

10 May 2019

Venn Life Sciences Holdings Plc
("Venn", "Venn Life Sciences" or the "Company")

Preliminary Final Results for the year ended 31 December 2018

Venn Life Sciences (AIM: 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 results for the year ended 31 December 2018.

Financial Highlights

- Total revenue was €14.6m (2017: €17.8m)
- EBITDA Loss (before exceptional items) of €1.06m (2017: profit €0.96m)
- Write down of €2.2m on the impairment of Intangible Assets
- Loss for the year after tax of €4.5m (2017: €1.5m) after a charge of €2.6m (2017: €1.7m) being investment write-down on Integumen PLC (€0.4m) and impairment of intangible assets (€2.2m)
- Arrangement of €1.0 million loan note in December to support working capital and collaboration with Open Orphan
- Cash and cash equivalents of €1.1m as at 31 December 2018 (2017: €1.2m)

Operational Highlights

- Improved revenue mix with lower key client dependency
- Maintenance of billable resource base despite project deferrals, enabling quicker business recovery
- Strategic collaboration with Open Orphan and focus on Rare and Orphan indications
- Successful management of ground breaking, life saving technology development program providing invaluable reference point for future business generation

Outlook

Post the year end the Company has experienced a continuation of prior year trends with low utilisation resulting in revenue and EBITDA being behind management forecasts for the year to date. Based on the current proposals book the Directors expect there should be an increase in revenues and profitability in the coming months. However, the Company continues to require careful management of available cash resources and the Directors expect additional financial resource to be required in order for the Company to successfully execute its growth strategy.

Commenting on the Group's results, Tony Richardson, CEO of Venn, said:

"While the confidential nature of our business prevents us from fully disclosing client and technology details, I am pleased to communicate that we have played a pivotal role in the development of a successful drug for the treatment of a rare medical condition. This is the culmination of three years work and provides a critical proof point regarding Venn's drug development capabilities. We have significantly advanced our credentials as a drug development partner and begin this year with greater credibility in the eyes of current and prospective clients. We are committed to further service and geographical expansion of our business in 2019 and further to our collaboration announcement in December 2018 have made significant strides in developing our platform offering for Rare and Orphan drug developers"

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Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

| | 2018 €'000 | 2017 €'000 |
|--|----------------|----------------|
| Continuing operations | | |
| Revenue | 14,185 | 17,405 |
| Direct Project and Administrative Costs | (16,552) | (17,763) |
| Other operating income | 371 | 410 |
| Operating (loss)/Profit | (1,996) | 52 |
| Depreciation | (95) | (99) |
| Amortisation | (840) | (792) |
| Exceptional items | (-) | (25) |
| EBITDA before exceptional items | (1,061) | 968 |
| Finance income | 10 | - |
| Finance costs | - | - |
| Share of loss of investments accounted for using the equity method | (-) | (874) |
| Impairment of fixed asset investments | (421) | (843) |
| Impairment of Intangible Assets | (2,232) | - |
| (Loss) before income tax | (4,639) | (1,665) |
| Income tax credit | 129 | 127 |
| (Loss) for the year from continuing operations | (4,510) | (1,538) |
| Discontinued operations | | |
| Profit for the year from discontinued operations | - | - |
| (Loss) for the year | (4,510) | (1,538) |
| Loss for the year is attributable to: | | |
| Owners of the parent | (4,510) | (1,538) |
| Non-controlling interests | - | - |
| | (4,510) | (1,538) |
| Other comprehensive income | | |
| Currency translation differences | 85 | (139) |
| Total comprehensive (loss) for the year | (4,425) | (1,677) |
| Total comprehensive (loss) for the year is attributable to: | | |
| Owners of the parent | (4,425) | (1,677) |
| Non-controlling interests | - | - |
| | (4,425) | (1,677) |
| Total comprehensive (loss) for the year attributable to owners of the parent arises from: | | |
| Continuing operations | (4,425) | (1,677) |
| Discontinued operations | - | - |
| | (4,425) | (1,677) |
| Earnings per share from continuing and discontinued operations attributable to owners of the parent during the year | | |
| Basic (loss) per ordinary share | | |
| From continuing operations | (6.77c) | (2.78c) |
| From discontinued operations | - | - |
| From (loss) for the year | (6.77c) | (2.78c) |
| Diluted (loss) per ordinary share | | |
| From continuing operations | (6.12c) | (2.56c) |
| From discontinued operations | - | - |
| From (loss) for the year | (6.12c) | (2.56c) |

Consolidated and Company's Statement of Financial Position

As at 31 December 2018

| | Group 2018 €'000 | Group 2017 Restated €'000 |
|--------------------------------------|------------------------|------------------------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 263 | 312 |
| Intangible assets | 996 | 4,034 |
| Investments in subsidiaries | - | - |
| Assets held for sale | 259 | 680 |
| Investments | 31 | 31 |
| Total non-current assets | 1,549 | 5,057 |
| Current assets | | |
| Trade and other receivables | 6,517 | 5,514 |
| Income tax recoverable | 57 | 107 |
| Cash and cash equivalents | 1,098 | 1,175 |
| Total current assets | 7,672 | 6,796 |
| Total assets | 9,221 | 11,853 |
| Equity attributable to owners | | |
| Share capital | 168 | 155 |
| Share premium account | 14,701 | 14,026 |
| Group re-organisation reserve | (541) | (541) |
| Merger relief reserve | - | - |
| Reverse acquisition reserve | 45 | 45 |
| Other Reserve | (34) | - |
| Foreign currency reserves | (41) | (126) |
| Share option reserve | - | - |
| Retained earnings | (9,674) | (5,164) |
| | 4,624 | 8,395 |
| Non-controlling interest | - | - |
| Total equity | 4,624 | 8,395 |
| Liabilities | | |
| Non-current liabilities | | |
| Borrowings | - | - |
| Total non-current liabilities | - | - |
| Current liabilities | | |
| Trade and other payables | 3,786 | 2,999 |
| Deferred taxation | 342 | 434 |
| Borrowings | 469 | 25 |
| Total current liabilities | 4,597 | 3,458 |
| Total liabilities | 4,597 | 3,458 |
| Total equity and liabilities | 9,221 | 11,853 |

Consolidated and Company's Statement of Cash Flows

For the year ended 31 December 2018

| Notes | Group 2018 €'000 | Group 2017 €'000 |
|--|------------------------|------------------------|
| Cash Flow from operating activities | | |
| Continuing operations | | |
| Cash used in operations | (1,105) | (1,285) |
| Income tax received/(paid) | (-) | (64) |
| Net cash used in operating activities | (1,105) | (1,346) |
| Cash flow from investing activities | | |
| Investment in associate | (35) | (465) |
| Purchase of intellectual property | (33) | (327) |
| Purchase of property, plant and equipment | (46) | (193) |
| Refund of Escrow | - | - |
| Interest received | 10 | - |
| Net cash used in investing activities | (104) | (985) |
| Cash flow from financing activities | | |
| Proceeds from issuance of ordinary shares | 687 | - |
| Proceeds from invoice discounting | 469 | - |
| Repayments on borrowings | (25) | (35) |
| Net cash generated by financing activities | 1,132 | (35) |
| Net increase/ (decrease) in cash and cash equivalents | | |
| | (77) | (2,366) |
| Cash and cash equivalents at beginning of year | 1,175 | 3,541 |
| Exchange losses on cash and cash equivalents | - | - |
| Cash and cash equivalents at end of year | 1,098 | 1,175 |

Consolidated Statement of Changes in Shareholders' Equity

| | Share capital €'000 | Share premium €'000 | Re-organisation & Reverse acquisition & other reserve €'000 | Share Option reserve €'000 | Foreign currency reserve €'000 | Retained earnings €'000 | Total €'000 | Non-controlling interests €'000 | Total €'000 |
|--|------------------------|------------------------|--|-------------------------------|-----------------------------------|----------------------------|----------------|------------------------------------|----------------|
| At 1 January 2017 | 155 | 14,026 | (496) | 28 | 13 | (3,294) | 10,432 | - | 10,432 |
| Changes in equity for the year ended 31 December 2017 | | | | | | | | | |
| (Loss) for the year | - | - | - | - | - | (1,538) | (1,538) | - | (1,538) |
| Currency translation differences | - | - | - | - | (139) | - | (139) | - | (139) |
| Total comprehensive (loss) for the year | - | - | - | - | (139) | (1,538) | (1,677) | (-) | (1,677) |
| Transactions with the owners | | | | | | | | | |
| Shares issued | - | - | - | - | - | - | - | - | - |
| Share option provision reversed | - | - | - | (28) | - | 28 | - | - | - |
| Total contributions by and distributions to owners | - | - | - | (28) | - | 28 | - | - | - |
| At 31 December 2017 as previously stated | 155 | 14,026 | (496) | - | (126) | (4,804) | 8,755 | (-) | 8,755 |
| Prior year adjustment | - | - | - | - | - | (360) | (360) | (-) | (360) |
| At 31 December 2017 after prior year adjustment | 155 | 14,026 | (496) | - | (126) | (5,164) | 8,395 | (-) | 8,395 |
| Changes in equity for the year ended 31 December 2018 | | | | | | | | | |
| (Loss) for the year | - | - | - | - | - | (4,510) | (4,510) | - | (4,510) |
| Currency translation differences | - | - | - | - | 85 | - | 85 | - | 85 |
| Total comprehensive profit /(loss) for the year | - | - | - | - | 85 | (4,510) | (4,425) | - | (4,425) |
| Transactions with the owners | | | | | | | | | |
| Shares issued | 13 | 675 | - | - | - | - | 688 | - | 688 |
| Purchase of minority Interest | - | - | (34) | - | - | - | (34) | - | (34) |
| Total contributions by and distributions to owners | 13 | 675 | (34) | - | - | - | 654 | - | 654 |
| At 31 December 2018 | 168 | 14,701 | (530) | - | (41) | (9,674) | 4,624 | - | 4,624 |

1. General information

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. On 18 January 2016, the company also listed on the ESM market of the Irish Stock Exchange. The address of the registered office is 1 Berkeley Street, London, W1J 8DJ.

The principal activity of the Group is that of a Clinical Research Organisation providing a suite of consulting and clinical trial services to pharmaceutical, biotechnology and medical device organisations. The Group has a presence in the UK, Ireland, France, Netherlands, Germany and Singapore.

The financial statements are presented in Euros, the currency of the primary economic environment in which the Group's trading companies operate. The Group comprises Venn Life Sciences Holdings Plc and its subsidiary companies.

The registered number of the Company is 07514939.

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.

| | Draft Year ended 31 December 2018 €'000 | Audited Year ended 31 December 2017 €'000 |
|---|--|--|
| Loss from continuing operations attributable to equity holders of the Company (€'000) | (4,425) | (1,677) |
| Total | (4,425) | (1,677) |
| Weighted average number of Ordinary Shares in issue | 65,293,943 | 60,284,263 |

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 :

| | Draft Year ended 31 December 2018 | Audited Year ended 31 December 2017 |
|--|--|--|
| Weighted average number of Ordinary Shares in issue | 65,293,943 | 60,284,263 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options | 6,544,167 | 4,985,288 |
| Warrants | 418,749 | 166,666 |
| Total | 72,256,859 | 65,436,217 |

3. Prior Year adjustment

The adjustment of €360,000 to opening retained earnings relates to year end 2016 and earlier periods and is made up of the following two items:

1. As a result of the adoption of IFRS15 a full review of accrued income on all active and completed contracts was undertaken in 2018 and the result was a €226,000 correction was required to the year end 2016 retained earnings balance carried forward.
2. A consolidation adjustment was made in 2016 relating to amount of €134,000 held in an Escrow account. This consolidation adjustment should have been reversed in 2017 when the escrow account was settled but was over-looked. Consequently, the 2016 retained earnings carried forward are now being corrected.