



# Half-year Report

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 Venn Life Sciences Holdings PLC  
 25 September 2018

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**Venn Life Sciences Holdings Plc  
 ("Venn" or the "Company")  
 Interim Results for 6 months ended 30 June 2018**

Venn Life Sciences ("Venn") an Integrated Drug Development Partner offering a combination of drug development expertise and clinical trial design and management to pharmaceutical, biotechnology and medical device organisations announces its unaudited interim results for the six months ended 30 June 2018.

**Financial Highlights**

- Total Revenue of €7.8m (H1 2017: €9.1m)
- Service Fee Income of €7.4m (H1 2017: €8.2m)
- EBITDA of €0.21m (H1 2017 profit: €0.41m)
- Operating loss of €0.26m (H1 2017: Operating profit of €0.01m) after amortisation and depreciation charge of €0.47m (H1 2017: €0.39m)
- Cash and cash equivalents of €0.81m as at 30<sup>th</sup> June 2018 (€2.9m as at 30th June 2017)

**Operational Highlights**

- Performance impacted by delayed conversion of full service client contract
- Focus on strengthening the business development capabilities in the team with investment in new personnel, lead generation and increased marketing activities
- Further development of our expertise and reputation in the rare disease arena through successful program management and the generation of new clients

**Post period end**

- The buyout of minority interest in Venn France
- Share placing for GBP£650k at 6p per share completed in July
- Expansion of Venn's Biometry capabilities through the purchase of the staff and contracts of CRM Biometrics, Germany

**Commenting today, Allan Wood, non-Executive Chairman of Venn, said:**

*"Any services business is dependent upon conversion of opportunity into billable work to maintain the occupancy of its employees and its margins. Although we have used the flexibility in our resource cost base to mitigate the impact of conversion delays, our*

*profitability has been impacted this period. This period has seen a significant investment in business development which is delivering opportunities into our pipeline and our recent small acquisition has also strengthened our sales & delivery capabilities. Consistent with our strategy update earlier this year we continue to evaluate both organic and in-organic growth options as we move forward"*

*The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

#### **Enquiries:**

##### **Venn Life Sciences Holdings Plc**

Allan Wood, Non-Executive Chairman  
Tony Richardson, Chief Executive Officer

Tel: +353 1 5499341

##### **Cenkos (Nominated adviser and Joint- Broker)**

Mark Connelly/Steve Cox (Corporate Finance)

Tel: +44  
(0) 20 7397 8900

##### **Davy (ESM adviser and Joint-Broker)**

Fergal Meegan/Matthew de Vere White (Corporate Finance)

Tel: +353 (1) 679 6363

##### **Hybridan LLP (Joint-Broker)**

Claire Louise Noyce

Tel: +44 (0)20 3764 2341

#### **CHAIRMAN'S STATEMENT**

Dear Shareholder,

The first half of 2018 has seen the delivery of key project milestones on our larger projects, providing us with valuable reference points that endorse our delivery capabilities and build confidence with new and existing clients. We have coupled this progress with a significant investment in business development and expect to see a return on this, in the form of improved order book, in the future. Unfortunately, delayed conversion of certain client contracts coupled with increased investment in sales, has impacted our profitability this period.

##### **Financial Results**

Service fee income, which excludes passthrough and other income for the first six months of 2018 was €7.4m (H1 2017: €8.2m). We have seen improvements in the underlying project mix with reduced dependency on our largest client and a better balanced book of business moving forward. EBITDA for the period was €0.21m (H1 2017: €0.41m) after accounting for an increased investment in business development. Gross margins improved to 41% (H1 2017: 40%) in this financial period and cash and cash equivalents at the end of the period were €0.81m (H1 2017: €2.9m). Post the period end, the company raised €0.65m through a placing of new ordinary shares at 6p per share.

### Operational Review

The key focus for this period has been strengthening the business development function through key hires and investment in prospecting, lead generation and marketing support. We delivered key project milestones which endorse our capabilities and improve new business generation opportunities. We have also focussed on our resource base using a balance between our own employees and contractors / sub-contractors to manage project conversion delays.

### Outlook

In the context of some of our larger programs concluding I am pleased with the profile of the replacement business and while we have not delivered revenue growth in the period I am pleased with the current business development approach and expect this will deliver significant order book improvement. Since the period end we have strengthened our Biometrics capabilities with the addition of staff and contracts from CRM Biometrics, Germany. We have quickly integrated these capabilities into our existing structures and see strong growth prospects for Biometry both as a standalone service and as part of our full-service offering. We are optimistic of receiving our first preferred vendor award, with a leading European Biotech, a direct result of our investments this year.

**Allan Wood**  
**Chairman**  
**25 September 2018**

## Consolidated Statement of Comprehensive Income For the six months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 €'000	Unaudited 6 months ended 30 June 2017 €'000	Audited Year ended 31 December 2017 €'000
<b>Continuing operations</b>			
Revenue	7,780	9,146	17,815
Administrative expenses	(8,045)	(9,136)	(17,763)
<b>Operating (loss)/profit</b>	<b>(265)</b>	<b>10</b>	<b>52</b>
Depreciation and amortisation	(473)	(392)	(891)
Exceptional items	-	(12)	(25)
<b>EBITDA before exceptional items</b>	<b>207</b>	<b>414</b>	<b>968</b>
Finance income	-	-	-
Finance costs	-	-	-
Impairment of Financial Asset	(360)	-	-
Investments	-	-	(874)
Share of loss of investments accounted for using the equity method	-	(543)	(843)
<b>Loss before income tax</b>	<b>(625)</b>	<b>(533)</b>	<b>(1,665)</b>
Income tax credit	33	48	127
<b>Loss for the period from continuing operations</b>	<b>(592)</b>	<b>(485)</b>	<b>(1,538)</b>
<b>Discontinued Operations</b>			
Profit/(loss) for the period from discontinued operations	-	-	-

<b>Loss for the period</b>	<b>(592)</b>	<b>(485)</b>	<b>(1,538)</b>
<b>Loss attributable</b>			
Owners of the parent	(592)	(477)	(1,538)
Non-controlling interest	-	(8)	-
<b>Loss for the year</b>	<b>(592)</b>	<b>(485)</b>	<b>(1,538)</b>
Currency translation differences	(46)	20	(139)
Share of currency translation differences in associates accounted for using the equity method	-	(65)	-
<b>Total comprehensive loss for the period</b>	<b>(638)</b>	<b>(530)</b>	<b>(1,677)</b>
<b>Earnings/(loss) per share from continuing and discontinued operations attributable to the owners of the parent during the period</b>			
<b>Basic earnings/(loss) per share</b>	<b>€ Cent</b>	<b>€ Cent</b>	<b>€ Cent</b>
From continuing operations	(1.05)	(0.79)	(2.78)
From discontinued operations	-	-	-
<b>From profit/(loss) for the year</b>	<b>(1.05)</b>	<b>(0.79)</b>	<b>(2.78)</b>
<b>Diluted earnings/(loss) per share</b>	<b>€ Cent</b>	<b>€ Cent</b>	<b>€ Cent</b>
From continuing operations	(0.97)	(0.71)	(2.56)
From discontinued operations	-	-	-
<b>From profit/(loss) for the year</b>	<b>(0.97)</b>	<b>(0.71)</b>	<b>(2.56)</b>

## Consolidated Statement of Financial Position

### As at 30 June 2018

	Unaudited As at 30 June 2018 €'000	Unaudited As at 30 June 2017 €'000	Audited As at 31 December 2017 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	291	492	312
Intangible assets	3,615	4,110	4,034
Available-for-sale Intangible assets	-	-	-
Investments	351	1,903	711
<b>Total non-current assets</b>	<b>4,257</b>	<b>6,505</b>	<b>5,057</b>
<b>Current assets</b>			
Trade and other receivables	6,455	4,990	5,874
Income tax recoverable	42	104	107
Available-for-sale current assets	-	-	-
Cash and cash equivalents	807	2,933	1,175
<b>Total current assets</b>	<b>7,304</b>	<b>8,027</b>	<b>7,156</b>
<b>Total assets</b>	<b>11,561</b>	<b>14,532</b>	<b>12,213</b>
<b>Equity attributable to owners</b>			
Share capital	155	155	155
Share premium account	14,026	14,026	14,026
Group re-organisation reserve	(566)	(541)	(541)
Reverse acquisition reserve	45	45	45
Foreign currency reserves	(172)	(36)	(126)
Share option reserve	-	30	-
Retained earnings	(5,397)	(3,771)	(4,804)
	<b>8,091</b>	<b>9,908</b>	<b>8,755</b>

Non-controlling interest	-	(8)	-
<b>Total equity</b>	<b>8,091</b>	<b>9,900</b>	<b>8,755</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	-	8	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Current liabilities</b>			
Trade and other payables	3,036	4,069	2,999
Available-for-sale current liabilities	-	-	-
Deferred taxation	425	529	434
Deferred consideration	-	-	-
Borrowings	9	26	25
<b>Total current liabilities</b>	<b>3,470</b>	<b>4,624</b>	<b>3,458</b>
<b>Total liabilities</b>	<b>3,470</b>	<b>4,632</b>	<b>3,458</b>
<b>Total equity and liabilities</b>	<b>11,561</b>	<b>14,532</b>	<b>12,213</b>

## Consolidated Statement of Cash Flows For the 6 months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 €'000	Unaudited 6 months ended 30 June 2017 €'000	Audited Year ended 31 December 2017 €'000
<b>Cash Flow from operations</b>			
Loss before income tax - continuing operations	(609)	(533)	(1,665)
Adjustments:			
- Depreciation & Amortisation	473	392	864
- Foreign currency movement	(62)	(28)	(139)
- Exceptional Item	-	12	-
- Net finance costs	-	-	-
- Share options charge	-	2	-
- Share in associated undertakings	-	543	843
Changes in working capital			
- Decrease in financial asset fair value	360	-	949
- Increase in intangible assets	(3)	45	-
- Trade and other receivables	(350)	(588)	(1,472)
- Trade and other payables	(193)	360	(662)
Cash used in operations	(384)	205	(1,282)
Interest paid	-	-	-
Income tax received/(paid)	88	-	(64)
<b>Net cash generated/(used) in operating activities</b>	<b>(296)</b>	<b>205</b>	<b>(1,346)</b>
<b>Cash flow from investing activities</b>			
Investment in subsidiary/ associate	(25)	(473)	(465)
Exceptional costs	-	(12)	-
Purchase of Intellectual Property	-	-	(327)
Purchase of property, plant and equipment (PPE)	(30)	(301)	(193)
Interest received	-	-	-
<b>Net cash used in investing activities</b>	<b>(55)</b>	<b>(786)</b>	<b>(985)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of ordinary shares	-	-	-
Repayments on borrowings	(17)	(26)	(35)
<b>Net cash flow from financing activities</b>	<b>(17)</b>	<b>(26)</b>	<b>(35)</b>

<b>Net (decrease) in cash and cash equivalents</b>	(368)	(607)	(2,366)
Cash and cash equivalents at beginning of year	1,175	3,541	3,541
Exchange gain on cash and cash equivalents	-	(1)	-
<b>Cash and cash equivalents at end of period</b>	<b>807</b>	<b>2,933</b>	<b>1,175</b>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Unaudited 6 months ended 30 June 2018 €'000	Unaudited 6 months ended 30 June 2017 €'000	Audited Year ended 31 December 2017 €'000
Cash and cash equivalents	807	2,933	1,175
Discontinued Operations cash and cash equivalents	-	-	-
<b>Cash and cash equivalents</b>	<b>807</b>	<b>2,933</b>	<b>1,175</b>

## Consolidated Statement of Changes in Shareholders' Equity

	Share capital €'000	Share premium €'000	Re- organisation & reverse acquisition reserve €'000	Share Option reserve €'000	Foreign Currency reserve €'000	Retained earnings €'000	Total €'000	Non- controlling Interests €'000	Total €'000
<b>At 1 January 2017</b>	<b>155</b>	<b>14,026</b>	<b>(496)</b>	<b>28</b>	<b>13</b>	<b>(3,294)</b>	<b>10,432</b>	<b>-</b>	<b>10,432</b>
<b>Changes in equity for 6 months ended 30 June 2017</b>									
Total loss for the period	-	-	-	-	-	(477)	(477)	(8)	(485)
Currency translation differences	-	-	-	-	(49)	-	(49)	-	(49)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45)</b>	<b>(477)</b>	<b>(522)</b>	<b>(8)</b>	<b>(530)</b>
<b>Transactions with the owners</b>									
Share options reserve created	-	-	-	2	-	-	2	-	2
<b>At 30 June 2017</b>	<b>155</b>	<b>14,026</b>	<b>(496)</b>	<b>30</b>	<b>(36)</b>	<b>(3,771)</b>	<b>9,908</b>	<b>(8)</b>	<b>9,900</b>
<b>Changes in equity for 6 months ended 31 December 2017</b>									
Total loss for the period	-	-	-	-	-	(1,033)	(1,033)	8	(1,025)
Currency translation differences	-	-	-	-	(90)	-	(90)	-	(90)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90)</b>	<b>(1,033)</b>	<b>(1,123)</b>	<b>8</b>	<b>(1,115)</b>
<b>Transactions with the owners</b>									
Share options reserve reversed	-	-	-	(30)	-	-	(30)	-	(30)
<b>At 31 December 2017</b>	<b>155</b>	<b>14,026</b>	<b>(496)</b>	<b>-</b>	<b>(126)</b>	<b>(4,804)</b>	<b>8,755</b>	<b>-</b>	<b>8,755</b>
<b>Changes in equity for 6 months ended 30 June 2018</b>									
Investment in subsidiary	-	-	(25)	-	-	-	(25)	-	(25)
Total loss for the period	-	-	-	-	-	(592)	(592)	-	(592)
Currency translation differences	-	-	-	-	(46)	-	(46)	-	(46)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>-</b>	<b>(46)</b>	<b>(592)</b>	<b>(663)</b>	<b>-</b>	<b>(663)</b>
<b>Transactions with the owners</b>									
Shares /Options issued	-	-	-	-	-	-	-	-	-
<b>At 30 June 2018</b>	<b>155</b>	<b>14,026</b>	<b>(521)</b>	<b>-</b>	<b>(172)</b>	<b>(5,397)</b>	<b>(8,091)</b>	<b>-</b>	<b>(8,091)</b>

**NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS****1. General information and basis of presentation**

Venn Life Sciences Holdings Plc is a company incorporated in England and Wales. The Company is a public limited company listed on the AIM market of the London Stock Exchange. The address of the registered office is 4 Lombard Street, London, EC3V 9HD.

The Group's principal activity continues to be that of a Clinical Research Organisation (CRO) providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations.

The financial information in these interim results is that of the holding company and all of its subsidiaries. They have been prepared in accordance with IAS 34. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2017 and which will form the basis of the 2018 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2017 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2018 and 30 June 2017 is unaudited and the twelve months to 31 December 2017 is audited.

**2. Earnings per share****(a) Basic**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited 6 months ended 30 June 2018 €'000</b>	<b>Unaudited 6 months ended 30 June 2017 €'000</b>	<b>Audited Year ended 31 December 2017 €'000</b>
Loss from continuing operations attributable to equity holders of the Company (€'000)	(638)	(477)	(1,677)
Profit/(loss) from discontinued operations attributable to owners of the parent	-	-	-
<b>Total</b>	<b>(638)</b>	<b>(477)</b>	<b>(1,677)</b>
Weighted average number of Ordinary Shares in issue	60,561,813	60,284,263	60,284,263

## 2. Earnings per share (Continued)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Weighted average number of shares used as the denominator :

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017 (Restated)	Audited Year ended 31 December 2017
Weighted average number of Ordinary Shares in issue	60,561,813	60,284,263	60,284,263
Adjustments for calculation of diluted earnings per share:			
Options	4,985,288	4,985,288	4,985,288
Warrants	166,666	166,666	166,666
<b>Total</b>	<b>65,713,767</b>	<b>65,436,217</b>	<b>65,436,217</b>

## 3. Dividends

There were no dividends provided or paid during the six months.

## 4. Press

A copy of this announcement is available from the Company's website, being [www.vennlifesciences.com](http://www.vennlifesciences.com). If you would like to receive a hard copy of the interim report, please contact the Venn Life Sciences Holdings Plc offices on +31 (0) 524 712 456 to request a copy.

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