.7**	5.8
Tax relief for employee share schemes	**(0.9)**	(0.3)
Adjustments to tax charge in respect of prior years	**0.7**	(1.1)
Foreign tax credit	**(0.2)**	–
Recognition of previously unrecognised tax losses	**(0.5)**	–
Change in deferred tax rate	**2.3**	–
Higher rates of taxes on overseas earnings	**0.5**	0.4
Total income tax expense	**8.9**	7.1

In line with Finance Act 2016, from April 2020, the UK corporate tax rate was to reduce to 17.0%. The Government announced in the Budget on 11 March 2020, that the rate applicable from 1 April 2020 would remain at 19.0% and this was enacted on 17 March 2020. This 19% rate has been applied in the deferred tax valuations based on the expected timing of when such assets and liabilities will be recovered.

7. Earnings per share ('EPS')

(In £m)	**2020**	2019
Profit after tax used in calculating reported EPS	**13.7**	5.2
Underlying profit after tax used in calculating adjusted EPS	**87.0**	70.6
Number of shares (million)		
Weighted average number of shares	**132.7**	129.8
Dilution effect of share options	**2.0**	2.2
Weighted average number of shares used for diluted EPS	**134.7**	132.0
Reported EPS (pence)		
Basic	**10.3p**	4.0p
Diluted	**10.2p**	4.0p
Adjusted EPS (pence)		
Basic	**65.6p**	54.4p
Diluted	**64.6p**	53.5p

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 1,996,046 (2019: 2,225,514).

8. Dividends

(In £m)	**2020**	2019
Final dividend in respect of the year ended 30 June 2019 of 4.75p (2019: 3.84p) per ordinary share	**6.3**	5.1
Interim dividend of 2.15p (2019: 1.95p) per ordinary share paid during the year	**2.9**	2.6
	9.2	7.7

The Board proposes to pay a final dividend of 5.46p per ordinary share, subject to shareholder approval, on 2 December 2020, to shareholders on the register on 6 November.

9. Intangible assets

(In £m)	**Brand**	**Contracts**	**Customer relationships**	**Trademarks & licences**	**Computer software**	**Goodwill**	**Total**
At 1 July 2019	54.9	7.7	95.1	251.4	19.8	383.0	811.9
Additions	–	–	–	11.4	13.7	–	25.1
Amortisation charge	(4.5)	(1.6)	(21.2)	(18.4)	(4.4)	–	(50.1)
Impairment charge	–	–	–	(4.2)	–	–	(4.2)
Exchange differences	(0.1)	(0.2)	0.5	3.9	0.1	1.4	5.6
At 30 June 2020	**50.3**	**5.9**	**74.4**	**244.1**	**29.2**	**384.4**	**788.3**

10. Net debt

(In £m)	**2020**	2019
Revolving credit facility	**250.8**	187.5
Term loan	**183.0**	151.3
Lease liabilities	**23.7**	0.2
Unamortised issue costs	**(2.5)**	(3.1)
Gross borrowings	**455.0**	335.9
Cash	**(143.1)**	(83.5)
Net debt	**311.9**	252.4

During the year, the multi-currency debt facility was increased from £375m to £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 2020, the facility is denominated in £264m sterling (2019: £219m), €90m euros (2019: €90m), and US$108m US dollars (2019: US$48m). The term loan and RCF are revalued at the period end foreign exchange rates for reporting purposes. However, the banking facility position is based on exchange rates prevailing at the time the facility is drawn in the foreign currency.

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), with the leverage covenant limit raised from 3.0x as a matter of prudence given the near term uncertainty caused by COVID-19. As at 30 June 2020, interest cover was 13.3x and the net debt/adjusted EBITDA leverage was 2.3x. There were no instances of default, including covenant terms, in either the current or the prior year.

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 2.0% 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 2018	122,286	0.1	161.3
Issue of new shares	10,193	–	78.9
At 30 June 2019	**132,479**	**0.1**	**240.2**
Issue of new shares	**420**	–	**–**
At 30 June 2020	**132,899**	**0.1**	**240.2**

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

12. Leases

On 1 July 2019, the Group adopted IFRS 16 'Leases' using the modified retrospective approach. Under the specific transitional provisions in the standard, comparative information has not been restated and the adjustments arising from the new standard have been recognised in the opening balance sheet on 1 July 2019.

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of three to ten years but in the case of property, they often have extension options which are normally exercised. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the end of the previous financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost in the cash flow statement. The finance cost is charged to profit or loss over the lease period (through underlying finance costs) so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 30 June 2019 which was 2.75%.

For leases previously classified as finance leases, the carrying amount of the lease asset and lease liability immediately before transition are recognised as the carrying amount of the right-of-use asset and the lease liability at 1 July 2019.

(In £m)	
Operating lease commitments disclosed as at 30 June 2019	22.6
Leases previously recognised as finance leases under IAS 17	0.2
Discounted using the borrowing rate as at 30 June 2019 (2.75%)	(1.8)
Short term leases recognised on a straight-line basis	(0.3)
Lease liabilities recognised as at 1 July 2019	**20.7**
New lease liabilities recognised from new contracts and contract modifications	6.4
Unwind of discount recognised in finance costs	0.6
Repayment of capital element and payment of accrued interest	(4.0)
Lease liabilities recognised at 30 June 2020	**23.7**

12. Leases (continued)

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied.

(In £m)	**2020**	1 July 2019
Land and buildings	**19.5**	16.5
Other	**0.9**	1.0
	20.4	17.5

Due to the differences arising between the lease liabilities and the right-of-use assets on transition, an adjustment of £2.9m has been recognised through retained earnings. As a result of this adjustment, an associated £0.7m deferred tax asset has also been recognised through retained earnings.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- reliance on previous assessments of whether a contract is or contains a lease;
- reliance on previous assessments of whether leases are onerous;
- the accounting for operating leases, with a remaining lease term of less than 12 months as at 1 July 2019, as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial
- application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The expense recognised relating to short-term leases during the year was £0.3m. At 30 June 2020 there were no outstanding commitments for short term or low value leases. The total cash outflow in respect of lease liabilities during the year was £4.0m.

The impact of the new standard on the income statement for the financial year was an increase in EBITDA of £4.0m (2019: £3.8m) reflecting the removal of the lease charge recognised under IAS 17 through administrative expenses, offset by increased depreciation of £3.4m (2019: £3.1m) on the right-of-use assets, and an increase in finance costs of £0.6m (2019: £0.5m) relating to the unwind of the discount on the lease liabilities.