



# Venture Life Group plc

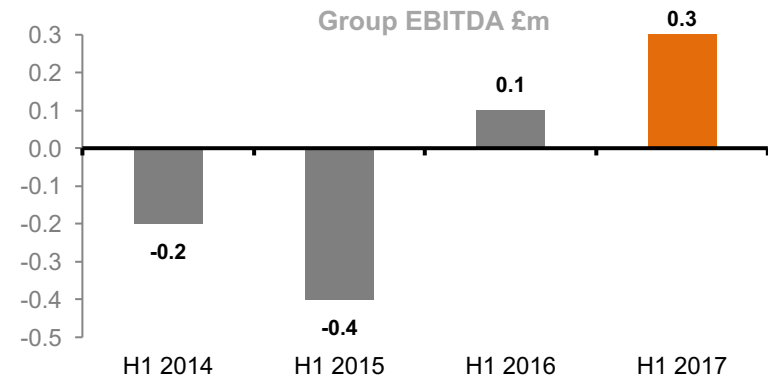
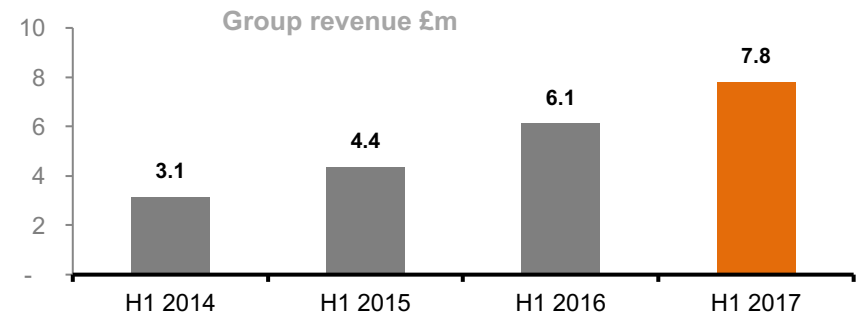
Interim Results  
6 months ended 30<sup>th</sup> June 2017

September 2017



# H1 2017 Highlights

- **Revenues**  28% to **£7.8m** v H1 2016
- **EBITDA**  to **£0.3m** (2016: £0.1m)
- **Cash** at 30<sup>th</sup> June 2017 of **£1.3m**
- 4 new long term international partnerships (4 more post period end)
- Lubatti in market sales in China continue to grow
- Record revenues for June 2017 for Biokosmes and UltraDEX UK
- 2 marketing campaigns for UltraDEX UK in H1 2017
- New patent grants and application
- New medical device approvals
- Growth path continues





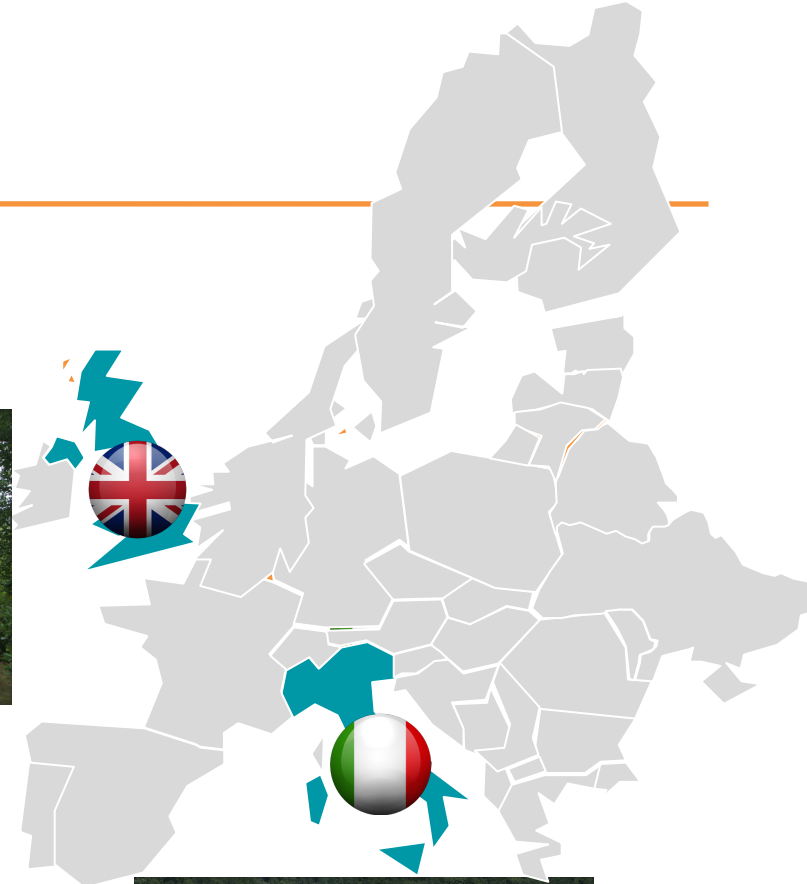
## Financial Highlights

- Continued growth and investment in the future

	H1 2017	H1 2016	YOY %
	£'000	£'000	
Revenue	7,811	6,121	28%
Gross profit	2,857	2,253	27%
EBITDA	265	116	>100%
LBT	(572)	(854)	(33%)
Adjusted LPS	(0.31)	(0.80)	>100%
Cash in bank	1,300	2,000	(35%)

# About Venture Life

- International consumer **self care group**, marketed products, growing partner base and strong product pipeline
- Addressing the needs of the **ageing population**
- Over **80+** marketing partners in over **40+** countries



- 3 -

<p>Venture Life founded by Jerry Randall and Sharon Collins</p>	<p> Admission of Venture Life to the Alternative Investment Market ("AIM")</p> <p>Acquisition of Blokosmes Srl, an Italian development and manufacturing business, founded by Gianluca Braguti</p>	<p>30-year exclusive distribution agreement with Gialen Group Co. Ltd to sell skincare products in China</p> <p></p>		<p> 1st long-term distribution deal signed for new Benecol once-a-day liquid sachet in Turkey &amp; Jordan</p> <p> Acquisition of Periproducts Ltd, including UltraDEX brand</p>	<p> UltraDEX advertising campaign launched</p>
2010	2014	2015	2016	March	October

## Venture Life management team

---

**Jerry Randall**  
**Chief Executive Officer**



- Experienced executive director in international healthcare for over 15 years
- Extensive experience in licensing, M&A, fund raising and capital markets
- Co-founder of Sinclair Pharma which grew from £1m to £30m revenues
- Co-founder of Venture Life

**Sharon Collins**  
**Commercial Director**



- Almost 20 years experience within healthcare industry – sales, marketing and BD
- Co-founder of Venture Life
- Responsible for commercial activities
- MBA

**Gianluca Braguti**  
**Manufacturing Director**



- Pharmacist graduate
- University of Milan's cosmetic research and development department
- Founded Biokosmes in 1983
- FDA approval and ISO certification for manufacture of medical device and cosmetics

**Adrian Crockett**  
**Chief Financial Officer**

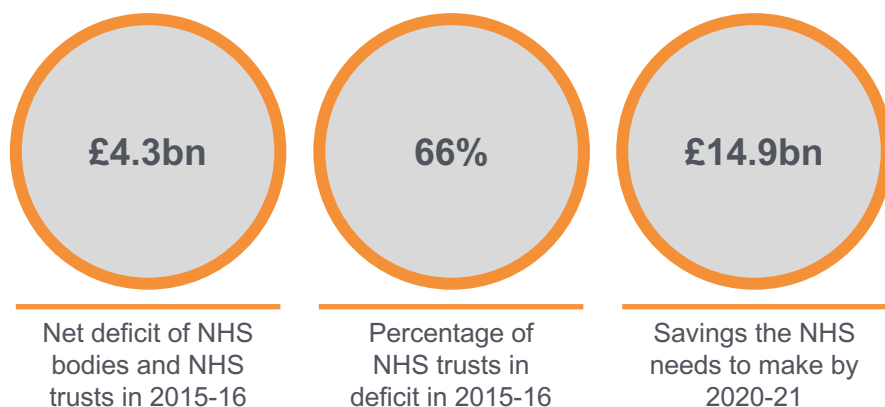


- Over 15 years finance experience within healthcare industry
- Joined in March 2017 from Abbott Diabetes Care
- FCMA

# The market opportunity

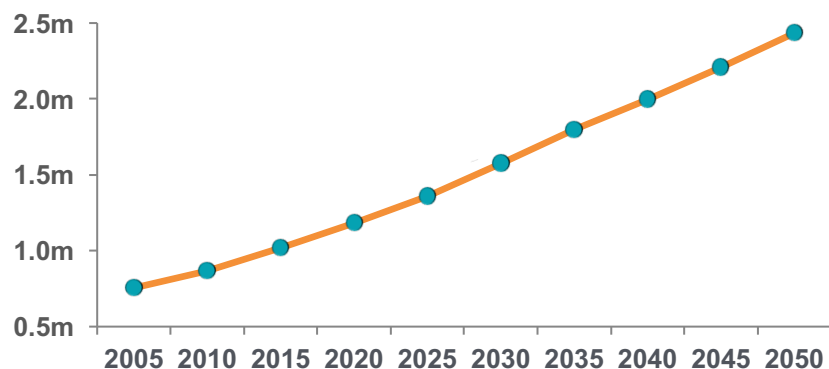
## Healthcare budgets are under increasing pressure

NHS financial analysis<sup>1</sup>

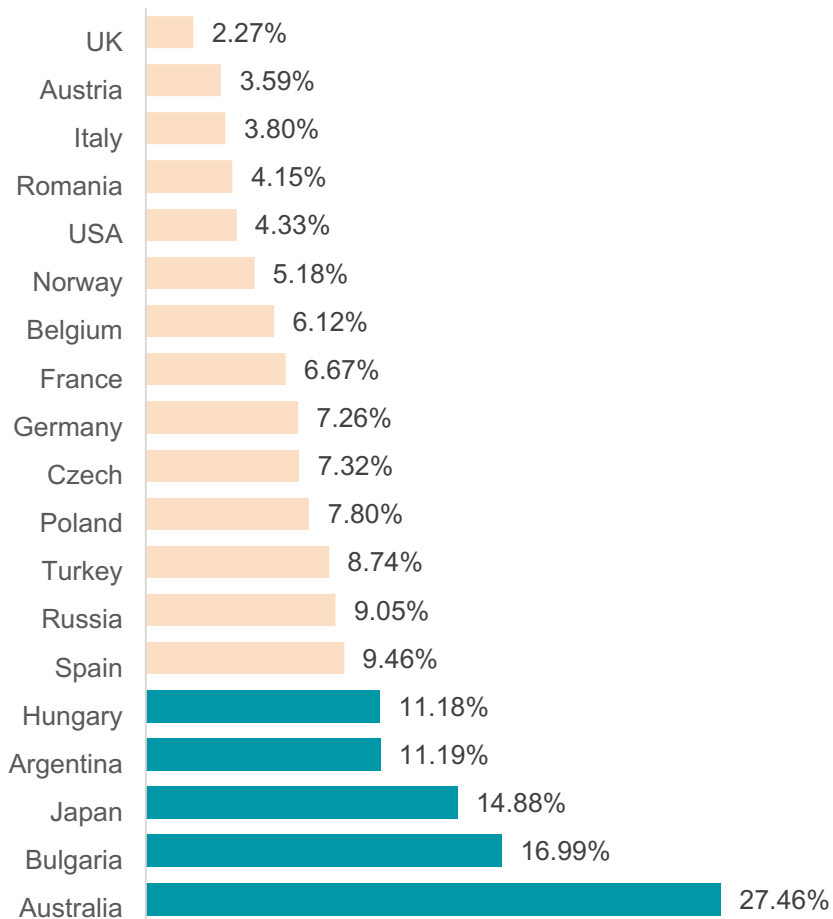


## The ageing population is growing rapidly

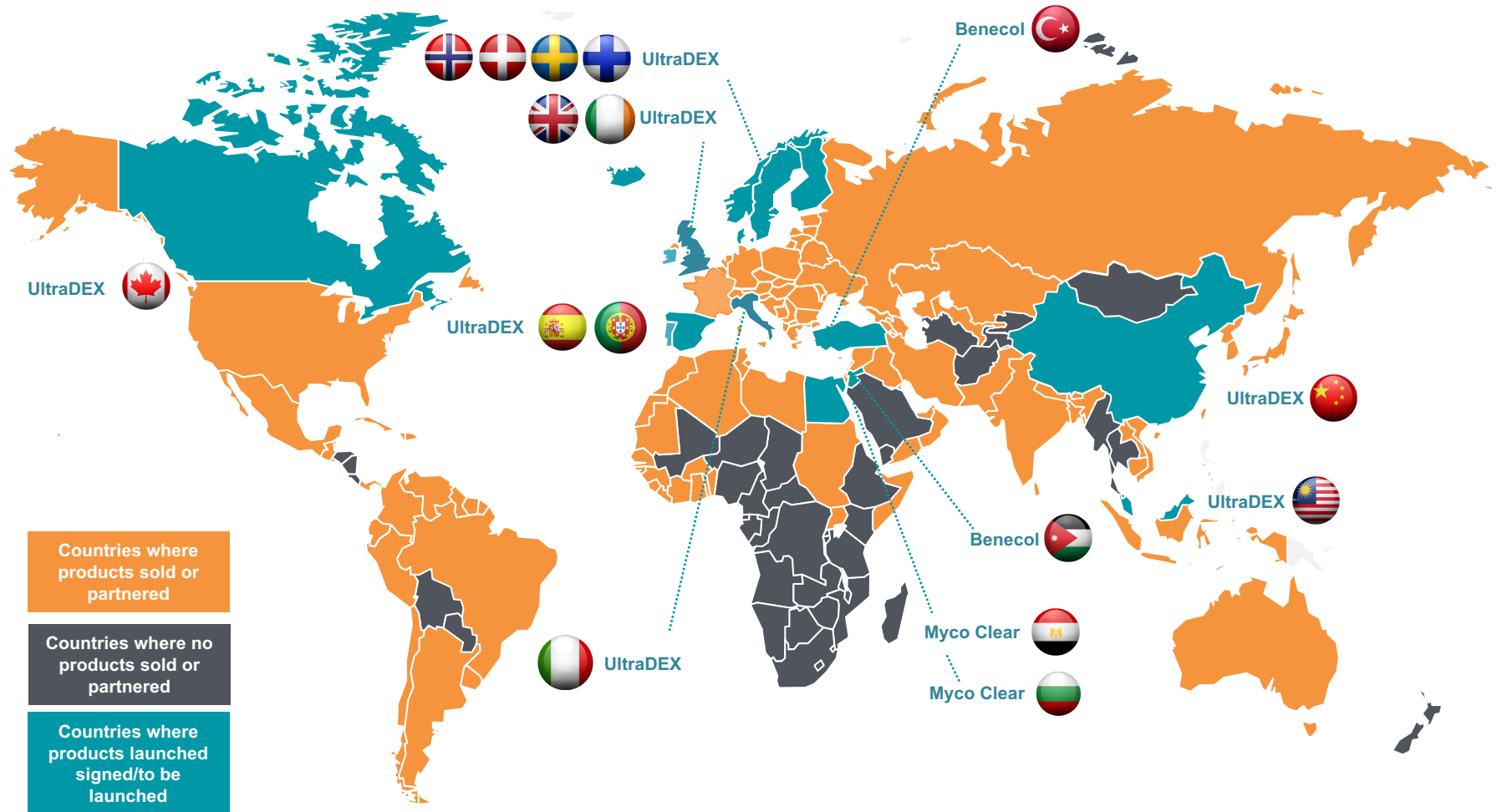
World population of persons aged 60+<sup>2</sup>



## Self-medication market annual change 2014-15<sup>3</sup>



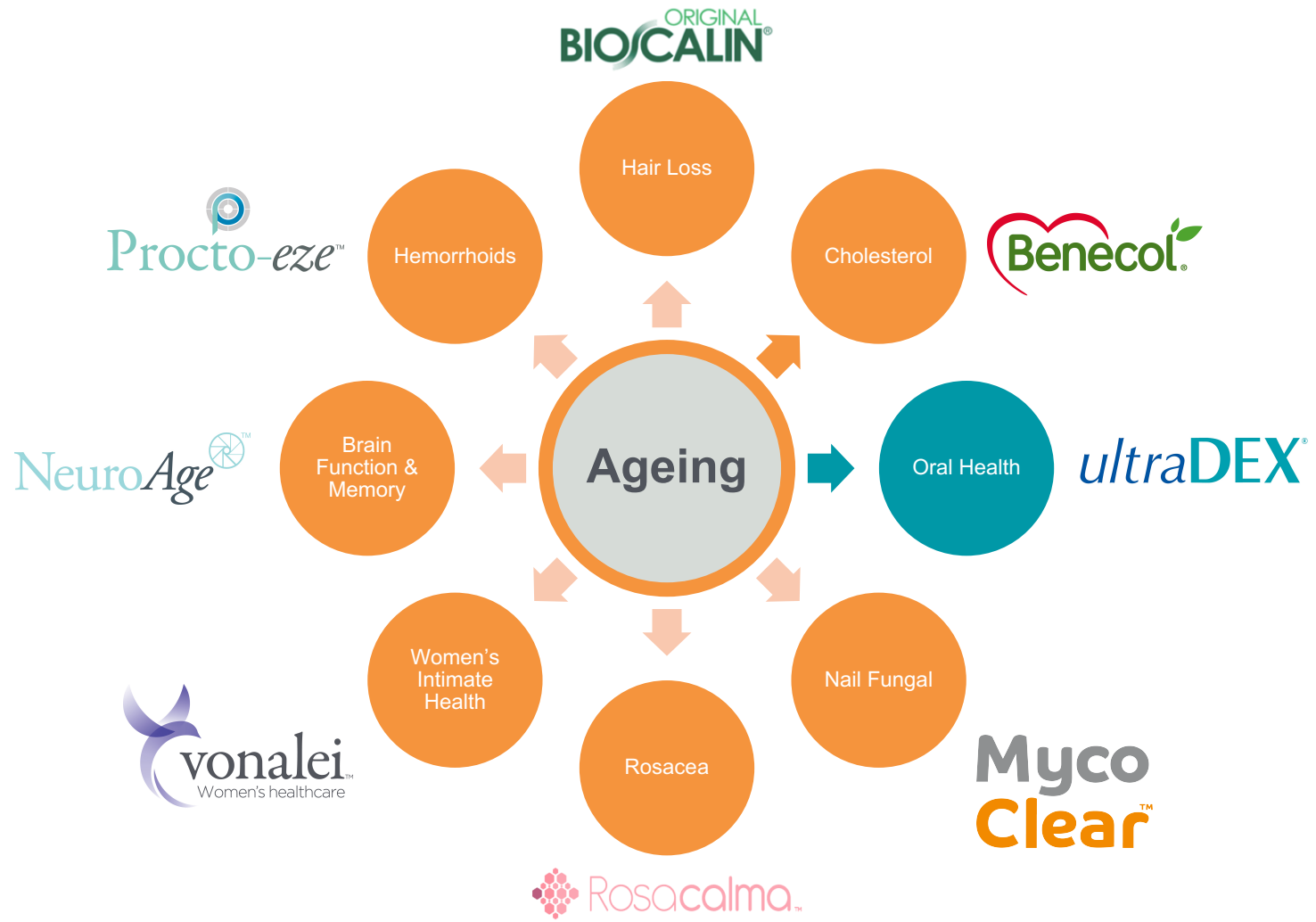
## Global distribution network



*“Venture Life’s reach extends to over 40 countries with 80+ partners”*

## Brand portfolio

---

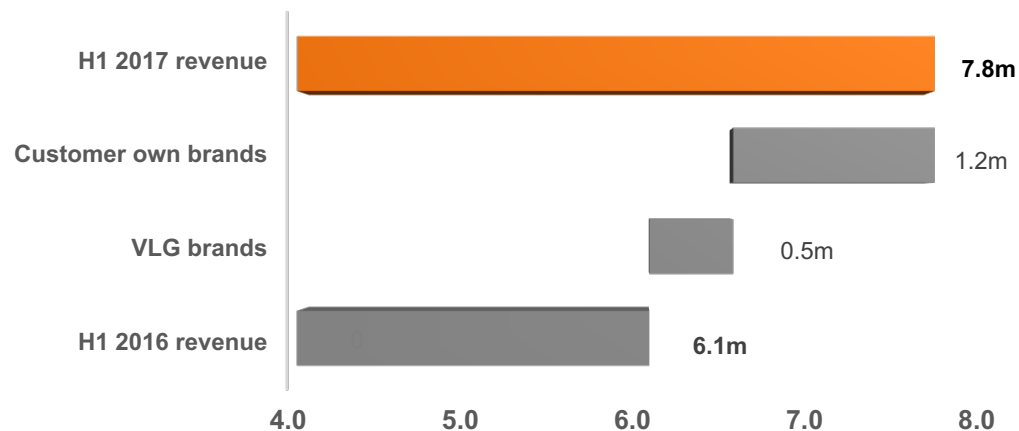


## Revenues H1 2017

---

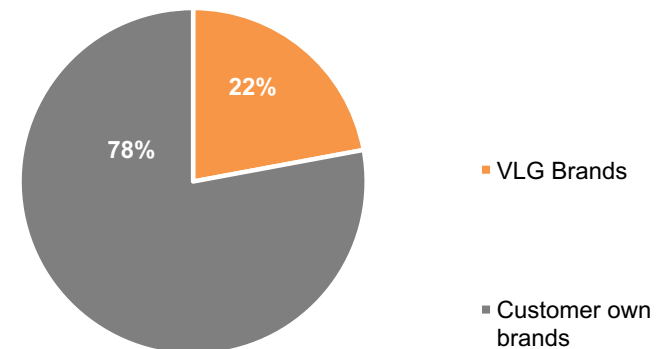
- Revenues  28%

H1 Revenues - 2016 and 2017 (£m)



£m

VLG - H1 2017 revenue split

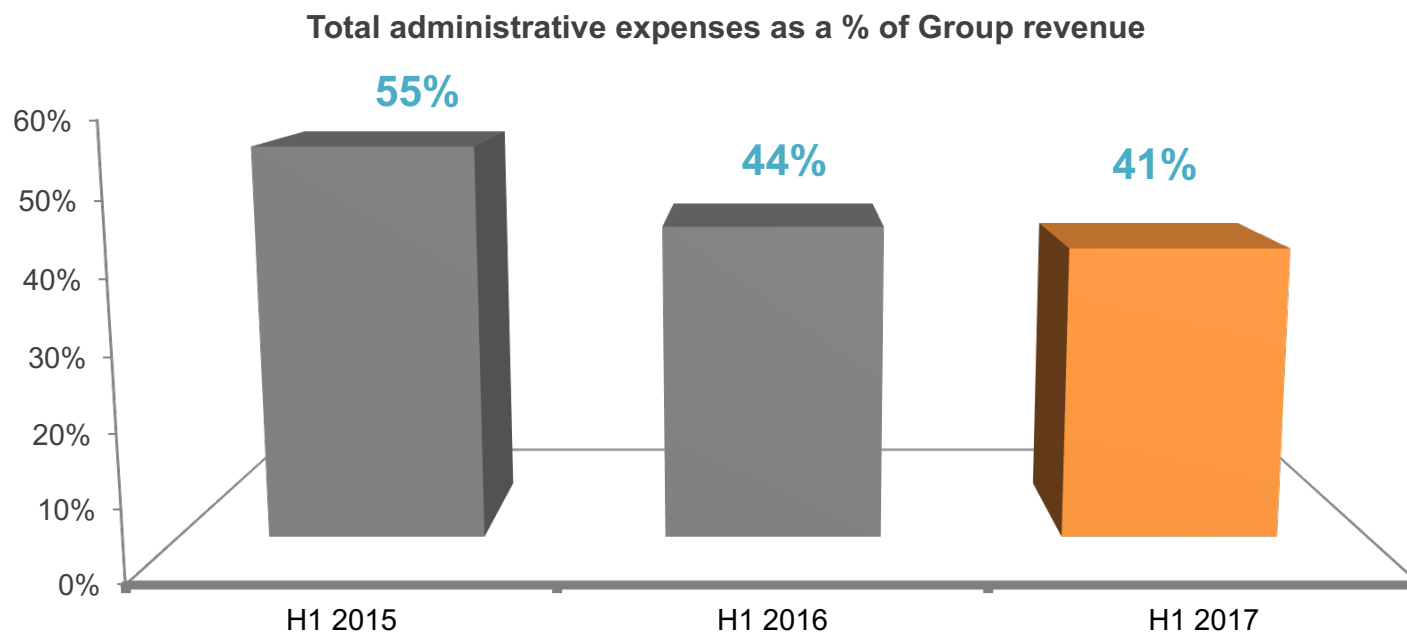




## Administrative Expenses

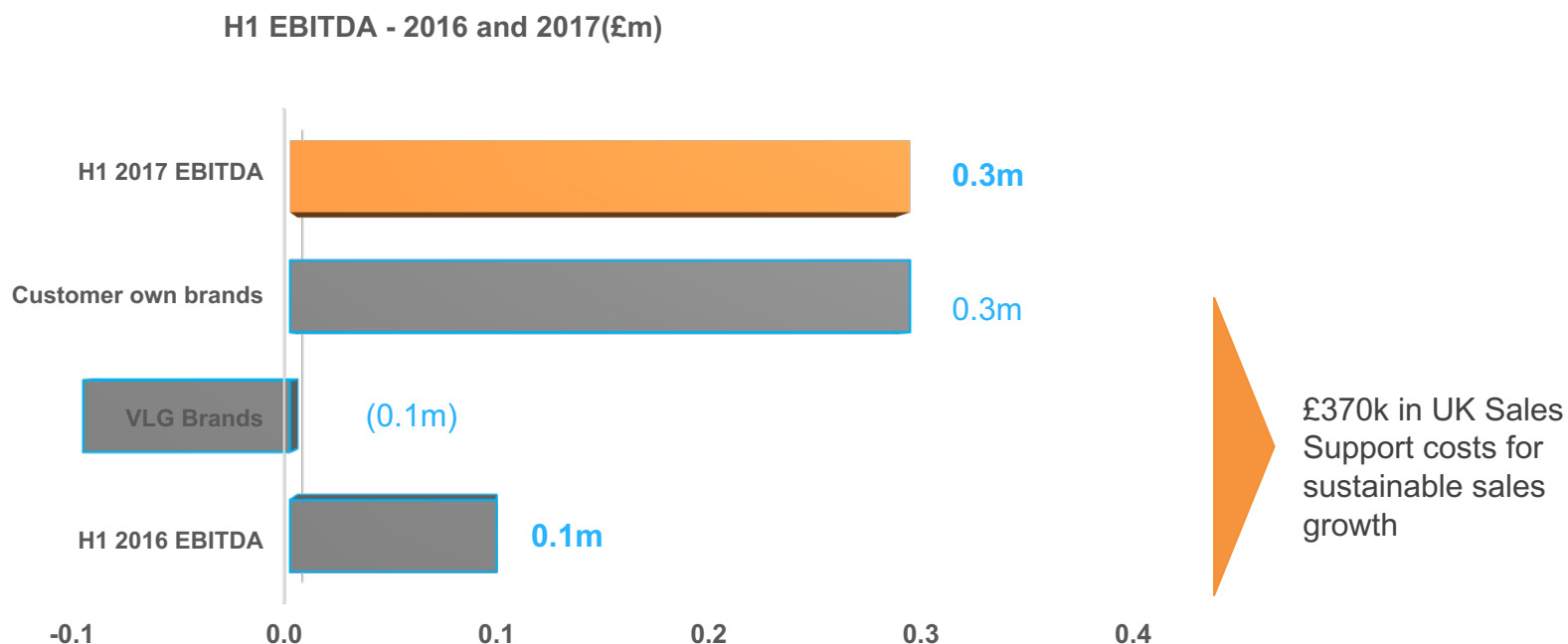
---

- Administrative Expenses continue to fall as a % of Group Revenue reflecting operational efficiencies



## EBITDA waterfall

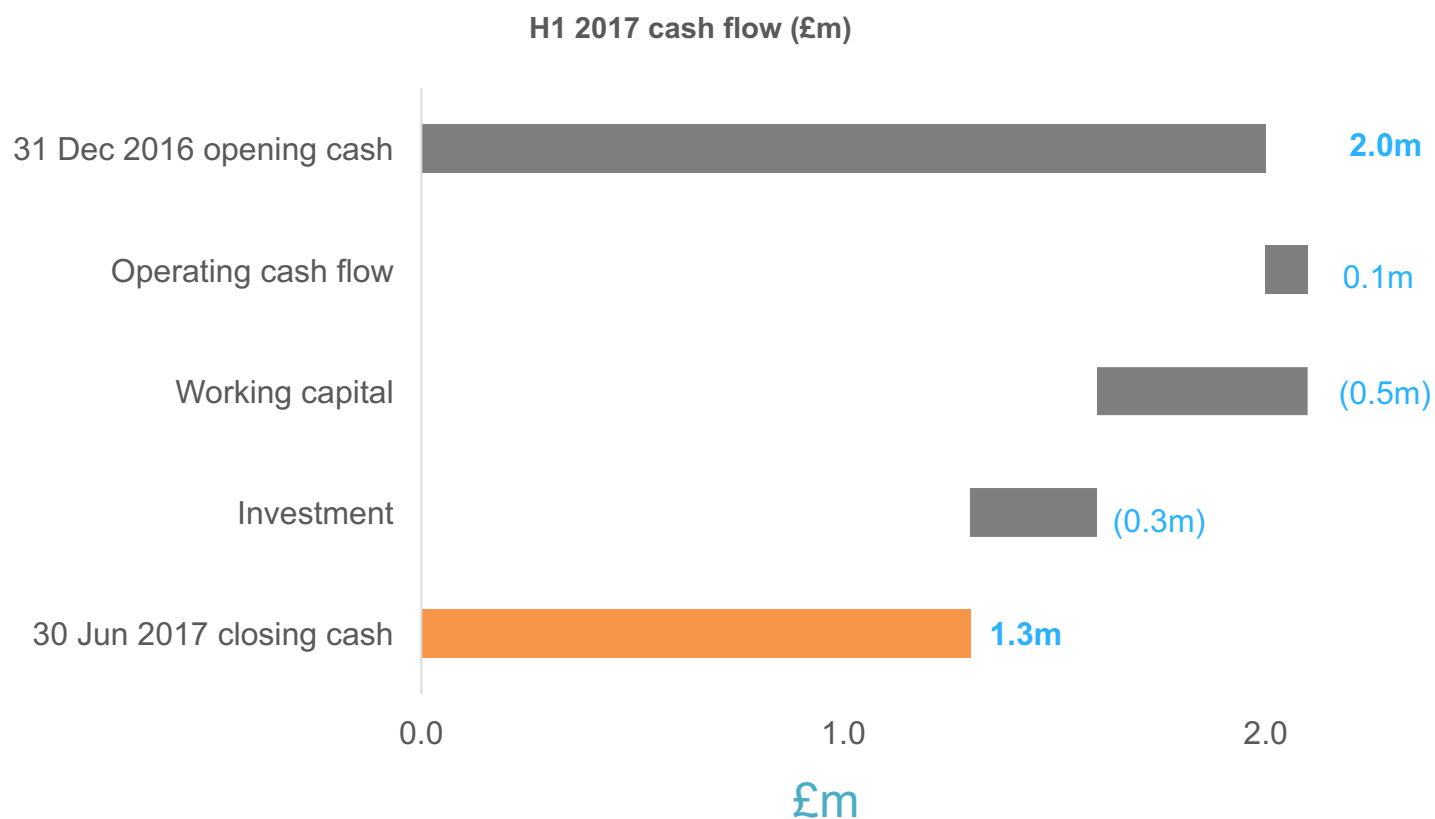
- Increase in EBITDA >100% as overheads continue to fall as a % of revenue
- Investment made in manufacturing business in anticipation of growing volumes
- Platform in place to accommodate organic and acquisitive growth



## Cashflow

---

- Closing cash at normal operating levels, post working capital adjustments at 2016 year end



# Commercial Update



# Commercial Update

## Venture Life Group Brands

### H1 Highlights

#### International Markets

- 4 new long term distribution agreements signed
- 6 new product launches, including India
- China – sales trend positive, re-orders continue, brand establishing itself

#### UK Market

- Gross sales in H1 2017 +9% vs. LY
- Secured new distribution
- New marketing campaigns executed

#### Post-period end

- July – highest sell out for Lubatti brand in China since launch
- First deals on Myco Clear
- 5 new EU markets signed for UltraDEX

# UltraDEX

## Marketing investment

Multi-channel approach – Invested in TV, radio, digital, social, innovation....

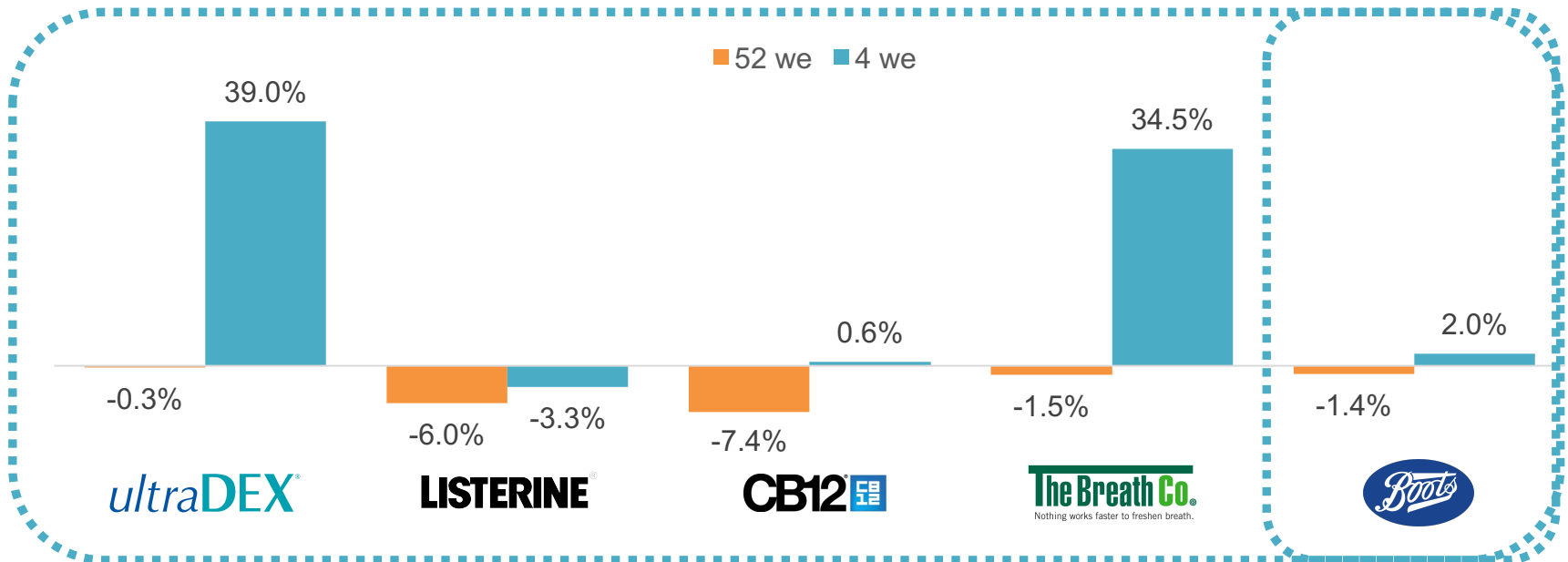


- **Brand awareness** – TV advertising, tube cards and platform posters on London Underground, 25k branded cups in coffee shops
- **Online** – website re-launch - traffic increase from 1,600 users per month in 2016 to 16,000 users per month in 2017<sup>1</sup>
- **Driving trial** – more than 135k samples distributed
- **Innovation** – packaging re-design, new 1L size

<sup>1</sup> A user is a visitor to [www.ultradex.co.uk](http://www.ultradex.co.uk)

## UltraDEX sales UK

- June – marketing and promotional activity in place
- UltraDEX **outperforming** closest competitor CB12 and the category on both a 52 and 4 w/e basis
- Boots oral care category in slight decline in 52 w/e basis
- The Breath Co. also had promotion running but offered a deeper discount



Source: Boots, 52 & 4 w/e 4<sup>th</sup> July 2017, UltraDEX 500ml



# Distribution

## Focus on new channels



- **UltraDEX Mouth Spray** – product is well suited to the Convenience channel
- **Clip-strips** – focus given to motorway service areas across the UK
- **Scalable** – potential to increase distribution – total Convenience estate has 39k outlets

# International

## UltraDEX is now partnered in 12 territories

---

- UltraDEX is now partnered in **12** territories – all with strong partners and the right strategic fit for the brand
- Presence in the **EU** – UK/Eire, Portugal, Spain, Italy, Denmark, Norway, Finland, Sweden – markets outside the EU include Canada, China & Malaysia
- On track to reach **30** markets by 2020 – developing territories within the EU is a priority



Countries where  
products launched  
signed/launched

Countries where  
products not sold  
or partnered

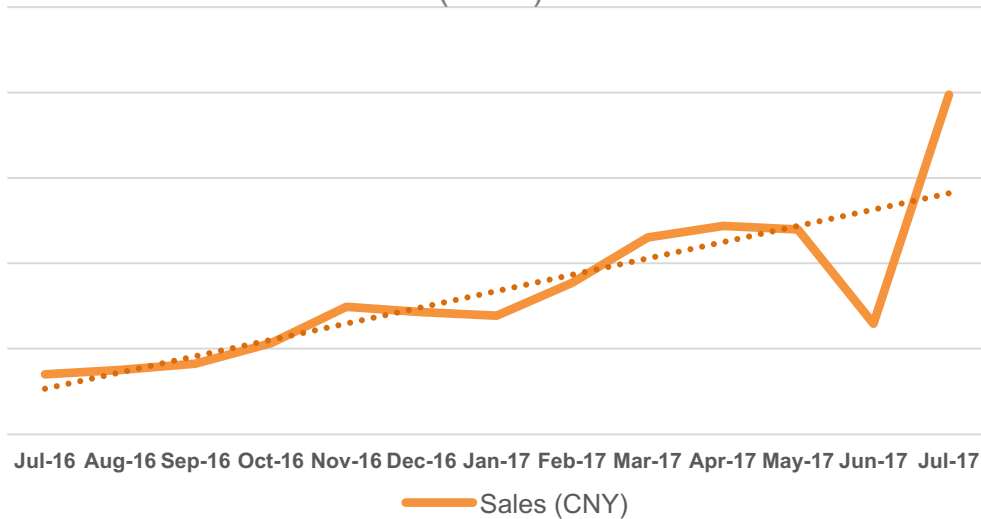
ultraDEX®



## China update

- Sales trend positive, with July being highest 'sell out' – emphasis on hero product
- July 2017 vs. July 2016 – **466%** increase in sell out
- Re-orders received throughout H1 2017
- Lubatti now distributed in 2,000 Gialen stores

Lubatti sell-out in China  
(RMB)



## Other commercial updates

### Clinical Studies Programme

#### Myco Clear

Clinical study on aesthetics of nail – completed Q3 '17  
Clinical study on efficacy – to be completed Q4 '18

#### NeuroAge

Clinical study on short term memory, concentration, attention – to be completed Q2 '18

#### Procto-eze PLUS

Clinical study on efficacy and tolerability of product – to be completed Q3 '18

#### Rosacalma

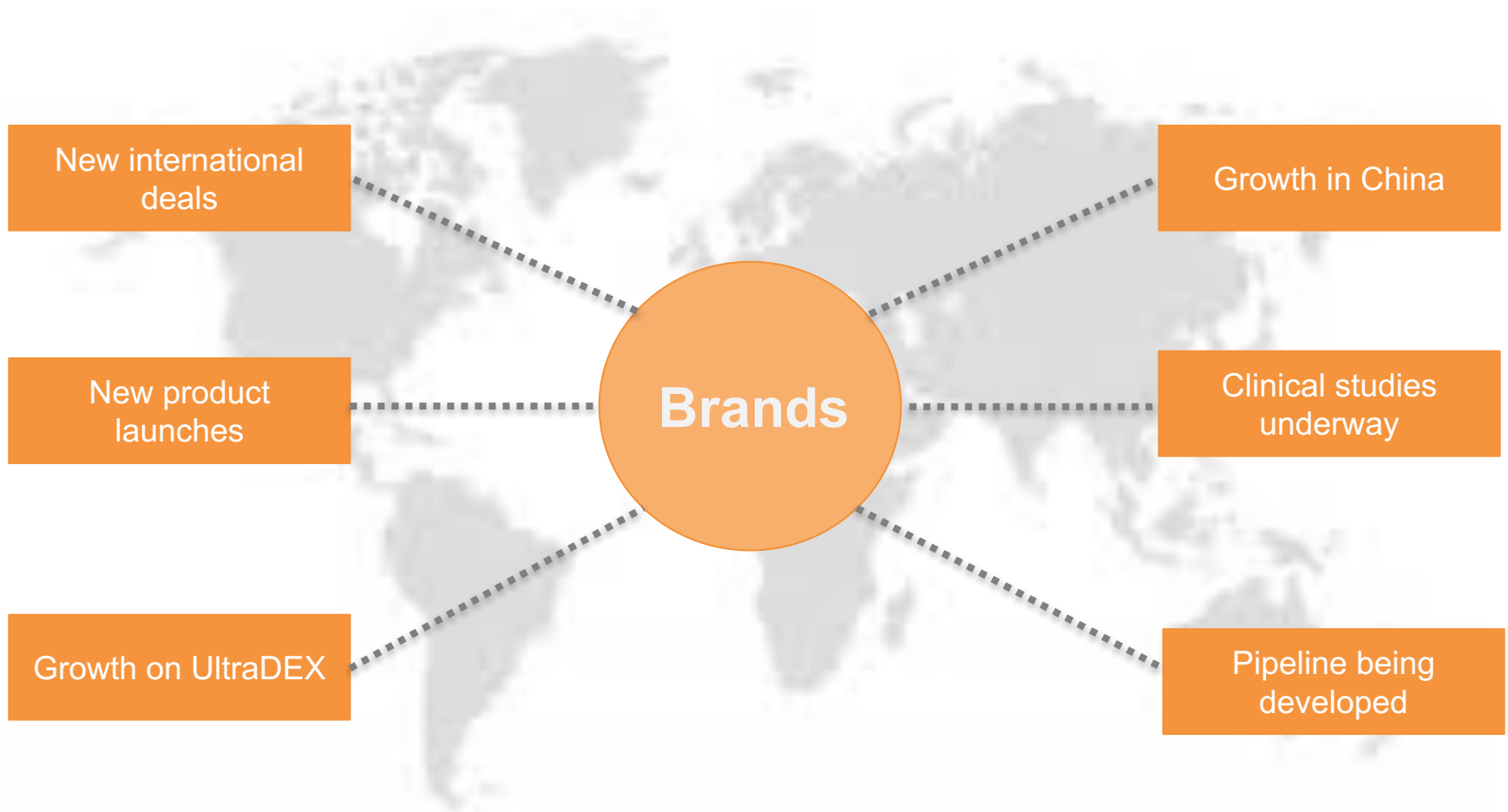
Clinical study on efficacy of product – completed Q3 '17



**Better supported  
products**

## Summary

---



## Own Label Brands

### H1 Highlights

**Record  
revenues  
June 2017**

#### Existing customers

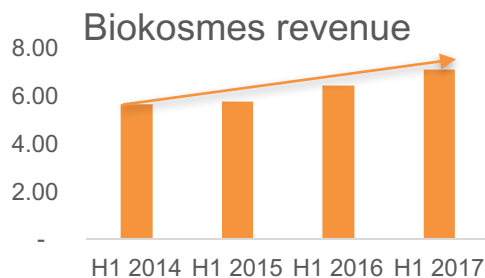
- Almira nail lacquer launched in Japan
- 82% of revenues from top 10 customers
- Growth across many customers

#### New customers

- New partnership with Menarini – products start to launch
- Discussions ongoing regarding PhotoAll with a number of potential partners

#### Development

- 2 new CE mark approvals
- Clinical studies underway on Myco Clear
- New patent applied for Myco Clear



€ m



# UltraDEX

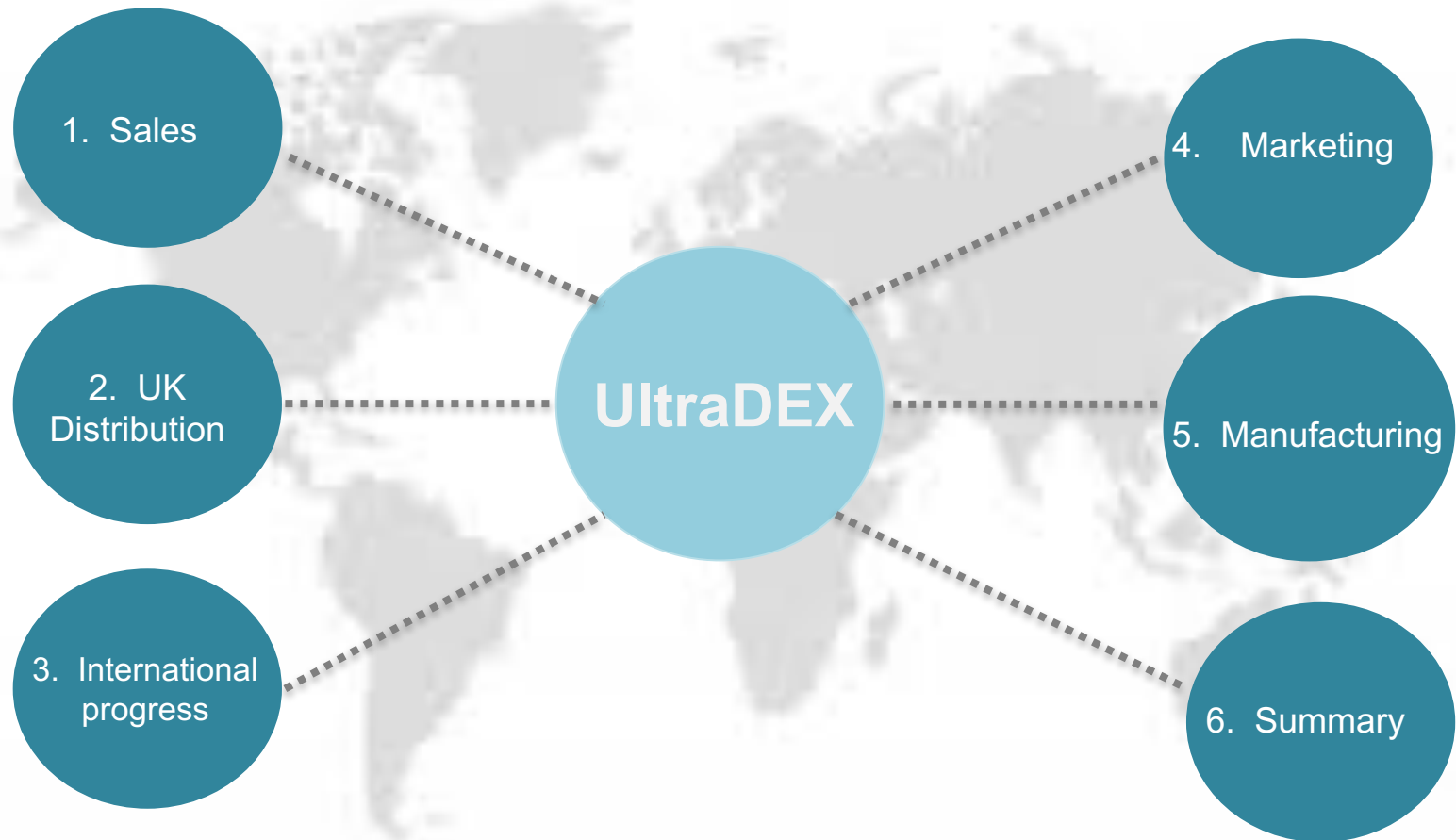
## Case Study





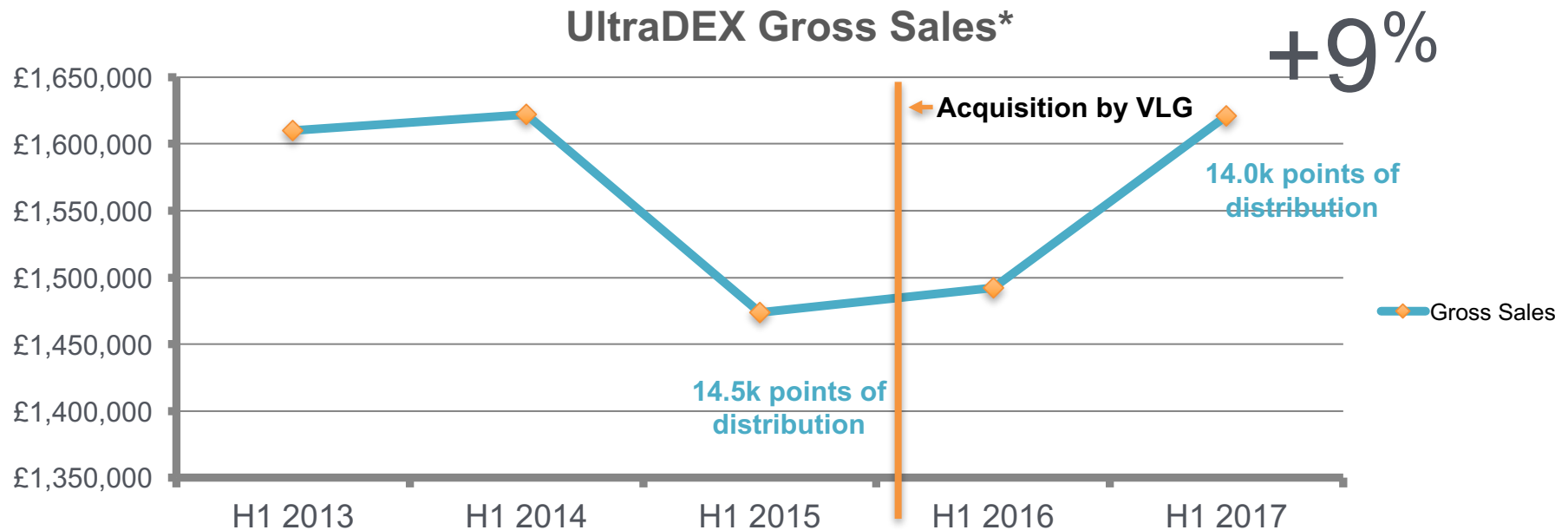
## Case study

---



# 1. Sales growth – historic H1 gross sales

- Stabilised decline, brand in growth in June 2017, despite being in fewer stores compared to June 2015
- More effective results, similar marketing spend



\* Gross sales include promotional discounts







**THEN**

-24-

**NOW**

## 2. UltraDEX distribution update

Total points of distribution (Oct '17) = 14,829 – at its highest level

						
Distribution	+1,869	+780	+1,002	+79		
SKU's	+5	+1	+3	+1	+7	+7
Wash 1l Original	✓				✓	✓
Wash 1l Mint	✓				✓	✓
Wash 500ml Sensitive	✓		✓		✓	✓
Wash 500ml Mint	✓		✓		✓	✓
Wash 100ml Travel	✓				✓	✓
Paste 75ml Sensitive			✓	✓	✓	✓
Brush Small				✓	✓	✓
Brush Large					✓	✓
Mouth Spray		✓				

Net change in points of distribution since July 2016

### 3. International markets

#### THEN

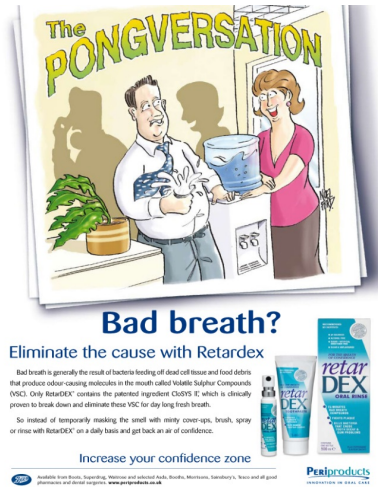
- Limited footprint in EU
- Limited outside UK – Portugal, Finland, Eire, Belgium
- Revenues very small pre-acquisition

#### NOW

- UltraDEX is now partnered in **12** territories – all with strong partners and the right strategic fit for the brand
- Stronger presence in the **EU** – Spain, Italy, Denmark, Norway, Finland, Sweden – markets outside the EU include Canada, China & Malaysia



## 4. Marketing



### THEN: Pre 2012 Advertising campaign

- Poor campaigns - text heavy, poor communication
- Trivialising condition
- Positioning not clear

ultraEFFECTIVE  
ultraCONFIDENT  
ultraDEX

12 HOUR FRESH BREATH



ultraEFFECTIVE  
ultraCONFIDENT  
ultraDEX

12 HOUR FRESH BREATH



### NOW: 2016 Advertising campaign

- Fresh, appealing – new recruits
- Clear messaging, positioning – aspirational
- Effective communication

## 4. Marketing

### Packaging re-design & new sizes

#### THEN: Old packaging



- **Messages** – too many, unclear what each product is for, no differentiation between packs
- **Packaging** – different bottle types, adds complexity and cost in the supply chain

#### NOW: New packaging



- **Positioning** – clear **12 hour fresh breath** message, new colours makes it easier for shoppers to find the product they want (and for staff to merchandise shelves)
- **Simplified** – fewer, clearer messages on pack
- **New products** - new 1L size

ultraDEX®

## 5. Manufacturing

### THEN: Manufacturing outsourced

Poor service levels

Inflexible -  
No investment

Out of stock situations

Costly production

High working capital



### NOW: Manufacturing in-house

Excellent service levels

Innovation & timing

Capacity – platform for  
growth

Internalised profit  
margin

Lower working capital

Overall better service levels, better product image, more control,  
more profit



## Summary and outlook

---

- Group revenues up 28% in H1 2017, growth across all business expected for the full year
- Group EBITDA H1 2017 has grown despite heavy UltraDEX advertising
- Marketing initiatives for UltraDEX have reversed trend of falling sales
- New partners appointed on UltraDEX, will grow future UltraDEX revenues
- Good operational gearing will drive more margin to the bottom line
- UltraDEX case study demonstrates managements' ability to acquire and integrate new brands efficiently and effectively

# Appendices



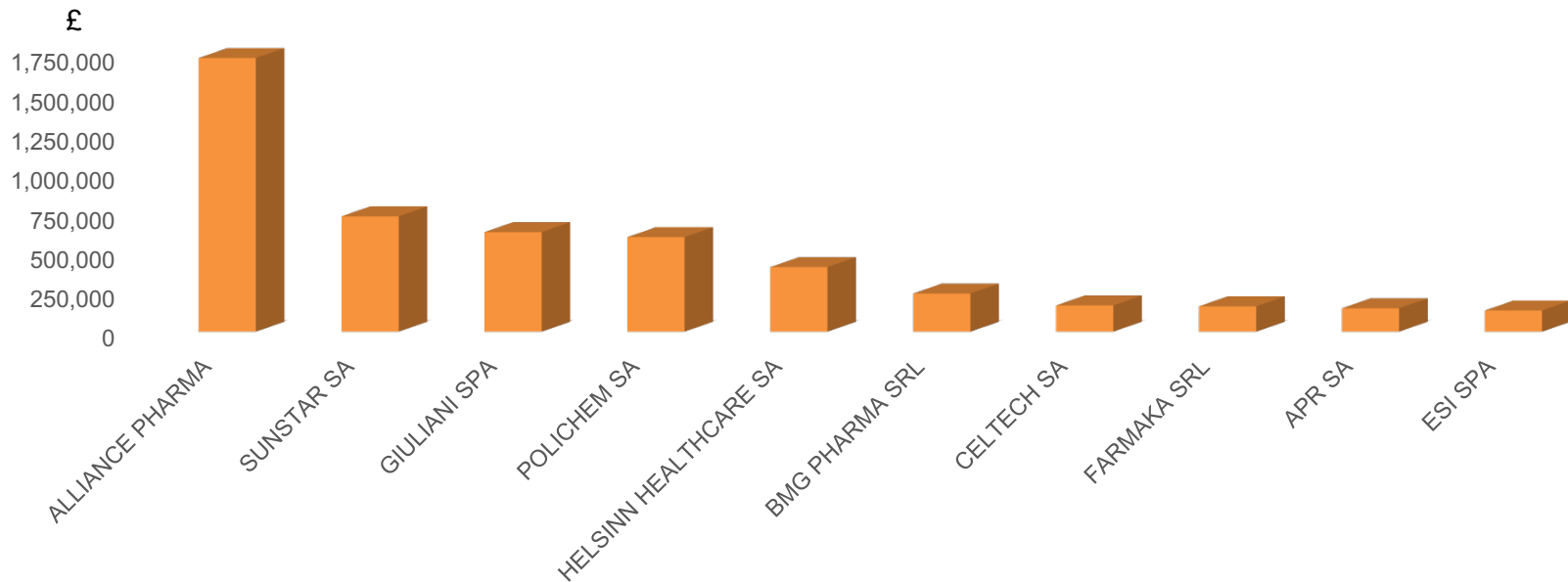
## Shareholder register

---

Mr Gianluca Braguti (Director)	19.2%
J O Hambro	12.0%
Mr Jerry Randall (Director) and associated holdings	10.7%
Aviva plc	9.6%
Dr Michael Flynn and associated holdings	8.0%
Quilter Cheviot Limited	7.0%
Mrs Sharon Collins (Director)	4.3%
Mr Anthony Ahearne and associated holdings	4.2%
Others	20.7%
<b>TOTAL</b>	<b>100.0%</b>

(34.2% held by directors)

## Biokosmes Top 10 Customers by Revenue H1 2017



**82% of Biokosmes Revenue in H1 2017 came from 10 Customers (excluding Intercompany sales)**

## Reported Group income statement

All amounts expressed as £'000 under IFRS	6 months ended 30 June 2017	6 months ended 30 June 2016
Revenue	7,811	6,121
Cost of sales	(4,954)	(3,868)
Gross profit	2,857	2,253
Gross margin	37%	37%
Administrative expenses	(2,761)	(2,263)
Amortisation of intangibles	(446)	(409)
Other income	17	28
Exceptional items	-	(142)
Operating loss	(333)	(533)
Net finance income/(costs)	(240)	(321)
Loss before tax	(573)	(854)
Tax	(143)	(155)
Loss for the period	(716)	(1,009)
EBITDA	265	116
Basic and diluted loss per share (pence)	(1.94)	(2.81)
Adjusted loss per share (pence)	(0.31)	(0.80)

## Reported Group balance sheet

£'000		30 June 2017	31 December 2016
Fixed assets	Intangibles	16,053	16,272
	Property, plant & equipment	1,383	1,279
Fixed assets - total		17,436	17,551
Current assets	Inventories	3,436	3,141
	Trade and other receivables	4,984	4,656
	Cash and cash equivalents	1,323	1,998
Current assets - total		9,743	9,795
Total assets		27,179	27,346
Shareholders' funds	Share capital & premium	13,400	13,400
	Reserves	8,440	8,287
	Profit and loss	(8,060)	(7,329)
Shareholders' funds - total		13,780	14,358
Current liabilities		5,854	5,454
Long term liabilities		7,545	7,534
Total liabilities		13,399	12,988
Total equity and liabilities		27,179	27,346

## Cash/debt position

£'000	30 June 2017	31 December 2016	Change
<b>Cash at bank and in hand</b>	<b>1,323</b>	<b>1,998</b>	<b>(675)</b>
RiBa and HSBC (invoice financing)	(712)	(629)	(83)
Unsecured bank loans < 1 year	(58)	(58)	-
Unsecured bank loans > 1 year	(2,596)	(2,586)	(10)
Vendor loan notes	(1,805)	(1,754)	(51)
Issue of convertible bond	(1,758)	(1,717)	(41)
Deferred consideration	(431)	(400)	(31)
<b>Net (debt)/cash</b>	<b>(6,037)</b>	<b>(5,146)</b>	<b>(891)</b>