

## Interim results for the six months ended 30 June 2023

**Strong, resilient H1 performance: solid growth and positive outlook as announced in the trading update on 25 July 2023**

- **Revenue £76.7 million, up 10% over H1 2022**
- **Adjusted EBITDA £15.7 million, up 14% over H1 2022**
- **Strong order book of £310 million with growth of 9% year over year (11% adjusting for foreign exchange) providing excellent visibility into H2 2023 and beyond**
- **New business pipeline growth of 30% over H1 2022, reflecting the benefits of commercial investments**
- **Cash balance of £26.0 million, and debt free with available facilities of up to £80.0 million**
- **Shareholders are referred to the announcement on 4th September 2023 of a recommended cash offer of 1,350p per Ergomed share by Eden AcquisitionCo Limited, a newly incorporated company controlled and owned by funds advised by Permira Advisers LLP**

**Guildford, UK – 22 September 2023:** Ergomed plc (LSE: ERGO) (“Ergomed” or the “Company” or the “Group”), a Company focused on providing specialised services to the pharmaceutical industry, today announces its interim results for the six months ended 30 June 2023.

### Financial Summary

<i>Figures in £ millions, unless otherwise stated</i>	<b>First Half 2023</b>	<b>First Half 2022</b>	<b>% change</b>
<b>Total Revenue</b>	<b>76.7</b>	<b>69.9</b>	<b>9.8</b>
<b>Gross Profit</b>	<b>31.6</b>	<b>28.9</b>	<b>9.4</b>
<b>Adjusted EBITDA (Note 7)</b>	<b>15.7</b>	<b>13.8</b>	<b>13.7</b>
<b>Cash at 30 June</b>	<b>26.0</b>	<b>12.0</b>	<b>117.4</b>
<b>Order book at 30 June</b>	<b>309.6</b>	<b>284.5</b>	<b>8.8</b>
<b>Basic adjusted earnings per share (pence) (Note 3)</b>	<b>21.9p</b>	<b>20.4p</b>	<b>7.7</b>

#### **Notes:**

(1) Adjusted EBITDA is defined as operating profit for the period plus depreciation and amortisation, share-based payment charge, acquisition related consideration and costs (Note 7 to the financial statements).

(2) Basic adjusted earnings per share is defined as basic earnings per share after adjustment for items referred to in Note 3 to the financial statements.

### **Dr Miroslav Reljanović, Executive Chairman of Ergomed, said:**

“As announced in the trading update on 25 July 2023, Ergomed has made a very solid start to the year demonstrating continued growth and reflecting the global appeal of our offering to our clients, the strength of our business model and the resilience of the markets we address. We have continued to execute on our strategy to transform the business by investing in technology and our commercial infrastructure and believe the potential of these investments is reflected in the robust year over year growth of our new business pipeline. In addition, we have maintained our focus on prudent cost management, and executing our disciplined approach to M&A. We expect to deliver on our expectations for financial results for 2023, and we look forward with confidence to the rest of this year and beyond.”

### **Key Highlights**

- Revenue of £76.7 million (H1 2022: £69.9 million) increased by 10% (up 7% in constant currency)
  - Clinical Research Services (CRO) division delivered strong growth with revenue up 11% (up 8% in constant currency) to £38.0 million (H1 2022: £34.3 million)
  - Pharmacovigilance (PV) division delivered strong growth with revenue up 9% (up 6% in constant currency) to £38.7 million (H1 2022: £35.6 million)
- Gross profit up 9% to £31.6 million (H1 2022: £28.9 million)
- Adjusted EBITDA up 14% to £15.7 million (H1 2022: £13.8 million)
- Basic adjusted EPS up 8% to 21.9p (H2 2022: 20.4p)

- Cash and cash equivalents of £26.0 million (31 December 2022: £19.1 million)
- Order book of £310 million, up 5% in H1 2023 (31 December 2022: £295 million) and up 9% over H1 2022 (11% adjusting for foreign exchange)
- New business pipeline growth of 30% over H1 2022 reflecting the benefits of commercial investments
- Available debt facilities of up to £80.0 million
- Revenue and adjusted EBITDA for full year 2023 anticipated to be in line with market expectations

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## About Ergomed plc

Ergomed provides specialist services to the pharmaceutical industry spanning all phases of clinical development, post-approval pharmacovigilance and medical information. Ergomed's fast-growing services business includes an industry-leading suite of specialist pharmacovigilance (PV) solutions, integrated under the PrimeVigilance brand, a full range of high-quality clinical research and trial management services under the Ergomed brand (CRO) and mission-critical regulatory compliance and consulting services under the ADAMAS brand. For further information, visit: <http://ergomedplc.com>

## Forward-looking Statements

*Certain statements contained within the announcement are forward-looking statements and are based on current expectations, estimates and projections about the potential results of Ergomed plc ("Ergomed") and the industry and markets in which Ergomed operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.*

*These forward-looking statements speak only as of the date of this announcement. Ergomed expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Ergomed's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.*

## **INTERIM MANAGEMENT REPORT**

### **OPERATIONAL REVIEW**

#### **Introduction**

Ergomed operates in growing end markets, benefiting from tailwinds of increasing complexity, regulatory requirements and outsourcing rates across the rare disease, oncology, pharmacovigilance, and GXP audit markets. The global regulatory environment also continues to evolve, with increasing legislation that creates complexity and drives the need for specialised outsourcing.

Ergomed delivered a period of robust operational and financial performance in the first half of 2023, achieving significant strategic progress, in part driven by investments in commercial infrastructure and technology.

Ergomed continues to demonstrate its resilience and competitive strength, as shown by a strong first half of 2023. Ergomed's order book grew to £310 million at the end of H1 2023, providing excellent visibility of revenue for the second half of 2023 and beyond, and is supported by robust new business pipeline growth of 30% over H1 2022.

Shareholders are referred to the announcement on 4<sup>th</sup> September 2023 of a recommended cash offer for the entire issued and to be issued share capital of Ergomed plc by Eden AcquisitionCo Limited, a newly incorporated company controlled and indirectly wholly owned by the Permira funds advised by Permira Advisors LLP.

#### **Financial summary**

Ergomed reported a strong financial performance in the first half of 2023 with total revenues of £76.7 million (H1 2022: £69.9 million), an increase of 10% (7% in constant currency).

Adjusted EBITDA in H1 2023 was 20.4% of revenues in the first half of 2023 and was up 14% to £15.7 million compared to £13.7 million in H1 2022.

Cash at 30 June 2023 was £26.0 million (H1 2022: £12.0 million), with good underlying operating cash flow generation during the period. The Company remains in a robust financial position, debt free, with a strong balance sheet, and unutilised facilities of up to £80.0 million to support continued expansion both organically and through acquisitions.

#### **Clinical Research Services (CRO)**

Ergomed's CRO business saw total revenue increase to £38.0 million in H1 2023 from £34.3 million in H1 2022, up by 11% (8% in constant currency). Reported gross profit increased by 27.2% to £12.3 million (H1 2022: £10.6 million) and gross margin improved to 32.2% (H1 2022: 31.0%).

The CRO business has seen another period of strong growth during the first half of 2023. The continued success of Ergomed's unique and innovative site support model, which focuses on patient advocacy whilst simultaneously reducing the burden on trial physicians, along with our specialist expertise across the rare disease and oncology therapeutic areas, continues to drive the strong growth in our CRO business.

#### **PrimeVigilance**

Ergomed's pharmacovigilance (PV) business saw total revenue increase to £38.7 million in H1 2023 from £35.6 million in H1 2022, up by 9% (6% in constant currency). Reported gross profit increased from £18.3 million to £19.4 million, up 9%, whilst gross margin remained robust at 50.0% (H1 2022: 51.3%).

PrimeVigilance's continued growth has been delivered by employees in over 20 countries with capabilities across 150 countries, delivering a high-quality specialised service to both new and repeat customers. Continued investment and the deployment of proprietary automation technology has further enhanced PrimeVigilance's capabilities, while enhancing efficiencies and productivity enabling the delivery of differentiated and high-quality solutions to meet the increasingly complex global pharmacovigilance regulations.

## Current trading and outlook

Revenue and adjusted EBITDA for the full year 2023 are anticipated to be in line with market expectations<sup>1</sup>, demonstrating the Company's resilience and ability to maintain its strong financial performance despite the continued challenging macro-economic environment.

**Dr Miroslav Reljanović**  
**Executive Chairman**

Notes:

1. This guidance in this announcement constitutes an ordinary course profit forecast for the purposes of Rule 28.1 of the City Code on Takeovers and Mergers (the "Code") and the Company will provide the requisite directors' confirmation statement pursuant to Rule 28.1(c)(i) in the Scheme Document (when published).

Rule 26.1

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available on the Company's website at [www.ergomedplc.com](http://www.ergomedplc.com) by no later than 12 noon (London time) on the business day following the date of this announcement.

## FINANCIAL REVIEW

The primary financial statements of Ergomed plc for the six months ended 30 June 2023 are presented later in this announcement along with the key accounting policies and notes to the financial statements.

### Key performance indicators

The Directors consider the principal financial performance indicators of the Group to be:

£ million ( <i>unless stated otherwise</i> )	H1 2023	H1 2022
Total revenue	76.7	69.9
Gross profit	31.6	28.9
Gross margin %	41.2%	41.4%
Profit after tax	7.3	7.3
Adjusted EBITDA ( <i>Note 7</i> )	15.7	13.8
Cash and cash equivalents	26.0	12.0
Cash generated from operating activities	11.9	7.7
Basic adjusted earnings per share ( <i>Note 3</i> )	21.9p	20.4p

### Consolidated income statement

Total revenue on a reported basis for the six months ended 30 June 2023 was £76.7 million (H1 2022: £69.9 million), an increase of 10% (7% on a constant currency basis), driven by growth in the PV division (up 9%) and the CRO division (up 11%).

Gross profit was £31.6 million and gross margin was 41.2% (H1 2022: gross profit £28.9 million and gross margin 41.4%), the slightly lower gross margin percentage being a result of unfavourable foreign exchange rates. Selling, general and administration expenses including acquisition related costs were £22.0 million (H1 2022: £19.9 million). Research and development costs expensed in the period were £0.1 million (H1 2022: £0.1 million).

Adjusted EBITDA increased by 14% to £15.7 million in H1 2023 from £13.8 million in H1 2022, with profit after tax up 0.5% at £7.3 million (H1 2022: £7.3 million). Basic adjusted earnings per share was up 7.7% to 21.9p (H1 2022: 20.4p).

**Consolidated balance sheet**

Net assets increased by £6.1 million during the first half of 2023 and amounted to £90.9 million at 30 June 2023 (31 December 2022: £84.8 million) including net cash and cash equivalents of £26.0 million (31 December 2022: £19.1 million).

**Consolidated cash flow statement**

At 30 June 2023, the Group's net cash balance was £26.0 million.

Cash generated from operating activities was £12.3 million (H1 2022: £12.0 million) before changes in working capital, representing 78.7% of adjusted EBITDA in H1 2023. Ergomed has no debt and has increased its multi-currency revolving credit facility (RCF) from £30.0 million to £80.0 million, comprising a £50.0 million facility and an additional £30.0 million accordion.

Net outflows from investing activities decreased to £1.0 million (H1 2022: £24.7 million) due to the £24.2 million net cash purchase of ADAMAS in 2022. Net outflows on financing activities for the period of £1.3 million were primarily related to lease costs and interest paid.

**Jonathan Curtain**  
**Chief Financial Officer**

**Condensed Consolidated Income Statement**  
**For the six months ended 30 June 2023**

	Note	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
		£000s	£000s	£000s
<b>REVENUE</b>	2	76,745	69,917	145,262
Cost of sales		(45,096)	(40,990)	(86,117)
<b>GROSS PROFIT</b>		31,649	28,927	59,145
Selling, general and administrative expenses		(22,015)	(19,923)	(41,627)
<b>Selling, general and administrative expenses comprises:</b>				
Other selling, general and administrative expenses		(19,898)	(17,123)	(36,193)
Amortisation of acquired intangible assets		(1,101)	(1,404)	(2,763)
Share-based payment charge		(602)	(557)	(1,002)
Acquisition costs	6	(414)	(839)	(1,669)
Other operating income	5	366	385	1,355
<b>OPERATING PROFIT</b>		10,000	9,389	18,873
Finance income		18	-	-
Finance costs	4	(406)	(239)	(920)
<b>PROFIT BEFORE TAXATION</b>		9,612	9,150	17,953
Taxation	8	(2,277)	(1,836)	(2,971)
<b>PROFIT FOR THE PERIOD</b>		7,335	7,314	14,982

All activities in the current and prior periods relate to continuing operations.

**Condensed Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2023**

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	£000s	£000s	£000s
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Profit for the period</b>	<b>7,335</b>	<b>7,314</b>	<b>14,982</b>
Exchange differences on translation of foreign operations	(1,942)	2,121	2,979
<b>Other comprehensive income for the period net of tax</b>	<b>(1,942)</b>	<b>2,121</b>	<b>2,979</b>
<b>Total comprehensive profit for the period</b>	<b>5,393</b>	<b>9,435</b>	<b>17,961</b>

All activities in the current and prior periods relate to continuing operations.

	Note	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
		pence	pence	pence
<b>EARNINGS PER SHARE</b>	3			
Basic		14.5	14.8	30.1
Diluted		14.2	14.2	29.2

	Note	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
		pence	pence	pence
<b>ADJUSTED EARNINGS PER SHARE</b>	3			
Basic		21.9	20.4	42.6
Diluted		21.6	19.6	41.4

		£000s	£000s	£000s
<b>ADJUSTED EBITDA</b> (Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation)	7	15,654	13,760	28,356

**Condensed Consolidated Balance Sheet**  
**As at 30 June 2023**

	Note	Unaudited 30 June 2023	Unaudited 30 June 2022	Audited 31 December 2022
		£000s	£000s	£000s
<b>Non-current assets</b>				
Goodwill	9	40,766	41,076	41,404
Other intangible assets	10	15,092	16,910	15,844
Property, plant and equipment		2,228	1,974	2,466
Right-of-use assets		2,936	2,639	2,864
Deferred tax asset		5,515	6,999	8,530
		<u>66,537</u>	<u>69,598</u>	<u>71,108</u>
<b>Current assets</b>				
Trade and other receivables	11	32,739	30,653	34,450
Contract assets		8,017	9,198	4,611
Cash and cash equivalents	12	26,025	11,973	19,096
Derivative assets		143	-	84
		<u>66,924</u>	<u>51,824</u>	<u>58,241</u>
<b>Total assets</b>		<u>133,461</u>	<u>121,422</u>	<u>129,349</u>
<b>Current liabilities</b>				
Lease liabilities		(1,592)	(1,322)	(1,236)
Trade and other payables	13	(15,671)	(15,469)	(17,640)
Derivative liability		-	(783)	(134)
Contract liabilities		(18,662)	(22,975)	(18,749)
Current tax liability		(1,388)	(468)	(1,134)
		<u>(37,313)</u>	<u>(41,017)</u>	<u>(38,893)</u>
<b>Net current assets</b>		<u>29,611</u>	<u>10,807</u>	<u>19,348</u>
<b>Non-current liabilities</b>				
Lease liabilities		(1,424)	(1,264)	(1,672)
Provisions		(144)	(19)	(144)
Deferred tax liability		(3,634)	(4,069)	(3,891)
		<u>(5,202)</u>	<u>(5,352)</u>	<u>(5,707)</u>
<b>Total liabilities</b>		<u>(42,515)</u>	<u>(46,369)</u>	<u>(44,600)</u>
<b>Net assets</b>		<u>90,946</u>	<u>75,053</u>	<u>84,749</u>
<b>Equity</b>				
Share capital	14	508	499	503
Share premium account		1,007	711	1,007
Merger reserve		1,349	1,349	1,349
Share-based payment reserve		7,462	6,416	6,861
Translation reserve		970	2,054	2,912
Retained earnings		79,650	64,024	72,117
<b>Total equity</b>		<u>90,946</u>	<u>75,053</u>	<u>84,749</u>



**Condensed Consolidated Statement of Changes in Equity**  
**For the six months ended 30 June 2023**

	Share capital	Share premium account	Merger reserve	Share- based payment reserve	Translation reserve	Retained earnings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 1 January 2022</b>	<b>493</b>	<b>545</b>	<b>1,349</b>	<b>5,859</b>	<b>(67)</b>	<b>59,060</b>	<b>67,239</b>
Profit for the period	-	-	-	-	-	7,314	7,314
Other comprehensive income for the period	-	-	-	-	2,121	-	2,121
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,121</b>	<b>7,314</b>	<b>9,435</b>
Shares issued on exercise of share options	6	166	-	-	-	-	172
Equity-settled share-based payment charge	-	-	-	557	-	-	557
Deferred tax credit taken directly to equity	-	-	-	-	-	(2,350)	(2,350)
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>6</b>	<b>166</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>(2,350)</b>	<b>(1,621)</b>
<b>Balance at 30 June 2022</b>	<b>499</b>	<b>711</b>	<b>1,349</b>	<b>6,416</b>	<b>2,054</b>	<b>64,024</b>	<b>75,053</b>
Profit for the period	-	-	-	-	-	7,668	7,668
Other comprehensive income for the period	-	-	-	-	858	-	858
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>858</b>	<b>7,668</b>	<b>8,526</b>
Shares issued on exercise of share options	4	296	-	-	-	-	300
Equity-settled share-based payment charge	-	-	-	445	-	-	445
Deferred tax credit taken directly to equity	-	-	-	-	-	425	425
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>4</b>	<b>296</b>	<b>-</b>	<b>445</b>	<b>858</b>	<b>425</b>	<b>1,170</b>
<b>Balance at 31 December 2022</b>	<b>503</b>	<b>1,007</b>	<b>1,349</b>	<b>6,861</b>	<b>2,912</b>	<b>72,117</b>	<b>84,749</b>
Profit for the period	-	-	-	-	-	7,335	7,335
Other comprehensive loss for the period	-	-	-	-	(1,942)	-	(1,942)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,942)</b>	<b>7,335</b>	<b>5,393</b>
Shares issued on exercise of share options	5	-	-	-	-	-	5
Share-based payment charge	-	-	-	601	-	-	601
Deferred tax credit taken directly to equity	-	-	-	-	-	198	198
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>601</b>	<b>-</b>	<b>198</b>	<b>804</b>
<b>Balance at 30 June 2023</b>	<b>508</b>	<b>1,007</b>	<b>1,349</b>	<b>7,462</b>	<b>970</b>	<b>79,650</b>	<b>90,946</b>

## Condensed Consolidated Cash Flow Statement

### For the six months ended 30 June 2023

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	£000s	£000s	£000s
<b>Cash flows from operating activities</b>			
Profit for the period	7,335	7,314	14,982
<b>Adjustment for:</b>			
Amortisation and depreciation	2,606	2,937	5,838
Profit on disposal of non-current assets	-	(28)	(109)
Share-based payment charge	602	557	1,002
RDEC income	(338)	(293)	(698)
Finance costs	406	239	920
Other non-cash movements	(565)	(609)	(1,275)
Tax expense	2,277	1,836	2,971
<b>Operating cash flow before changes in working capital and provisions</b>	<b>12,323</b>	<b>11,953</b>	<b>23,631</b>
Decrease/(increase) in trade, other receivables and accrued revenue	1,678	(8,765)	(6,605)
(Decrease)/increase in trade, other payables and deferred revenue	(2,055)	4,536	1,378
Increase in provisions	-	-	125
<b>Cash generated from operating activities</b>	<b>11,946</b>	<b>7,724</b>	<b>18,529</b>
Taxation paid	(2,138)	(2,346)	(3,680)
<b>Net cash from operating activities</b>	<b>9,808</b>	<b>5,378</b>	<b>14,849</b>
<b>Cash flows from investing activities</b>			
Finance income received	18	-	-
Acquisition of intangible assets	(749)	(124)	(634)
Acquisition of property, plant and equipment	(272)	(344)	(1,282)
Proceeds from the sale of property, plant and equipment	-	6	32
Proceeds on the disposal of equity investments	-	-	23
Acquisition of subsidiaries, net of cash acquired	-	(24,243)	(24,243)
<b>Net cash used in investing activities</b>	<b>(1,003)</b>	<b>(24,705)</b>	<b>(26,104)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of new ordinary shares	5	172	472
Finance costs paid	(323)	(169)	(761)
Payment of lease liabilities	(986)	(964)	(2,084)
Proceeds from borrowings	-	15,000	15,000
Repayment of borrowings	-	(15,000)	(15,000)
<b>Net cash used in financing activities</b>	<b>(1,304)</b>	<b>(961)</b>	<b>(2,373)</b>
<b>Net change in cash and cash equivalents</b>	<b>7,501</b>	<b>(20,288)</b>	<b>(13,628)</b>
Effect of foreign currency on cash balances	(572)	1,018	1,481
Cash and cash equivalents at start of the period	19,096	31,243	31,243
<b>Cash and cash equivalents at end of period</b>	<b>26,025</b>	<b>11,973</b>	<b>19,096</b>

## Notes to the Condensed Consolidated Financial Statements For the six months ended 30 June 2023

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the UK.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the fair value of certain financial instruments which are further detailed in note 16.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2022.

These condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. A copy of the Group's audited statutory accounts for the year ended 31 December 2022 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

#### Risks and uncertainties

An outline of the key risks and uncertainties faced by the Group was described in the Annual Report and Accounts 2022 which is available on the Company website ([www.ergomedplc.com](http://www.ergomedplc.com)). The principle risks were: Cancellation or delay of clinical trials or projects by customers including as a result of a global pandemic; Lower contracted order book realisation or conversion of sales pipeline to contract; significant regional or national event (pandemic, natural disaster, conflict or terrorism); Quality and third party oversight ('TPO'); Cybersecurity; Information technology transformation; Access to and cost of capital; Retention of senior and key employees; Dependence on a limited number of key clients; Data privacy; Outsourcing trends in the pharmaceutical and biotechnology industries; Recoverability of the Group's long-term assets and Environmental, social and governance.

#### Critical accounting judgements and key sources of estimation uncertainty

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements and are summarised below.

Source of estimation uncertainty	Overview
Revenue from customer contracts	Revenue for CRO services is recognised based on the costs incurred on a project as a proportion of total expected costs to determine a percentage of completion which is applied to the estimate of the transaction price. Given the long-term nature and complexity of clinical trials, estimation is used to determine the forecast costs to complete, which can impact the timing and value of revenue recognised for the CRO business.
Impairment of goodwill	The impairment provision against goodwill at the period end was £2,143,000 (2022: £2,143,000) and related fully against the investment in Haemostatix Limited. £nil (2022: £nil) was charged to the Income Statement in the period.

### Going concern

The interim financial statements have been prepared on the going concern basis, which assumes that the Group will have sufficient funds to continue in operational existence for the foreseeable future, being a period of no less than 12 months from the date these interim financial statements are approved. The Directors have reviewed cash flow forecasts for the period through to 31 December 2024, which is derived from the 2023 Board approved budget and a medium-term cash flow forecast through to 31 December 2024, which is an extrapolation of the approved budget under multiple scenarios and growth rates. The 2023 budget and medium-term forecast represents the Directors' best estimate of the Group's future performance and necessarily includes a number of assumptions, including the level of revenues. The 2023 budget and medium-term forecast demonstrate that the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due for a period of at least 12 months from the date these interim financial statements are approved.

On the basis of the above factors and, having made appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

### Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred on acquisition is the fair value at the date of transaction for assets and liabilities transferred. All acquisition related costs are expensed as incurred.

Goodwill arises as the excess of acquisition cost over the fair value of the assets transferred at the date of transaction. Goodwill is reviewed for impairment annually and is carried at cost less accumulated impairment losses. Impairment losses are not reversed in subsequent periods.

Goodwill arising on the acquisition of a foreign operation, including any fair value adjustments to the carrying amounts of assets or liabilities on the acquisition, are treated as assets and liabilities of that foreign operation in accordance with IAS 21 and as such are translated at the relevant foreign exchange rate at the statement of financial position date.

## 2. REVENUE AND OPERATING SEGMENTS

The Group's revenue is disaggregated by geographical market and major service lines:

### 30 June 2023 Geographical market and major service lines

	CRO services	PV services	Total services
	£000s	£000s	£000s
<b>Geographical market by client location</b>			
UK	4,824	4,548	9,859
Rest of Europe, Middle East and Africa	8,461	7,719	17,232
North America	22,980	25,343	46,657
Rest of World	1,756	1,114	2,997
	<u>38,021</u>	<u>38,724</u>	<u>76,745</u>

### 30 June 2022 Geographical market and major service lines

	CRO services	PV services	Total services
	£000s	£000s	£000s
<b>Geographical market by client location</b>			
UK	6,046	4,021	10,067
Rest of Europe, Middle East and Africa	6,180	6,470	12,650
North America	20,231	24,026	44,257
Rest of World	1,872	1,071	2,943
	<u>34,329</u>	<u>35,588</u>	<u>69,917</u>

# 31 December 2022 Geographical market and major service lines

	CRO services	PV services	Total services
	£000s	£000s	£000s
<b>Geographical market by client location</b>			
UK	11,593	8,642	20,235
Rest of Europe, Middle East and Africa	14,537	14,726	29,263
North America	42,238	48,323	90,561
Rest of World	2,995	2,208	5,203
	<u>71,363</u>	<u>73,899</u>	<u>145,262</u>

## Operating segments

Information reported to the Company's Board, which is the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, is focused on the Group operating as two business segments, being Clinical Research Services ('CRO') and Pharmacovigilance ('PV'). All revenues arise from direct sales to customers. The segment information reported below all relates to continuing operations. Following the acquisition of ADAMAS by the Group in February 2022, the associated revenues have been allocated between CRO and PV based on the nature of the revenues generated.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the gross profit earned by each segment. Other amounts, including selling, general and administration expenses were not allocated to a segment. This was the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

30 June 2023	CRO £000s	PV £000s	Consolidated total £000s
<b>Segment revenues</b>	<b>38,021</b>	<b>38,724</b>	<b>76,745</b>
Cost of sales	(25,771)	(19,325)	(45,096)
<b>Segment gross profit</b>	<b>12,250</b>	<b>19,399</b>	<b>31,649</b>
Selling, general and administration expenses			(22,015)
<b>Selling, general and administration expenses comprises:</b>			
Other selling, general and administration expenses			(19,898)
Amortisation of acquired fair valued intangible assets			(1,101)
Share-based payment charge			(602)
Acquisition costs			(414)
Other operating income			366
<b>Operating profit</b>			<b>10,000</b>
Finance income			18
Finance costs			(406)
<b>Profit before tax</b>			<b>9,612</b>

30 June 2022	CRO £000s	PV £000s	Consolidated total £000s
<b>Segment revenues</b>	34,329	35,588	69,917
Cost of sales	(23,688)	(17,302)	(40,990)
<b>Segment gross profit</b>	10,641	18,286	28,927
Selling, general and administration expenses			(19,923)
<b>Selling, general and administration expenses comprises:</b>			
Other selling, general and administration expenses			(17,123)
Amortisation of acquired fair valued intangible assets			(1,404)
Share-based payment charge			(557)
Acquisition costs			(839)
Other operating income			385
<b>Operating profit</b>			9,389
Finance income			-
Finance costs			(239)
<b>Profit before tax</b>			9,150

31 December 2022	CRO £000s	PV £000s	Consolidated total £000s
<b>Segment revenues</b>	71,363	73,899	145,262
Cost of sales	(49,276)	(36,841)	(86,117)
<b>Segment gross profit</b>	22,087	37,058	59,145
Selling, general and administration expenses			(41,627)
<b>Selling, general and administration expenses comprises:</b>			
Other selling, general and administration expenses			(36,193)
Amortisation of acquired fair valued intangible assets			(2,763)
Share-based payment charge			(1,002)
Acquisition costs			(1,669)
Research and development expenses			(121)
Other operating income			1,355
<b>Operating profit</b>			18,873
Finance income			-
Finance costs			(920)
<b>Profit before tax</b>			17,953

#### Segment net assets

	30 June 2023 £000s	30 June 2022 £000s	31 December 2022 £000s
CRO	41,346	34,939	36,318
PV	49,572	40,114	48,431
<b>Consolidated total net assets</b>	<b>90,918</b>	<b>75,053</b>	<b>84,749</b>

### 3. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	£000s	£000s	£000s
<b>EARNINGS</b>			
Profit for the purposes of earnings per share - net profit attributable to owners of the Company	7,335	7,314	14,982
Adjust for:			
Amortisation of acquired fair valued intangible assets	1,101	1,404	2,763
Share-based payment charge*	1,106	557	1,049
Acquisition costs (note 6)	414	839	1,669
Reorganisation and integration costs	1,528	38	927
Tax effect of adjusting items	(382)	(66)	(176)
<b>Adjusted earnings for the purposes of adjusted earnings per share (unaudited)</b>	<b>11,102</b>	<b>10,086</b>	<b>21,214</b>
<b>NUMBER OF SHARES</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Weighted average number of shares for the purposes of basic earnings per share	50,596,573	49,520,505	49,775,107
Incremental shares in respect of employee Share schemes	904,605	1,822,690	1,515,528
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>51,501,178</b>	<b>51,343,195</b>	<b>51,290,635</b>

\* Includes £505,000 of employment tax expense incurred by the Group in relation to share options exercised in the year

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 December 2022
	pence	pence	pence
<b>EARNINGS PER SHARE</b>			
Basic	14.5	14.8	30.1
Diluted	14.2	14.2	29.2
<b>ADJUSTED EARNINGS PER SHARE</b>			
Basic	21.9	20.4	42.6
Diluted	21.6	19.6	41.4

#### 4. FINANCE COSTS

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2022 £000s
Loan and other interest payable	-	-	455
Interest on lease liabilities	83	70	158
Other finance costs	323	169	170
	<u>406</u>	<u>239</u>	<u>920</u>

#### 5. OTHER OPERATING INCOME

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2022 £000s
Foreign grant income	-	78	203
RDEC income	338	293	698
Other income	28	14	454
	<u>366</u>	<u>385</u>	<u>1,355</u>

#### 6. ACQUISITION COSTS

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2022 £000s
Acquisition of ADAMAS	8	700	816
Acquisition of MedSource	-	-	79
Aborted and other acquisition costs	406	139	774
	<u>414</u>	<u>839</u>	<u>1,669</u>



## 7. EBITDA and Adjusted EBITDA

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Unaudited Year ended 31 December 2022
	£000s	£000s	£000s
<b>Operating profit</b>	<b>10,000</b>	<b>9,389</b>	<b>18,873</b>
Adjusted for:			
Depreciation and amortisation charges within selling, general & administration expenses	1,505	1,533	3,075
Amortisation of acquired fair valued intangible assets	1,101	1,404	2,763
<b>EBITDA</b>	<b>12,606</b>	<b>12,326</b>	<b>24,711</b>
Adjusted for:			
Share-based payment charge*	1,106	557	1,049
Acquisition costs (note 6)	414	839	1,669
Reorganisation and integration costs	1,528	38	927
<b>Adjusted EBITDA</b>	<b>15,654</b>	<b>13,760</b>	<b>28,356</b>

\* Includes £505,000 of employment tax expense incurred by the Group in relation to share options exercised in the year

## 8. INCOME TAX EXPENSE

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2023 was 23.7% (six months ended 30 June 2022: 20.1%).

## 9. GOODWILL

<b>Reconciliation of carrying amount:</b>	<b>Total £000s</b>
<b>Balance at 1 January 2023</b>	<b>41,404</b>
Arising on business combinations	-
Translation movement	(638)
<b>Balance at 30 June 2023</b>	<b>40,766</b>

As at 30 June 2023, the Group performed an assessment to identify indicators of impairment relating to goodwill allocated to cash generating units (CGUs). This included a review of internal and external indicators of impairment including considering the year-to-date performance of the relevant CGUs and any changes in key assumptions. The outcome of this assessment was that there were no indications of impairment which could reasonably be expected to eliminate the headroom computed at 31 December 2022. As a result of this assessment no impairment charges were recorded in the first half of 2023 (2022: first half £nil; full-year £nil).

A full detailed impairment review will be conducted on all CGUs at 31 December 2023.

## 10. OTHER INTANGIBLE ASSETS

	Total £000s
<b>Cost</b>	
<b>At 1 January 2023</b>	<b>45,574</b>
Additions	749
Disposals	(12)
Translation movement	(329)
<b>At 30 June 2023</b>	<b>45,981</b>
<b>Amortisation</b>	
<b>At 1 January 2023</b>	<b>29,730</b>
Charge for the period	1,239
Disposals	(14)
Translation movement	(66)
<b>At 30 June 2023</b>	<b>30,889</b>
<b>Net Book Value</b>	
<b>At 30 June 2023</b>	<b>15,092</b>
<b>At 31 December 2022</b>	15,844
<b>At 30 June 2022</b>	16,910

## 11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2023 £000s	Unaudited 30 June 2022 £000s	Audited 31 December 2022 £000s
Trade receivables	23,257	25,265	28,006
Other receivables	1,130	1,466	970
Prepayments	2,476	1,884	2,971
Corporation tax receivable	5,876	2,038	2,503
	<u>32,739</u>	<u>30,653</u>	<u>34,450</u>

Trade receivables is recorded net of impairment losses of £805,000 (2022: £344,000).

## 12. CASH AND CASH EQUIVALENTS AND BORROWINGS

	Unaudited 30 June 2023 £000s	Unaudited 30 June 2022 £000s	Audited 31 December 2022 £000s
Cash and cash equivalents	26,025	11,973	19,096
Borrowings	-	-	-
Cash and cash equivalents net of borrowings	<u>26,025</u>	<u>11,973</u>	<u>19,096</u>

The Group has undrawn £80.0 million committed multi-currency revolving credit facility (RCF) at the period ended 30 June 2023.

### 13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 £000s	Unaudited 30 June 2022 £000s	Audited 31 December 2022 £000s
Trade payables	4,324	4,915	6,507
Social security and other taxes	1,234	1,356	2,122
Other payables	1,818	2,077	1,564
Accruals	8,295	7,121	7,447
	<u>15,671</u>	<u>15,469</u>	<u>17,640</u>

### 14. ORDINARY SHARE CAPITAL

	Number	£000s
<b>Ordinary shares of £0.01 each</b>		
<b>Balance at 30 June 2022</b>	<b>49,880,029</b>	<b>499</b>
Exercise of share options	420,776	4
<b>Balance at 31 December 2022</b>	<b>50,300,805</b>	<b>503</b>
Exercise of share options	476,000	5
<b>Balance at 30 June 2023</b>	<b>50,776,805</b>	<b>508</b>

### 15. ACQUISITION OF SUBSIDIARY

There has been no acquisition of subsidiaries in the period to 30 June 2023.

On 9 February 2022, the Group acquired all of the issued share capital in ADAMAS Consulting Group Limited and its subsidiaries ("ADAMAS"). The acquisition has been completed for a cash consideration of £25.6 million, representing an enterprise value of £24.2 million and cash acquired of £1.4 million. Ergomed Plc drew down on its £15.0 million on multi-currency rolling credit facility ("RCF") on 1 February 2022 and utilised the funds and existing Group cash reserves to fund the acquisition.

ADAMAS is an international specialist consultancy offering a full range of independent quality assurance services and specialising in the audit of pharmaceutical manufacturing processes, as well as auditing clinical trials and pharmacovigilance systems.

In the period from 9 February 2022 to 31 December 2022, ADAMAS contributed revenue of £10.2 million and profit of £1.0 million to the Group's results. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been £10.8 million, and profit for the period would have been £1.0 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

**Identifiable assets acquired and liabilities assumed**

	<b>Final valuation £000s</b>
Intangible assets	10,013
Property, plant and equipment	19
Deferred tax assets	3
Trade and other receivables	1,864
Contract assets	233
Cash and equivalents	1,411
Trade and other payables	(1,252)
Contract liabilities	(14)
Taxation payable	(32)
Deferred tax liability	(2,412)
<b>Total identifiable net assets</b>	<b>9,833</b>
Goodwill	15,821
<b>Total consideration</b>	<b>25,654</b>
<b>Satisfied by</b>	
Cash consideration	25,654
<b>Total consideration</b>	<b>25,654</b>
<b>Net cash outflow arising on acquisition</b>	
Cash consideration	25,654
Less: cash and cash equivalent balances acquired	(1,411)
Transaction expenses	1,056
	<b>25,299</b>

Included within intangible assets are customer relationships of £8,541,000, brand of £738,000 and contracted orderbook of £723,000 recognised on acquisition. The Group incurred acquisition related costs of £240,000 related to due diligence and legal activities in the year ended 31 December 2021 and £816,000 in period to 31 December 2022. These costs have been included in acquisition costs within selling and administrative expenses in the Group's consolidated income statement.

## 16. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at the reporting date.

	Carrying amount				Fair value	
	Financial assets at fair value through profit and loss £000s	Financial assets at amortised cost £000s	Financial liabilities at amortised cost £000s	Financial liabilities at fair value through profit and loss £000s	Total £000s	Total £000s
<b>30 June 2023</b>						
<b>Financial assets</b>						
Trade receivables	–	23,257	–	–	23,257	23,257
Other receivables	–	902	–	–	902	902
Cash and cash equivalents	–	26,025	–	–	26,025	26,025
Derivative assets	143	–	–	–	143	143
	143	50,184	–	–	50,327	50,327
<b>Financial liabilities</b>						
Lease liabilities	–	–	3,016	–	3,016	3,016
Trade payables	–	–	4,324	–	4,324	4,324
Amounts payable to related parties	–	–	–	–	–	–
Other payables	–	–	1,818	–	1,818	1,818
Derivative liabilities	–	–	–	–	–	–
Accruals	–	–	8,295	–	8,295	8,295
	–	–	17,453	–	17,453	17,453

	Carrying amount				Fair value	
	Financial assets at fair value through profit and loss £000s	Financial assets at amortised cost £000s	Financial liabilities at amortised cost £000s	Financial liabilities at fair value through profit and loss £000s	Total £000s	Total £000s
<b>30 June 2022</b>						
<b>Financial assets</b>						
Trade receivables	–	25,265	–	–	25,265	25,265
Other receivables	–	1,451	–	–	1,451	1,451
Cash and cash equivalents	–	11,973	–	–	11,973	11,973
Derivative assets	15	–	–	–	15	15
	15	38,689	–	–	38,704	38,704
<b>Financial liabilities</b>						
Lease liabilities	–	–	2,586	–	2,586	2,586
Trade payables	–	–	4,915	–	4,915	4,915
Other payables	–	–	2,077	–	2,077	2,077
Derivative liabilities	–	–	–	783	783	783
Accruals	–	–	7,121	–	7,121	7,121
	–	–	16,699	783	17,482	17,482

	Carrying amount				Fair value	
	Financial assets at fair value through profit and loss £000s	Financial assets at amortised cost £000s	Financial liabilities at amortised cost £000s	Financial liabilities at fair value through profit and loss £000s	Total £000s	Total £000s
<b>31 December 2022</b>						
<b>Financial assets</b>						
Trade receivables	–	28,006	–	–	28,006	28,006
Other receivables	–	745	–	–	745	745
Cash and cash equivalents	–	19,096	–	–	19,096	19,096
Derivative assets	84	–	–	–	84	84
	84	47,847	–	–	47,931	47,931
<b>Financial liabilities</b>						
Lease liabilities	–	–	2,908	–	2,908	2,908
Trade payables	–	–	6,507	–	6,507	6,507
Other payables	–	–	1,561	–	1,561	1,561
Derivative liabilities	–	–	–	134	134	134
Accruals	–	–	7,447	–	7,447	7,447
	–	–	18,423	134	18,557	18,557

#### Financial instruments measured at fair value

The financial instruments measured at fair value have been categorised within the fair value hierarchy based on the valuation technique used to determine fair value at the reporting date.

	30 June 2023 £000s	30 June 2022 £000s	31 December 2022 £000s
<b>Financial assets</b>			
Equity investments – Level 1	–	38	–
Foreign currency forward contracts used for hedging – Level 2	143	15	84
<b>Financial assets measured at fair value</b>	143	53	84
<b>Financial liabilities</b>			
Foreign currency forward contracts used for hedging – Level 2	–	783	134
<b>Financial liabilities measured at fair value</b>	–	783	134

#### Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

#### Equity investments (Level 1)

Equity investments which are publicly quoted are measured based on the quoted market price.

The level 1 investment held in Modus Therapeutics Holding AB was disposed of during the year ended 31 December 2022 for proceeds (net of sale costs) of £11,000.

## 17. SUBSEQUENT EVENTS

On 4 September 2023, Ergomed plc (the "Company") announced that they have reached agreement on the terms of a recommended cash acquisition pursuant to which Eden AcquisitionCo Limited, a newly incorporated company controlled and indirectly wholly owned by the Permira funds advised by Permira Advisers LLP ("Permira"), will acquire the entire issued and to be issued ordinary share capital of the Company (the "Acquisition").

It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the "Scheme") expected to be effective during Q1 2024, subject to the satisfaction or (where applicable) waiver of all relevant conditions. The conditions include, amongst other things, the approval by shareholders of the acquisition and the obtaining of relevant authorisation and regulatory clearances in certain countries in which the Company operates.

Under the terms of the Acquisition, each Scheme Shareholder will be entitled to receive 1,350 pence in cash for each Ergomed Share valuing the Company at approximately £703.1 million.

Other than as described above, there were no material post balance sheet events between the balance sheet date and the date of this report.