



The partner of choice for self-care products

Venture Life Group plc

Full Year Results Presentation 2019

April 2020



This document (the "**Presentation**") is being provided to a limited number of parties who have previously expressed an interest in acquiring an interest (the "**Investor Interest**") in Venture Life Group plc (the "**Company**"). If you are in any doubt about the investment to which the Presentation relates, you should consult a person authorised by the Financial Conduct Authority who specialises in advising on securities of the kind described in this document.

You acknowledge that the Presentation is confidential and intended for you only and you agree that you will not forward, reproduce or publish the Presentation to any other person.

The sole purpose of the Presentation is to assist the recipient in deciding whether it wishes to proceed with an investment in the Company and in determining the level of any offer for an interest in the Company, but is not intended to form, and shall not be treated as, the basis of any investment decision or any decision to purchase an interest in the Company. The Presentation is not a prospectus and interested parties should not subscribe for or purchase an Investor Interest on the basis of the Presentation. The Presentation does not constitute an offer to sell or an invitation for offers to purchase or acquire any securities or any of the business or assets described therein. The information set out in the Presentation will not form the basis of any contract. Any successful purchaser of an Investor Interest will be required to acknowledge in writing that it has not relied on or been induced to enter any agreement by any representation or warranty, save as expressly set out in such agreement.

The Company has provided the information in the Presentation, which does not purport to be comprehensive and has not been fully verified by the Company or any of its shareholders, directors, advisers, agents or affiliates. No representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Company or any of its officers, employees or agents or any other person as to or in relation to the accuracy or completeness of the Presentation or the information or opinions contained therein or supplied therewith or any other written or oral information made available to any interested party or its advisers and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information or opinions, for any errors, omissions or mis-statements, negligent or otherwise, or for any other communication, written or otherwise, made to anyone in, or supplied with, the Presentation or otherwise in connection with the proposed sale of the Investor Interest. In particular, no representation or warranty is given as to the achievement or reasonableness of any future projections, management estimates, prospects or returns. Accordingly, none of the Company nor any of its shareholders, directors, advisers, agents or affiliates shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement or omission in, or supplied with, the Presentation or in any future communications in connection with the acquisition of an Investor Interest in the Company. Nothing in this disclaimer purports to exclude liability for fraud.

The recipient agrees to keep confidential any written or oral information contained herein or otherwise made available in connection with the Company. The Presentation must not be copied, reproduced, distributed or passed to others at any time. The recipient has further agreed to return all documents and other material held by it relating to the project referred to in the Presentation upon request. The Presentation has been delivered to interested parties for information only and upon the express understanding that such parties will use it only for the purpose set out above. The Company does not undertake any obligation to provide the recipient with access to any additional information or to correct any inaccuracies herein which may become apparent, and they reserve the right, without advance notice, to change the procedure for the acquisition of an Investor Interest or to terminate negotiations at any time prior to the completion of such acquisition. The issue of the Presentation shall not be taken as any form of commitment on the part of the Company or its owners to proceed with any transaction.

The contents of this document have not been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**"). The Presentation is only being made available to persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) and authorised persons or exempt persons within the meaning of FSMA or to persons of the kind described in Articles 19(5) or 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. It is not intended to be communicated, distributed or passed on, directly or indirectly, to any other class of persons. It is a condition of your receiving the Presentation that you fall within, and you warrant to the Company that you are such a person. If a recipient of the Presentation does not fall within one of the categories above, it should either return, destroy or ignore the information in the Presentation.

The statements contained in the Presentation may include "forward looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward looking statements that involve a number of risks and uncertainties and the Company does not give any assurance that such statements will prove to be correct. Actual results and developments may differ materially from those expressed or implied by any forward looking statements. Any forward looking statements made by or on behalf of the Company speak only as of the date they are made. The Company does not undertake to update forward looking statements to reflect any changes in expectations, events, conditions or circumstances upon which such statements are made. The Presentation contains (or may contain) unpublished price sensitive information with regard to the Company and/or its securities. Recipients of the Presentation should not deal or encourage any other any other person to deal in the securities of the Company whilst they remain in possession of such unpublished price sensitive information and until the transaction described in the Presentation is announced. Dealing in securities of the Company when in possession of unpublished price sensitive information could result in liability under the insider dealing restrictions set out in the Criminal Justice Act 1993 ("**CJA**") and the Market Abuse Regulation No. 596/2014 ("**MAR**"). The Presentation may contain information which is not generally available, but which, if available, would or would be likely to be regarded as relevant when deciding the terms on which transactions in the shares of the Company should be effected. Unreasonable behaviour based on such information could result in liability under MAR or the CJA.

Any prospective purchaser interested in acquiring an Investor Interest in the Company is recommended to seek independent financial advice. Law in certain jurisdictions may restrict the distribution of this document or of the giving of the Presentation and any subsequent offer for sale or sale of the Investor Interest. Persons into whose possession this document or the information from the Presentation comes are required to inform themselves as to and observe any such restrictions. Neither this document, nor any copy of it, may be taken or transmitted into the United States, Canada, Australia, Japan or South Africa or into any jurisdiction where it would be unlawful to do so. Any failure to comply with this restriction may constitute a violation of relevant local securities laws.

No securities of the Company have been or will be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States or under the securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan, New Zealand or the Republic of South Africa or to or for the account or benefit of any US person (within the meaning of Regulation S under the Securities Act). There will be no public offer of securities in the United States.

By accepting receipt of this document or attending the accompanying presentation, you agree to be bound by the limitations and restrictions set out above.

2019 summary

- Group revenues increase +7% to £20.2 million (2018: £18.8 million)
- Gross profit increase +10% to £8.0 million (2018: £7.3 million)
- Continued organic growth supported by new product launches
- 10 new international partnering agreements completed
- 14 long-term development and manufacturing agreements completed

Post period

- Acquisition of PharmaSource BV (completed January 2020)
- Orders received from Chinese Dentyt partner of over €7 million for 2020
- Covid-19 – instigated precautions and procedures, fully operational at this time – new business line meeting high demand for hand sanitiser
- Group order book currently at 2.5 times the value at the same time last year, excluding PharmaSource BV

Covid-19

- Instigated precautions and procedures to protect employees, customers and stakeholders
 - **Development & Manufacturing**
 - Facility located in Bosisio Parini, north of Lombardy
 - Implemented full safety precautions
 - Production facility remains open – considered essential supplier
 - High stock levels in raw materials
 - Commenced production of sanitising gel and donating some of the production to local hospitals and pharmacies in North Lombardy
 - **Venture Life products**
 - Supplied to pharmacies, grocery retailers & online retailers
 - High stock levels to meet demand
 - **Group position**
 - Diversified operations globally – not dependant on any one territory
 - Cash and liquidity
 - Robust continuity plans in place

2019 *financial highlights*

- Group revenues increased **+7%** to **£20.2 million** (2018: £18.8 million)
- Gross profit increased **+10%** to **£8.0 million** (2018: £7.3 million)
- Gross margin percentage increased to **40%** (2018: 39%)
- Adjusted EBITDA increased **11%** to **£3.0 million¹** (2018: £2.7 million)
- Profit after tax (PAT) increased to **£904,000** (2018: £236,000)
- Adjusted profit share of **2.18p²** (2018: adjusted profit share of 2.06p)
- Net cash generated from operating activities of **£3.0 million** (2018: £2.5 million)
- Cash at period end of **£10.7 million** (31 Dec 2018: £9.6 million)

Post period

- **Acquisition** of PharmaSource BV (completed January 2020)

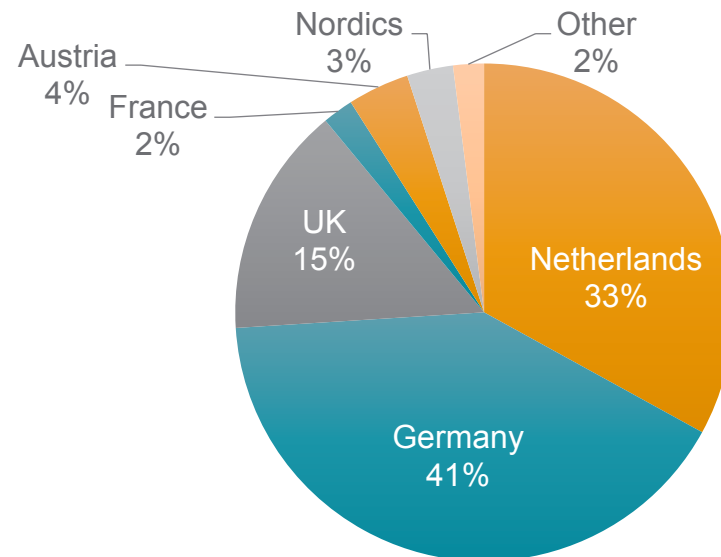
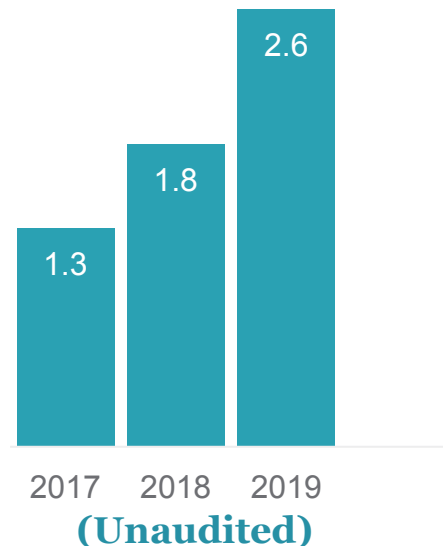
(1) Before exceptional items

(2) Adjusted for share based payments, amortisation and exceptional items

PharmaSource *acquisition*

- PharmaSource BV acquired 24th January 2020 – consideration €6.5 million total
 - Initial consideration of €5.23 million paid, deferred contingent consideration of up to €1.27 million payable in cash H1 2020
- 2011 founded in The Netherlands
- Medical device portfolio – dermatology, women’s healthcare
- 2019 = €2.6 m (net sales) and €0.9m (profit before tax)
- Enables Venture Life to broaden its product range and extend its global reach by providing additional retailers and distribution partners as well as being earnings enhancing
- Manufacturing all outsourced

Revenue (€m)



2019 % sales by country

PharmaSource *acquisition*

Opportunity

- To grow revenue and profitability with existing structure:
 - Expansion of PharmaSource products into UK
 - Expansion of Venture Life products into NL
 - Internationalisation
 - Product innovation
 - Utilise operational leverage and facilities



ROSSMANN

Kruidvat

Superdrug

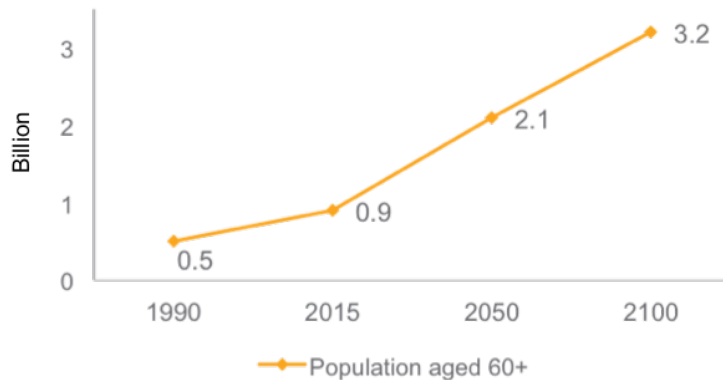
Our platform *for sustainable growth*

Strategy: Our growth strategy aims to leverage the scalable platform built at Venture Life



Our market *opportunity*

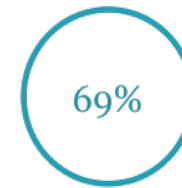
The population is ageing and growing rapidly¹



Healthcare budgets are under increasing pressure²



Combined deficit of NHS bodies and NHS trusts in 2017-18



Percentage of NHS trusts in deficit in 2017-18



NHS annual efficiency target 2020-21

Over-the-counter (OTC) Global Market³

2018
\$127
billion

CAGR (2019-25): 5.8%

2025
>\$185
billion

1. United Nations (2017). World Population Prospects: the 2017 Revision
2. National Audit Office – Financial sustainability of the NHS
3. Global Market Insights – Market Data

Global *distribution network*

Retail Partners

UK



Netherlands



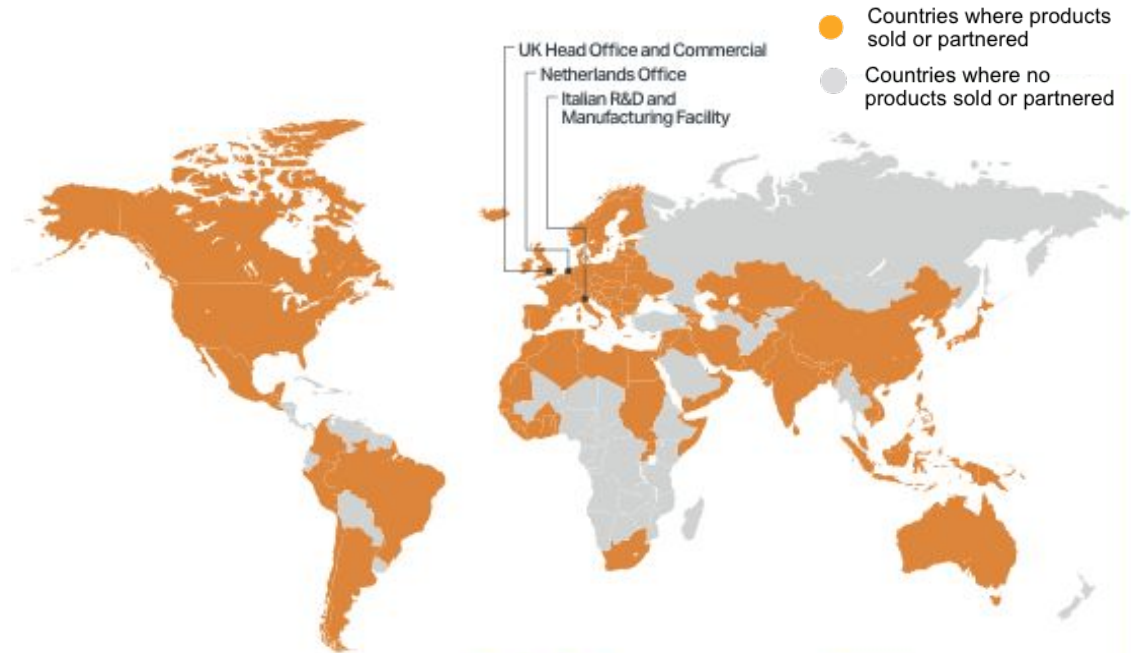
International Partners



WINDSTAR MEDICAL



Venture Life Group plc



110+

Partners

47

Markets worldwide

Self-care product *portfolio*

Key Self-care Categories

Oral Health



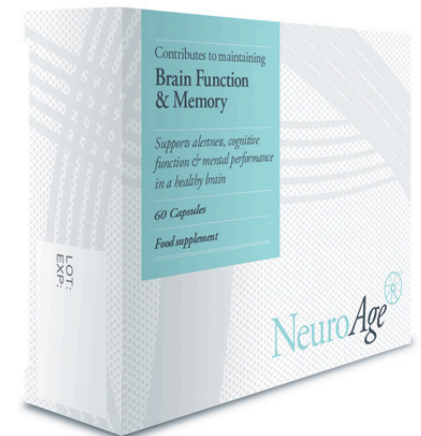
Proctology



Nail Fungus



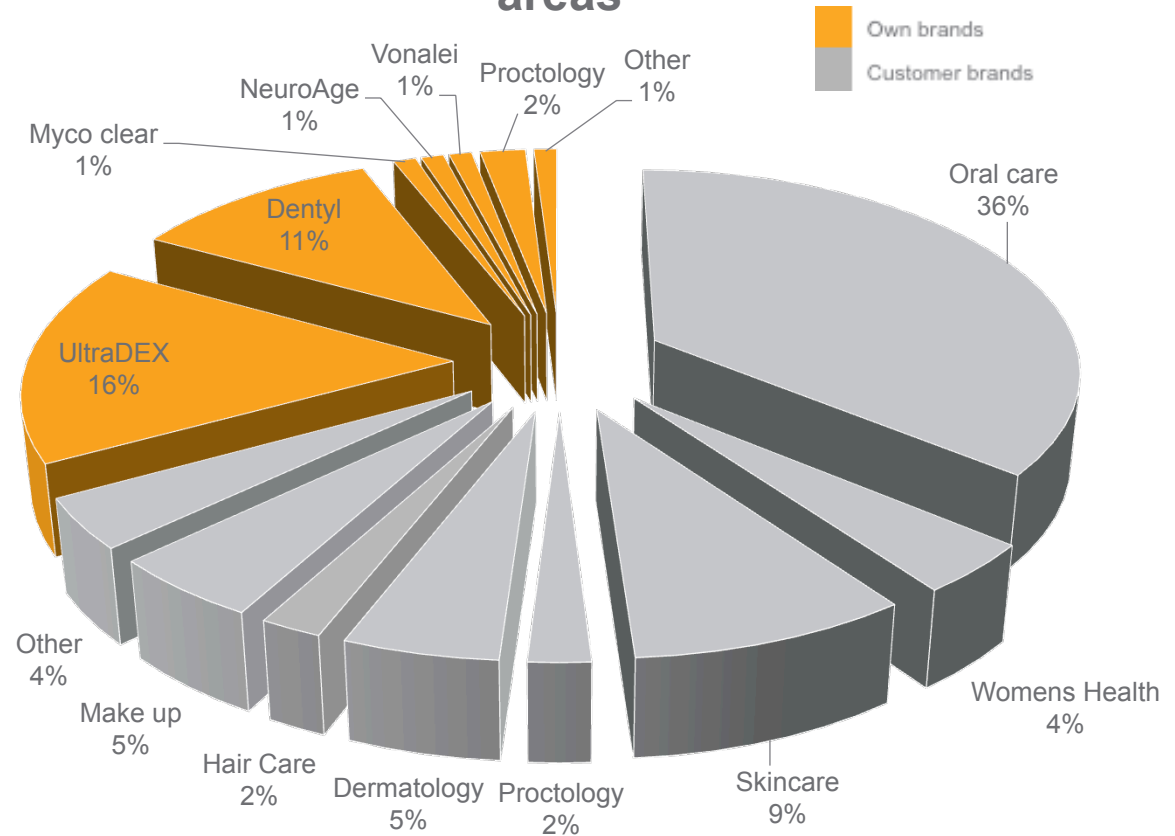
Brain Function & Memory



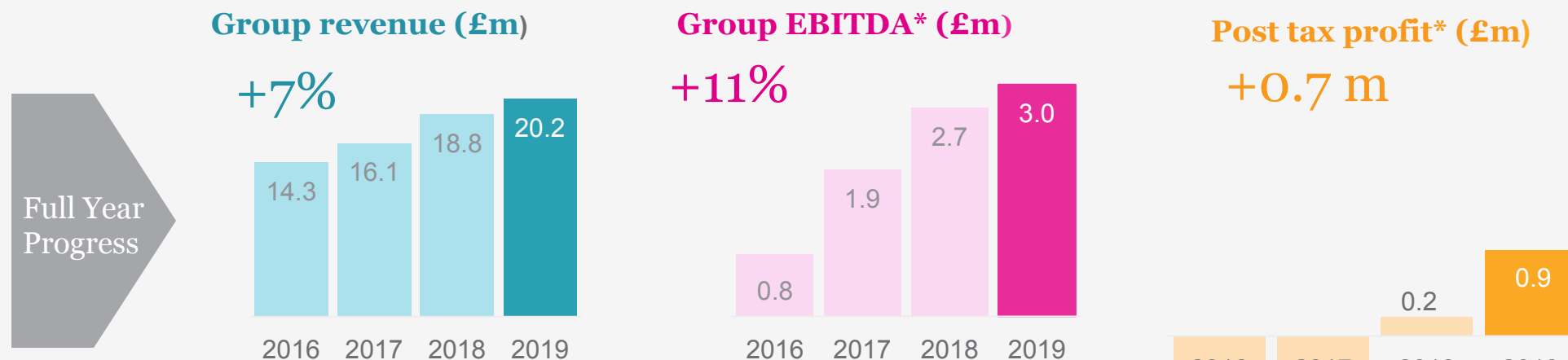
Expertise by *therapeutic area*

- Long standing Group expertise in oral care
- Wide therapeutic coverage
- Establishing our own brands in key areas
- Utilising our strong technical expertise

2019 Group revenues by main therapeutic areas



Delivering growth *through focus on strategic drivers*



* Before exceptional items
Venture Life Group plc



Financial Highlights



2019 *profit and loss account*

£ million		2019	2018	% change
Revenue		20.2	18.8	+7%
Gross Profit		8.0	7.3	+10%
Gross Margin		39.6%	38.8%	
Total admin expenses		6.7	6.2	+8%
Adjusted EBITDA *		3.0	2.7	+11%
Operating Profit		1.3	1.1	
Profit before Tax		1.4	0.7	
Profit after Tax		0.9	0.2	
Operating cash generation		3.0	2.5	20%

Comments:

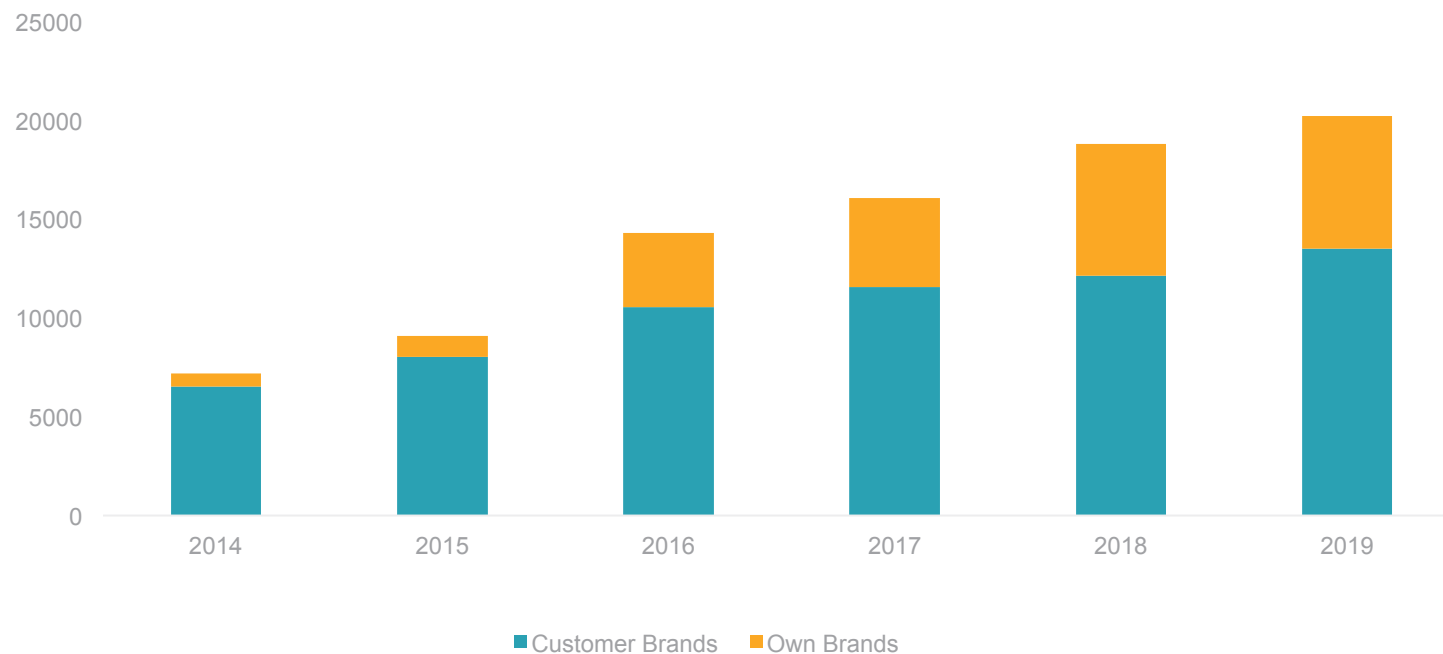
- Revenue growth up **+7%**
- Gross profit **+10%**
- Adjusted EBITDA* **+11%**
- Profit after tax of **£0.9m**

* Before exceptional items

Revenues *2019*

- Revenues increased 7% to **£20.2 million** (2018: £18.8 million)

£000s Revenue split between VLG Brand and Customer Brands



CAGR
23%
2014-2019

Balance sheet at 31 December 2019

£ million	December 2019	December 2018
Fixed assets	24.9	25.1
Cash	10.7	9.6
Other current assets	11.4	10.9
Total assets	47.0	45.7
Interest bearing debt	4.4	3.8
Finance Leases	2.6	3.2
Other liabilities	7.2	6.7
Total equity	32.8	32.1
Total equity and liabilities	47.0	45.7
Net cash	6.3	5.8

Comments:

- €6.5m of cash committed for PharmaSource acquisition (Jan 2020)
- Additional €1m debt less €0.2m repayments



Commercial Highlights



Brand highlights 2019 - *Dentyl*

UK - Dentyl

- New business - Lloyds pharmacy
- Existing business – increased distribution in Superdrug
- Legacy delists/one-offs annualised
- Social media campaign - #spititout

International markets - Dentyl

- Quality issues in China but strong start to 2020
- New marketing campaign started in China via TikTok
- Launched in 2 tooth markets

New product development - Dentyl

- Planned launch of Dentyl Toothpaste in 2020
- Development of two Dentyl limited editions
 - Dentyl Unicorn and Dentyl Mermaid

Post period end

- New agreement with Chinese partner on Limited editions



Brand highlights 2019 - *UltraDEX*

UK - UltraDEX

- Performed well against a declining mouthwash market
- New business – launched in ASDA & Well Pharmacy
- Existing business – expansion in Superdrug

UK marketing - UltraDEX

- Focus on brand awareness - #youneverknow
- Won 'Advertisement of the Year' at Dental Industry Awards in the UK

International markets - UltraDEX

- International markets – launched in 5 markets (17 in total)



International Highlights 2019

Venture Life *brands*

- 10 new long term distribution agreements signed
 - Myco Clear in France
 - Dentyl line extensions in China
- 14 new product launches in 2019



Post period *end*

- 6 new long term distribution agreements signed

Customer *brands*

- 14 development and manufacturing agreements signed
 - Alfasigma – new long term agreement
 - Giellepi – new long-term agreement for new medical device
 - Menarini – launch of new product range in Italy
- 65 key R&D projects under development

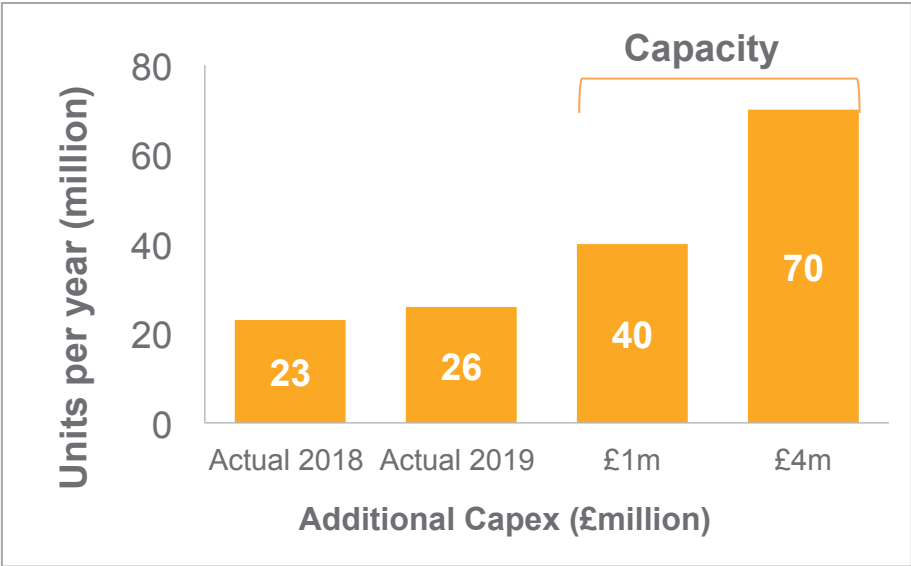


MENARINI





Our Manufacturing *Scalability*



2019 Group revenue	£20.2m
Utilisation (as % of 40m units per year capacity)	65%
No. of products produced in 2019	26m
Anticipated capacity with £1m additional annual capex (i.e. 2% of manufacturing revenue per year for next 3 years)	40m
Capacity with £4m additional capex	70m
No. of employees in production	62
Average employee tenure	10 years

Near term *priorities*

Acquisition

- Acquisition of small to medium sized assets
- Earnings enhancing

Innovation

- In-house development of Dentyl asset
- UltraDEX line extensions

Development

- Continued development of R&D projects
- Continued development of manufacturing projects

Growth

- Continued organic growth
- Accelerated growth through acquisition

Conclusion – *full year results 2019*

Summary

- Strong performance in 2019
 - Underlying organic growth
 - Growth in EBITDA and PBT
- Strong balance sheet, with cash for further acquisitions
- Built growth platform that can be leveraged
- Self-care market growing
- Proven track record in M&A
- **VLG + brand acquisitions = accelerated PAT growth**

2020 Outlook

- Group order book currently at 2.5 times the value at the same time last year, excluding PharmaSource BV
- PharmaSource BV – manage, integrate, exploit opportunities
- Cash generative going forward
- Acquisitive strategy to continue to accelerate profitability
- Minimal exposure to Brexit
- Further M&A opportunities





Appendices



An experienced *management team*



Jerry Randall
Chief Executive Officer

- Experienced executive director in international healthcare in both private and public companies
- Extensive experience in international licensing, M&A, fund raising and capital markets
- Previously co-founder of Sinclair Pharma plc growing it to £30m revenues
- Co-founder of Venture Life



Sharon Collins
Chief Commercial Officer

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



Gianluca Braguti
Chief Manufacturing Officer

- 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



Andrew Waters
Chief Financial Officer

- Chartered Accountant
- Previously worked at PWC and then spent 16 years at GlaxoSmithKline
- Co-founded two businesses, Cubase Consulting Ltd and Infirst Healthcare, raising in excess of £40 million from private equity

Significant growth potential in *self-care market*

- International consumer self-care group - founded 2010
- Portfolio of marketed products, growing partner base, product pipeline
- Products sold in 44+ countries, 110+ partners



Net Cash position remains strong

£'M	December 2019	December 2018	Comments
Convertible Bond	-	-	Bond repaid Sept 2018
Vendor Loan notes	-	-	Loan note repaid Sept 2018
Italian term loans	3.2	2.6	€3.7m principal
Deferred consideration	-	-	Consideration repaid Sept 2018
Invoice financing	1.2	1.2	On-going facility
Cash	10.7	9.6	
Net Cash	6.3	5.8	Strong sustained net cash position
Net cash (after Finance Leases)	3.7	2.6	

Italian loan position 31 December 2019

	Loan €'000	Balance €'000		Planned Full Repayment		Interest rate
BNL SPA	300	50		30/09/20		1% +3m Euribor
Intesa SPA	2,000	1,967		30/11/24		0.90% +6m Euribor
Unicredit SPA	800	720		31/05/23		1.05% + 6m Euribor
BPM	1,000	1,000		28/06/2024		1.40%
RIBA		1,387		On demand		£<1%

Shareholder *register*

Major Shareholders

The percentage of shares that are not in public hands is 26.1%.

Shareholder	Number of shares held	% issued share capital
JO Hambro Capital Management Limited	8,370,717	10.0%
BGF Investment Management Limited	7,880,000	9.4%
Mr Gianluca Braguti* and associated holdings	7,085,459**	8.5%
Gresham House Asset Management Ltd	6,244,000	7.8%
Ennismore Fund Management Limited	6,250,000	7.5%
River & Mercantile Asset Management LLP	4,409,500	5.3%
Otus Capital Management LP	4,185,274	5.0%
Cavendish Asset Management	4,169,938	4.9%
Quilter Cheviot Ltd	3,803,275	4.5%
Mr Jerry Randall* and associated holdings	3,769,729	4.5%
Dr Michael Flynn and associated holdings	2,812,577	3.4%
Sharon Daly* (née Collins)	2,019,953	2.4%

* Management

** Includes 300,000 shares owned by his wife and 2,000,000 owned by his adult children. Mr Braguti retains control of the voting rights for these 2,300,000 whilst he remains a Director of Venture Life Group plc.

Venture Life Group plc