



Venture Life Group plc 2014 Final Results

March 2015

International consumer self-care products



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Introducing Venture Life

- The market opportunity
- Our current products
- Operational leverage to sales success
- Financial Results
- News flow
- Summary

Introducing Venture Life Group



UK Sales & Marketing Office - Berkshire



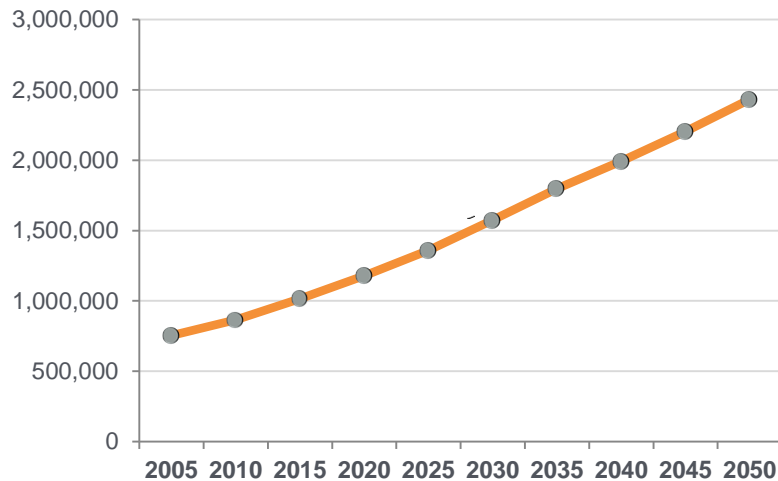
Development & manufacturing – Milan, Italy



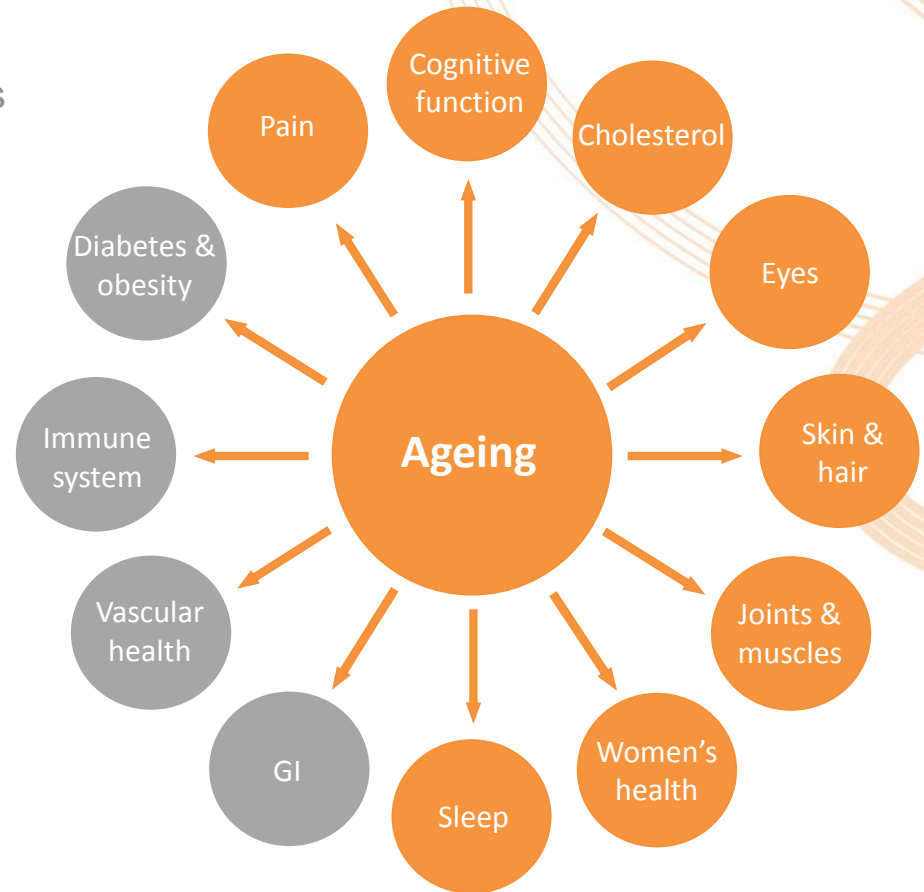
The ageing population opportunity

- Set to double over next 35 years
- Higher aspirations than previous generations

World population of persons 60+ ('000)¹



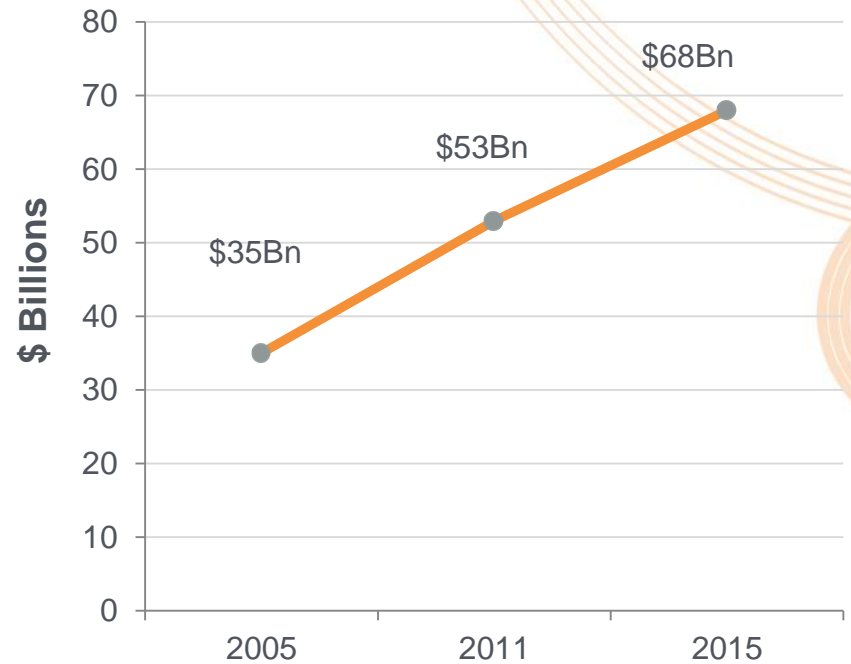
- Concerns over self image
- Concerns over impaired function



Characteristics of an ageing population



Projected growth of global food supplement market (2005-2015)¹



Source :

1. www.atkearney.com/en_GB/health/ideas-insights/article/-/asset_publisher/LCcgOeS4t85g/content/winning-the-battle-for-consumer-healthcare-mobilizing-for-action/10192 - FIGURE 4

Human bodies deteriorate over time

- 40% of adult population have elevated cholesterol
- 50% of adults globally suffer from age-related memory loss
- Diabetes affects 285 million worldwide
- Half a billion adults worldwide are estimated to be obese
- 50% of US population will suffer from haemorrhoids in their lifetime

And..

- 75% of financial assets in the US are held by the over 50s

Are you choosing the right care?

Remember: A&E is for life threatening illnesses and injuries only.



- NHS recent strategy
- Directing patients to self care and pharmacy BEFORE going to GP

Our products

- We seek to occupy the middle ground between prescription pharmaceutical products and unregulated health foods
- That is the regulated OTC environment
- Sold through the pharmacy with pharmacists recommendation
- Medical devices, food supplements, dermo-cosmetics
- Regulated health claims – cause and effect relationship
- Manufactured to GMP, ISO 13485

LDL cholesterol reduction

- Approx. 40% of adults globally have high cholesterol¹
- Benecol brand – est. €200m
- Contains patented ingredient, one of the world's top 10 nutritional innovations²
- Clinically proven – 70 published clinical studies
- Venture Life granted exclusive rights to develop and sell Benecol food supplements in certain EU & other markets
- Convenient, portable, two year shelf life
- Currently developing liquid sachet version



Source :

1. World Health Organisation 2008
2. www.ncbi.nlm.nih.gov/pubmed/17928804

Brain function and memory

- Global food supplement market (cognitive health) is valued at \$1.39bn (2012) – 23% growth from 2007
- More than 50% of adults over 60 years globally suffer from Age Related Memory Loss
- Cognitive decline is already evident by middle age (45-49 years) – *British Medical Journal, 2012*
- Developed in conjunction with our scientific advisor and wholly owned by Venture Life
- Six double blind, placebo controlled results show statistically significant improvement
- Licensed in nine countries already, targeting 30+



Skin care



- Lissio range – for skin ageing: hyper pigmentation, fine lines, sensitive skin
- Lubatti – luxury skincare brand, with history and heritage
- Original Bioscalin – for the treatment of hair loss, hair thinning
- ZipClear – for the treatment of herpes simplex (known as cold sores)

Pain management



- Procto-eze – for the relief of symptoms associated with haemorrhoids
- Guma-eze – for the relief of gum inflammation
- Ox-eze – for the management and relief of muscular aches and joint pain

Leverage to sales success

	EU	MENA	USA	LATAM	FAR EAST
NeuroAge	✓✓✓✓✓✓✓	✓✓			
Benecol	✓	✓			
Lubatti/Lissio		✓✓✓			✓✓
Procto-eze	✓✓✓✓✓✓				
Hair loss	✓	✓			
Vonalei					
Others...					

- NPD strategy - new products (developed/acquired)

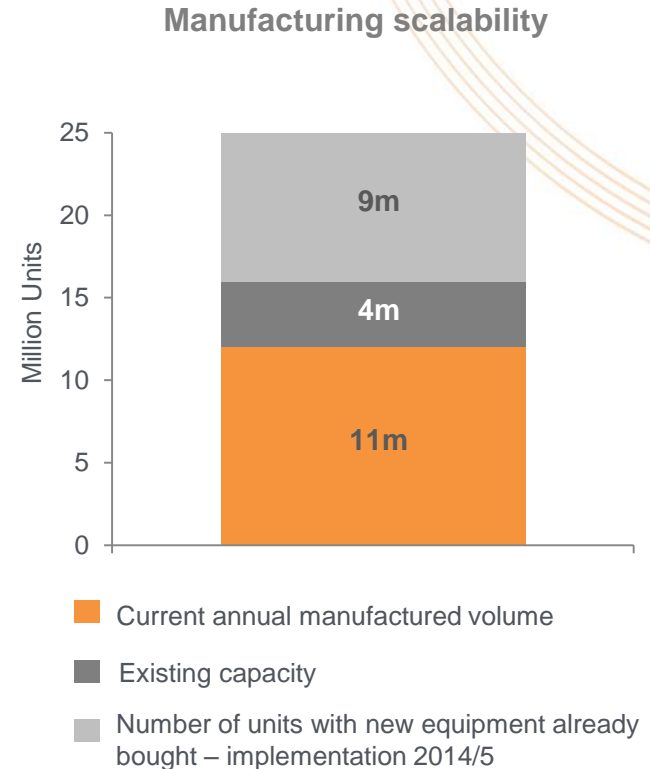
Prospects for 2015

- Launch of 4-6 new products developed in Women's Health including:
 - Vaginal atrophy
 - Bacterial vaginosis
 - Candida
 - Intimate cleansing wash
- Complete development of Benecol sachet
- Other new products in development for a variety of customers

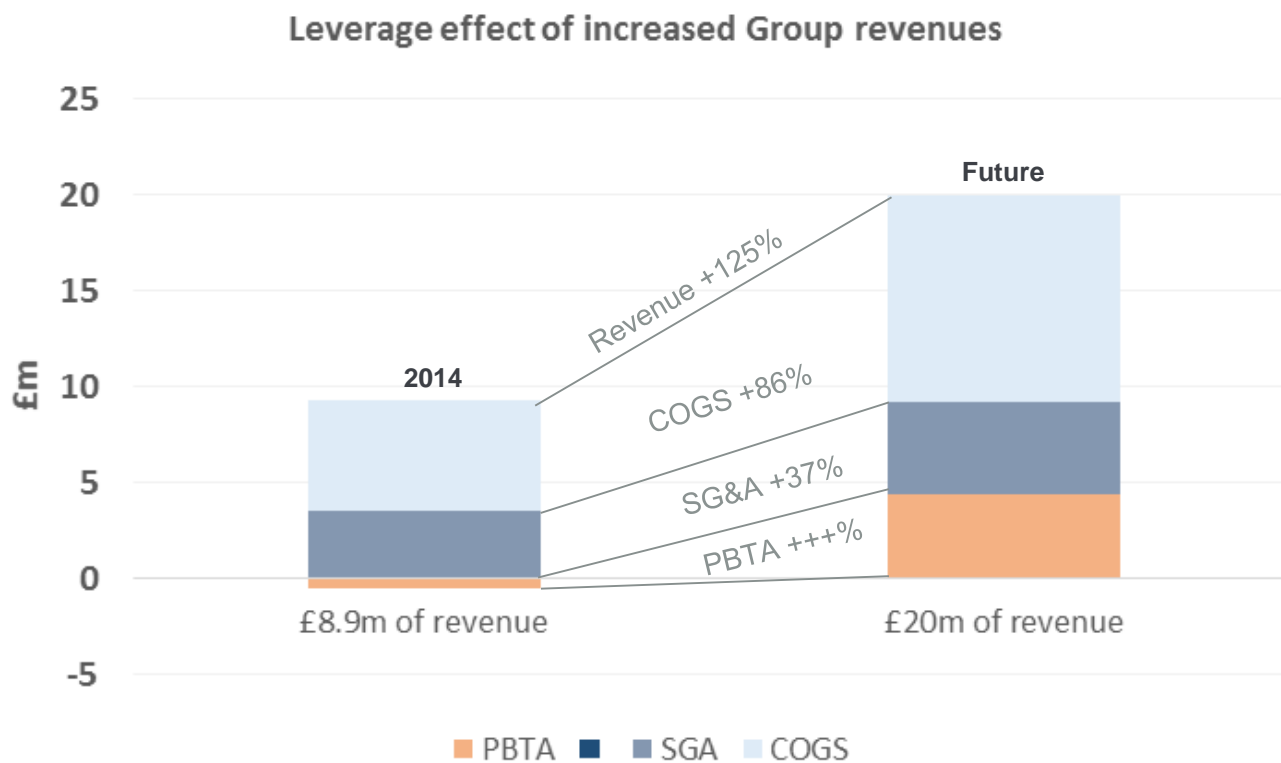


Leverage to sales success

- Under utilised development and manufacturing facility in Italy
- Currently running at less than 50% capacity
- Incremental margin circa 45%
- Significant profitability upside from increased revenues
- GMP, ISO 13485 grade facility



Impact of higher sales - illustrative



Financial highlights

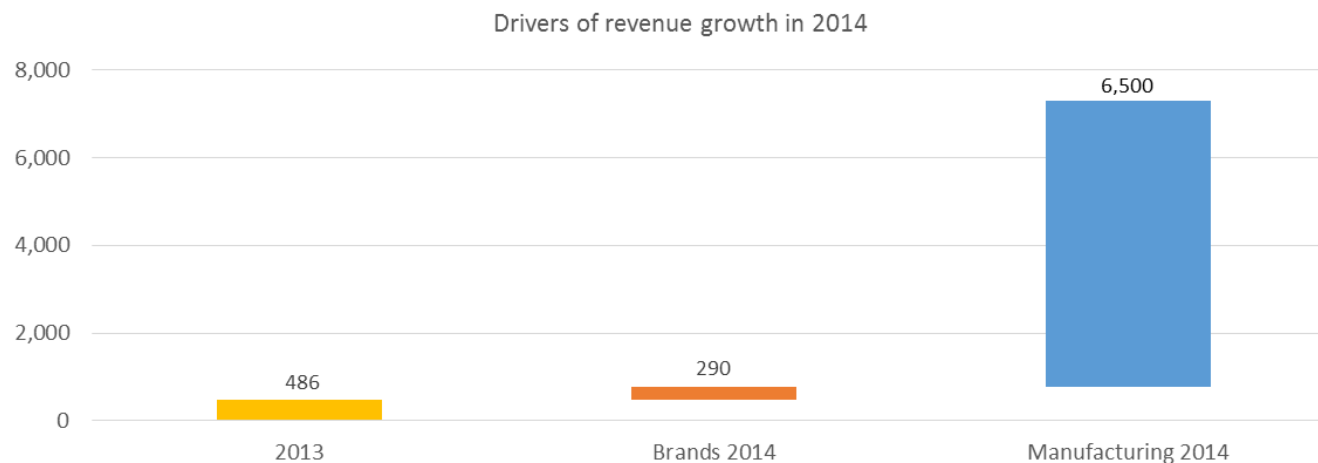
- Successful fund-raisings totalling £8.2m (net of expenses) and admission to AIM
- Acquisition of Biokosmes, an Italian development and manufacturing business
- Revenues of £7.2m (2013: £0.49m)
- Pro forma revenues of £8.9m (2013: £10.5m)
- EBITDA loss of £0.4m (2013: loss of £0.8m)
- Pro forma EBITDA loss of £0.2m (2013: profit of £1.26m)
- Loss before exceptional costs, amortisation and tax reduced to £0.59m (2013: loss of £0.96m)
- Cash at 31 December 2014 of £4.9m (31 December 2013: £0.5m)

Reported Group Income Statement

All amounts expressed as £'000 under IFRS	Year ended 31 December 2014	Year ended 31 December 2013
Revenue	7,189	486
Cost of sales	(4,535)	(301)
Gross profit	2,654	185
<i>Gross margin</i>	37%	38%
Administrative expenses	(3,373)	(1,122)
Amortisation of intangibles	(508)	(56)
Other income	58	-
Exceptional items	(449)	(105)
Operating loss	(1,618)	(1,098)
Net finance income/(costs)	75	(24)
Loss before tax	(1,543)	(1,122)
Tax	(27)	41
Loss for the year	(1,570)	(1,081)
EBITDA	(392)	(822)

Segmental contribution

Year ended 31 December 2014 £'000	Brands	Manufacturing (after i/co elimination)	Consolidated
Revenue	675	6,514	7,189
Cost of sales	(338)	(4,197)	(4,535)
Gross profit	337	2,303	2,654
<i>Gross margin</i>	<i>50%</i>	<i>35%</i>	<i>37%</i>



Pro forma Group Income Statement - 2014

£'000		2014
Revenue		8,938
Cost of sales		(5,834)
Gross profit		3,104
<i>Gross margin</i>		35%
Administrative expenses		(4,226)
Other income		73
Operating loss before exceptionals		(1,049)
Exceptional items		(449)
Net finance costs		71
Loss before tax		(1,427)
Tax		(46)
Loss for the year		(1,473)
EBITDA		(221)

2014 final results – income statement

Headline

- Revenue increased to £7.2m (2013: £0.49m)
- Gross profit increased to £2.7m (2013: £0.19m)
- Gross margin achieved of 37% (2013: 39%)
- EBITDA loss of £0.4m (2013: loss of £0.8m)

Pro forma

- Revenue of £8.9m (2013: £10.5m)
- Gross profit of £3.1m (2013: £3.6m)
- Gross margin of 35% (2013: 35%)
- EBITDA loss of £0.2m (2013: profit of £1.2m)

Comment

Brands growth of 38%, plus Biokosmes acquisition

As above, plus improved Brands margin

Impact of Manufacturing margins

Effect of Brands revenue growth and acquisition

Comment

Direct invoicing; FX; product mix

Biokosmes acquisition, plus improved Brands margin

Improved Brands margin offsetting Manufacturing reduction

Reduced GP and increased UK corporate costs

Reported Group balance sheet

£'000		31 December 2014	31 December 2013
Fixed assets	Intangibles	12,982	457
	Property, plant & equipment	975	10
	AFS assets	-	31
Fixed assets - total		13,957	498
Current assets	Inventories	1,856	174
	Trade and other receivables	3,257	874
	Other debtors	52	-
	Cash and cash equivalents	4,933	453
Current assets - total		10,098	1,501
Total assets		24,055	1,999
Shareholders' funds	Share capital & premium	11,910	2,719
	Reserves	7,908	427
	Profit and loss	(4,171)	(2,589)
Shareholders' funds - total		15,647	557
Current liabilities		3,962	1,109
Long term liabilities		4,446	333
Total liabilities		8,408	1,442
Total equity and liabilities		24,055	1,999

2014 final results – balance sheet

Balance sheet

- Cash at 31 December 2014: £4.9m (31 December 2013: £0.5m)
- Total debt at year end of £3.9m (2013: £0.3m; £1.8m on pro forma basis)
 - Acquisition-related convertible loan notes of £1.6m issued
 - Biokosmes debt of £2.3m
- Net assets of £15.6m at year end (2013: £0.6m)

Cash

- £8.2m (net) raised in two fund-raisings
- £3.3m cash element of Biokosmes purchase
- Year end cash of £4.9m (2013: £0.5m)

Developments since September 2014

- 30 year exclusive license deal in China for Lubatti – minimum purchase obligations of £5.7m in first five years
- Recent manufacturing agreement and trademark sale
- Two additional new partner deals signed across the range
- 10 new product registrations and eight new product launches
- Five new sales personnel joining across the Group

Summary

- Ageing population with deteriorating health
- We offer a series of scientifically validated products
- Under-utilised manufacturing capacity gives substantial earnings leverage
- Strong balance sheet after recent equity raise
- Significant recent deals giving momentum into 2015

Management team



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