

# The partner of choice for self-care products

Full Year Results Presentation  
2021

May 2022



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## 2021 Highlights

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- Continued to deliver on **strategic objectives** through growth of high margin VLG own brands, through both **organic and M&A** strategy
- Revenue & profit growth, despite global challenges:
  - COVID – overstocking and reduced consumer demand
  - Supply chain – cost, availability, lead times & margin impact

### Financial

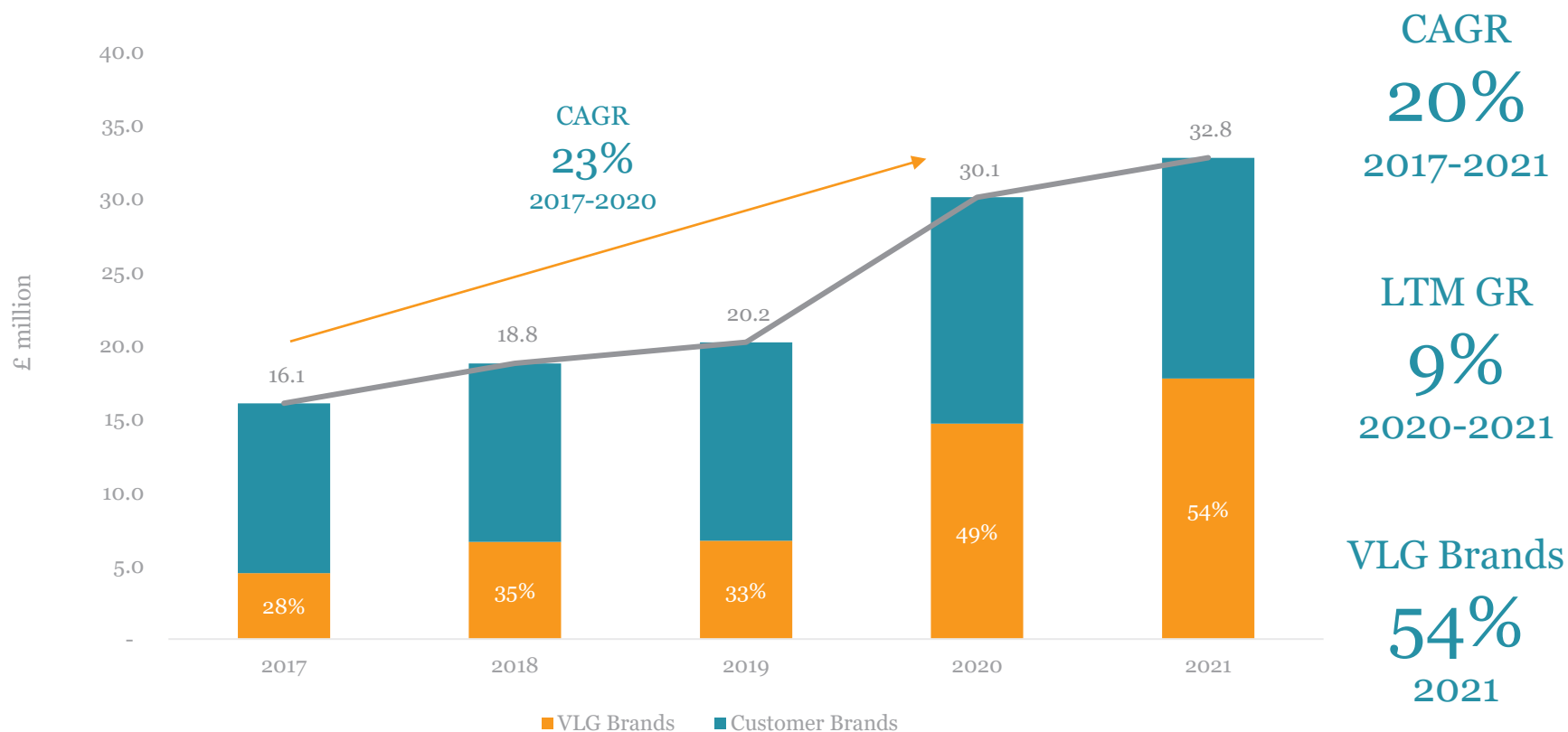
- Group revenues increased **+9%** to **£32.8 million** (2020: £30.1 million) (+11% on a constant currency basis)
- Adjusted EBITDA<sup>1</sup> increased **+8%** to **£6.6 million** (2020: £6.1 million) in line with expectations
- Pro-forma 2021 revenue **£37.8 million** (including full year of acquisitions)
- Momentum building – Q4 revenue **+59%** up vs Q3 and gross margin of **42.4%** in second half (H2'20: 40.4% LFL)
- Order book significantly ahead of last year reflecting significantly increased revenue visibility

### Acquisitions

- Two new acquisitions completed, utilising funds from previous year equity raise and new bank facilities available of up to **£50.0 million**, substantially undeployed to date.

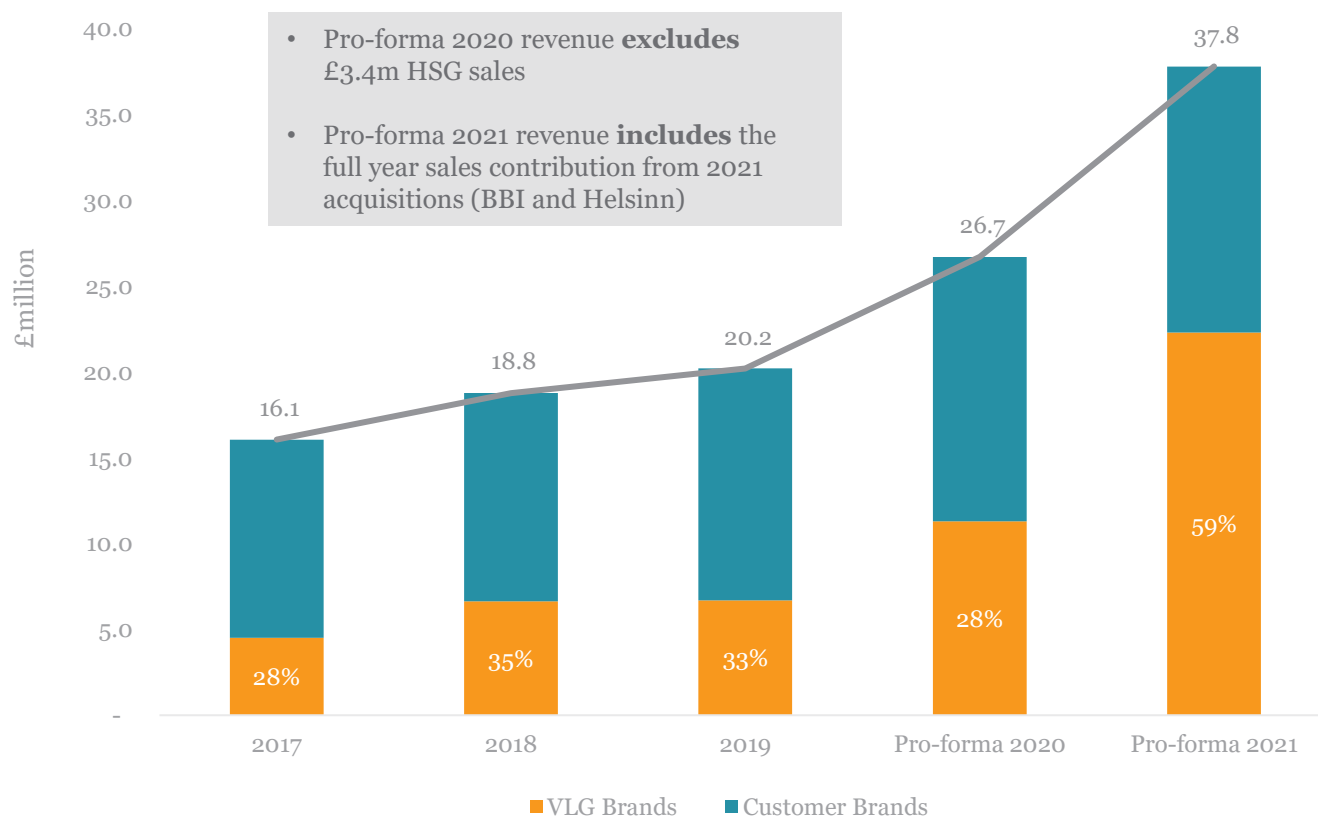
# 5 Years of *Revenue Growth*

## Reported Revenue – Split between VLG Brands and Customer Brands



# 5 Years of *Underlying Revenue Growth*

## Pro-forma Revenue - Split between VLG Brands and Customer Brands



CAGR  
**24%**  
2017-2021

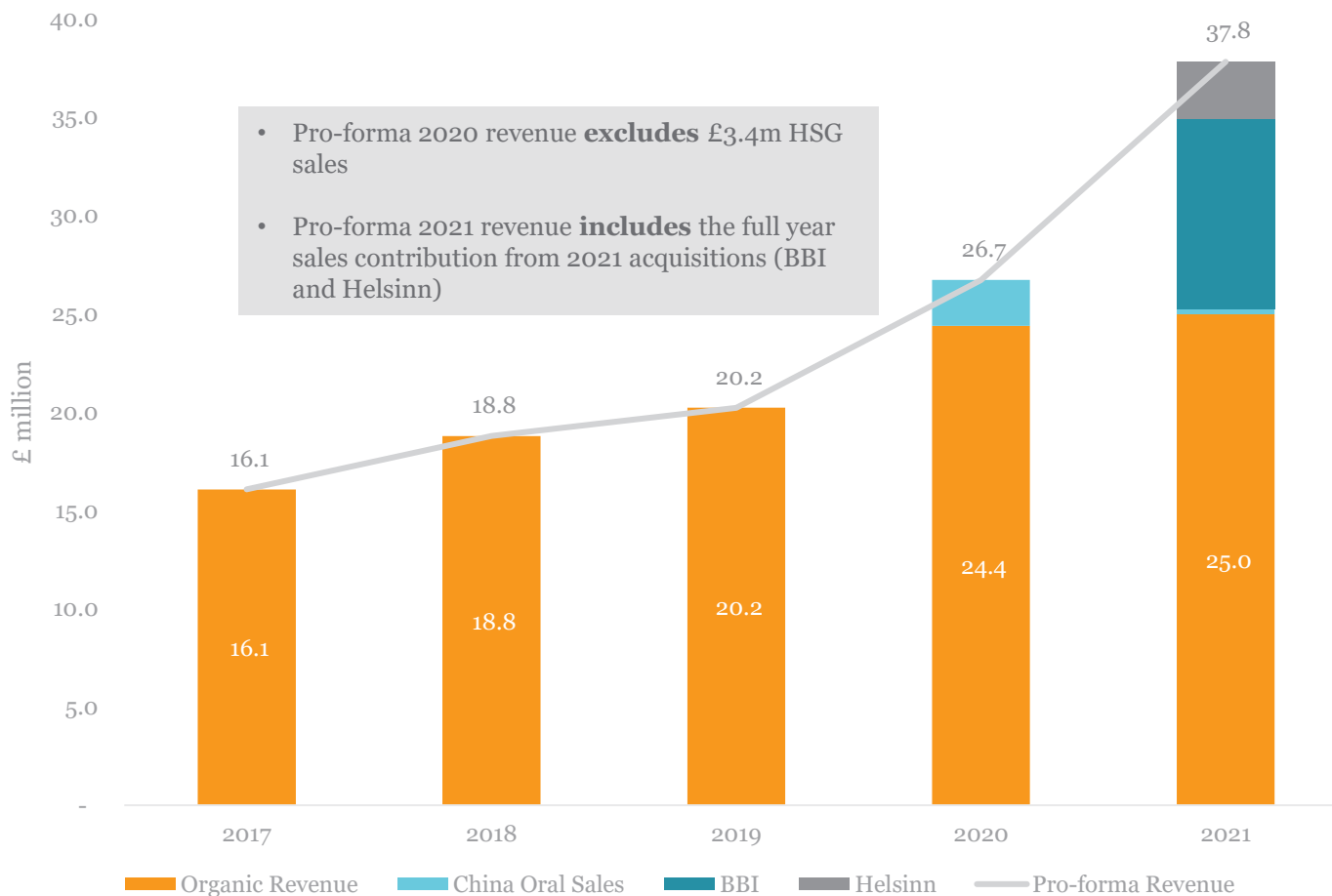
LTM GR  
**42%**  
2020-2021

VLG Brands  
**46.7%**  
2021 GM<sup>(1)</sup>

Customer Brands  
**30.4%**  
2021 GM<sup>(1)</sup>

## 5 Years of *Revenue Growth*

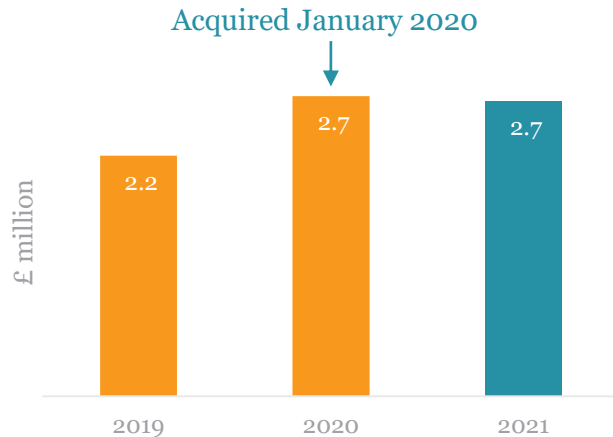
### Pro-forma Revenue - Showing underlying organic sales growth



Organic CAGR  
**12%**  
2017-2021

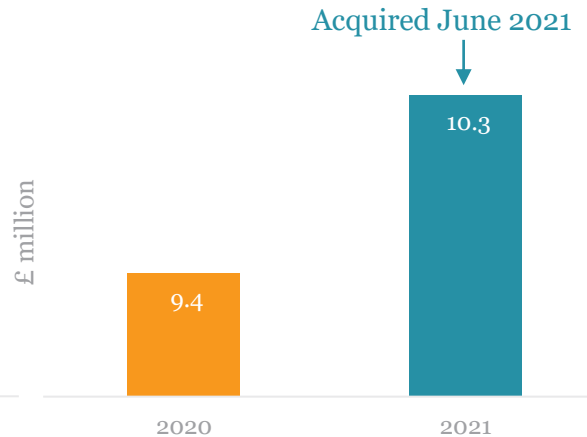
# Growth of *acquired businesses*

Pharmasource Revenue 2019 - 2021



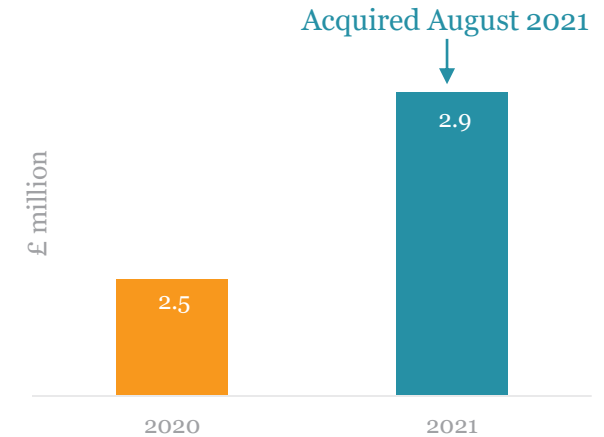
- Good growth in 2020 at **23%**
- 2021 affected by Covid, particularly international markets

BBI Proforma Revenue 2020-2021



- Growth across all 3 brands, driven by UK
- Significant future geographic expansion opportunity – both UK and international markets
- **10%** annual growth rate 2020 – 2021
- **8%** organic growth post acquisition

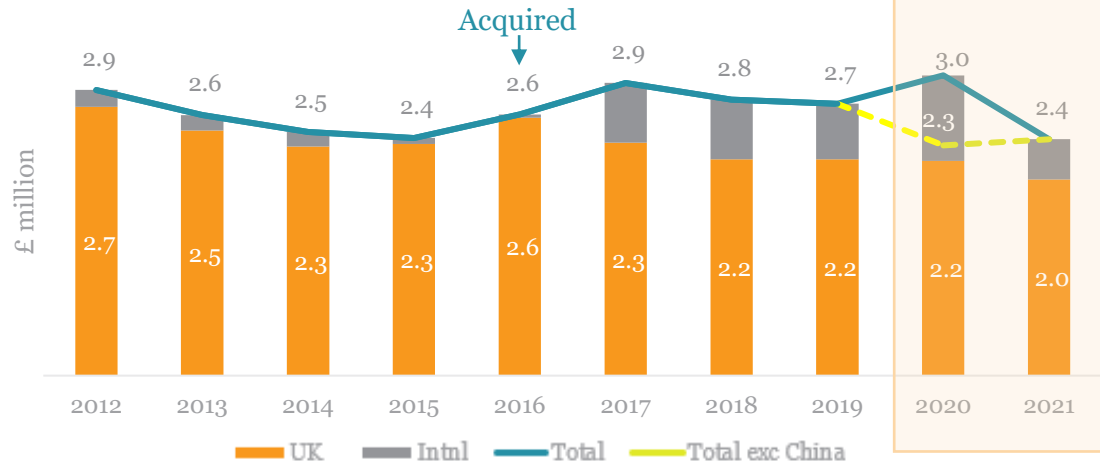
Helsinn Proforma Revenue 2020 2021



- Growth across Gelclair
- 2020 impacted by reduced oncology treatments
- 2021 showing levels of oncology treatments returning
- USA, Brazil remains key vacant markets
- **16%** annual growth rate 2020 - 2021

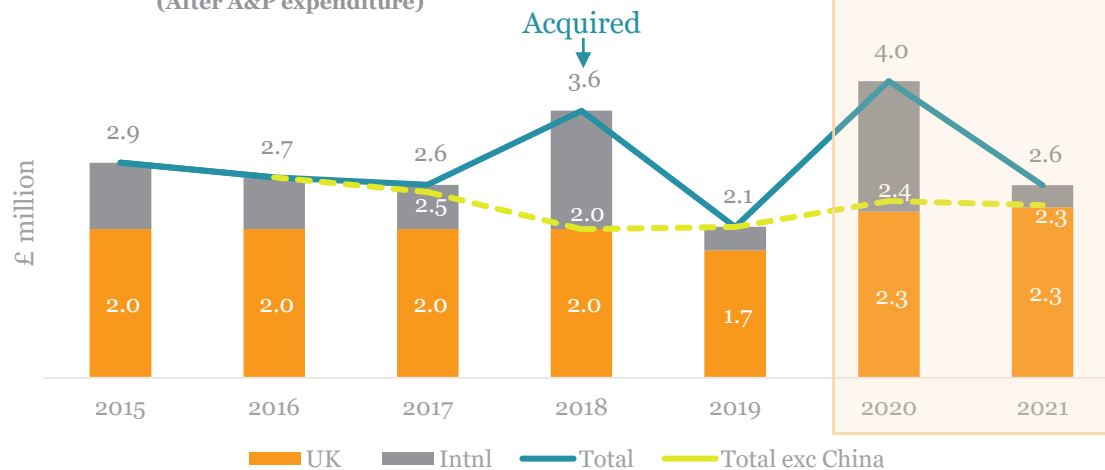
## Growth of *acquired businesses*

**UltraDEX Net Revenue 2012 - 2021**  
(After A&P expenditure)



- Acquired March 2016
- Initial growth good, seen through increased listings, NPD and international expansion
- Covid impacted in 2020 & 2021 – this is a lifestyle product, also heavily weighted in Boots (High St.)
- China impact seen in 2021
- No. 1 in Halitosis sub-category since 2020

**Dentyl Net Revenue 2015 - 2021**  
(After A&P expenditure)



- Acquired August 2018
- Good improvement in the UK in 2020, through strong distribution in supermarkets throughout COVID pandemic, and new product launches
- International markets:
  - 2019 - revenue affected by bottle leaking issues in China
  - 2021 - revenue affected by performance of Chinese partner
- Increased rankings from 6<sup>th</sup> to 4<sup>th</sup> in mouthwash market since 2020



# Expanded global *distribution network*



- UK Head and Commercial Office
- Netherlands Office
- Italian Development and Manufacturing Facility
- Sweden Manufacturing Facility

**215**  
Partners  
worldwide  
113\*

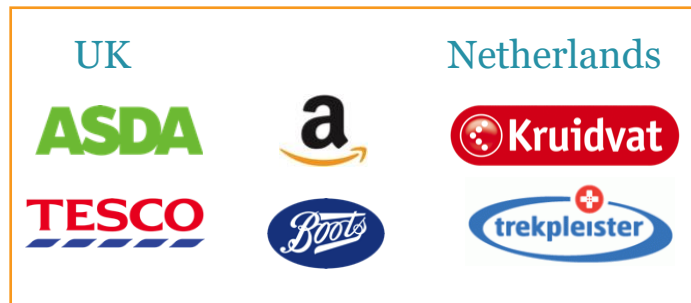
**+90**  
Markets  
worldwide  
+40\*

**4**  
Operational  
locations  
3\*

**145**  
Employees  
119\*

\*As at 01 January 2021

## Retail Partners



## International Partners



## VLG therapy areas – *products and category focus, significant 'build-out' opportunity*

### Registered Medical Devices, Cosmetics and Food Supplements



#### Oral Care

Halitosis, Anti-Plaque, Anti-Bacterial,  
Mouth Ulcers



#### Dermatology

Haemorrhoids, Rosacea



#### Foot Care

Fungal Nail, Wart & Verruca,  
Athlete's Foot



#### Women's Health

Bacterial Vaginosis, Atrophy,  
Candidiasis



#### Diabetes Management

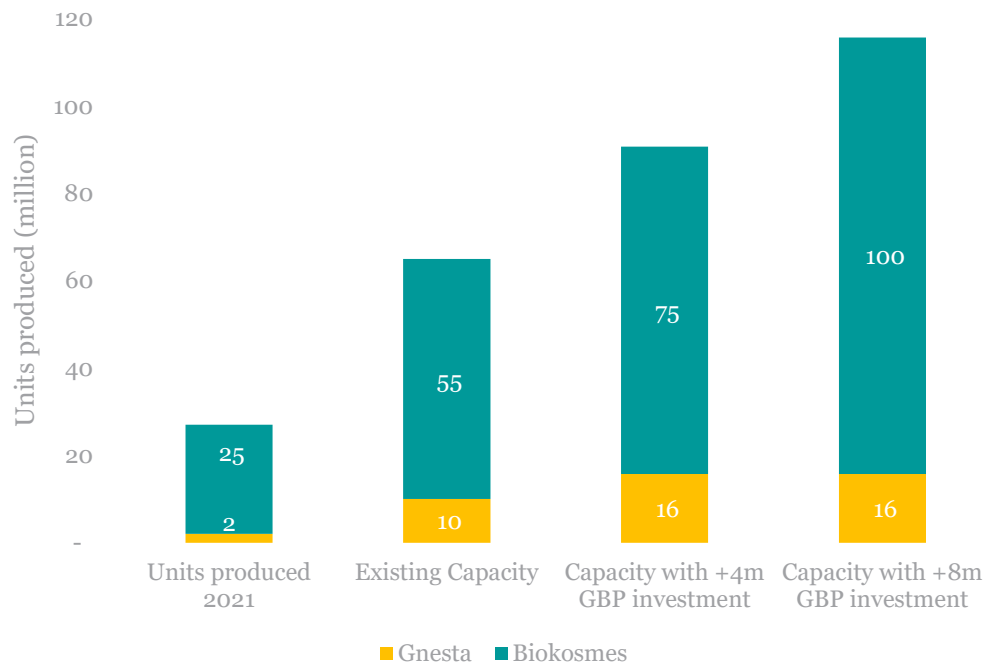
Hypoglycaemia & Diabetes Management



#### Oncology Support

Oral Mucositis, Dermatitis & PSA  
Management

# VLG's Manufacturing *Scalability*



| Item   | Group      |
|--|------------|
| Units produced in 2021                       | 27m units  |
| Existing capacity                            | 65m units  |
| Utilisation (% of capacity)                  | 41.5%      |
| Capacity with £4.0m capex investment         | 91m units  |
| Capacity with further £8.0m capex investment | 116m units |



# Global challenges and *mitigation strategies*

## **Supply Chain**

- **Raw material shortages** - higher competing demand/ lower production due to energy prices, meaning longer lead times, pressure on input prices and availability of goods
- **Global logistics challenges** - driven by COVID and higher fuel/energy costs

## **Cost of living**

- **Uncertain consumer demand** for personal care products due to inflation
- **Potential inelasticity** of demand against any product price increases

## **Ukraine/Russia Crisis**

- VLG customer exposure – 2022 current maximum €0.4m revenue due to decision not to supply to Russia/Belarus
- Global sanctions and volatility causing **supply chain disruption**. Some materials come from these territories, and now we have to source from alternative places

## **COVID-19**

- **Uncertain consumer behaviour/demand** post pandemic – risk of further outbreaks
- **Higher inventory** needed to absorb any supply chain and customer disruption

## Our Mitigation Strategies

- **Customer price increases/passing on cost increases** to share the impact of rising costs
- **Forward orders** from customers for greater visibility for procurement and production
- Procurement – **purchasing large quantities** at better prices, and increasing inventory held
- Increased **management of exposure to forex** due to overall supply chain volatility
- **Alternative suppliers** identified to protect against future supply chain disruption/ price rises

# Regulatory challenges and *mitigation strategies*

## *Medical device regulations*

- **Changes in regulation**
  - **Europe** - currently in the transition phase for medical devices in Europe, moving from Medical Device Directive (MDD) to Medical Device Regulations (MDR)
  - **United Kingdom** - lack of information and clarity in how the MHRA will implement an MDR equivalent structure in the UK
- **MDR compliance** - significant work needed to upgrade technical files, for more stringent MDR requirements
- **Additional regulatory cost**, to upgrade some technical files and obtain Notified Body approval
- **May 2024 deadline**, with non-compliance creating a risk of products coming off market
- **Scarcity of Notified Bodies** - limited resource in regulators/many companies leaving the process too late so ever increasing number of applications

## Our Mitigation Strategies



- **Started process in 2020** – technical files are well progressed meaning we are well positioned for Notified Body review
- **Bolstered regulatory team** – well resourced internal regulatory team to ensure preparedness
- **Budget for high regulatory costs** – we have accommodated for high regulatory costs within our cashflow
- **Extended all MDD certificates** until May 2024 providing us with the maximum time frame for compliance
- **Actively manage Notified Bodies** – regulatory review beginning in 2022 amongst the lack of availability
- **Stock management** – contingency plans in place to build stock levels in 2023/24 if required

# Sustainable Life – *to be a Trusted, Responsible and Sustainable Business*

## *Sustainable Development Goals (SDGs)*

- The 2030 Agenda for Sustainable Development, was adopted by all United Nations Member States in 2015, and provides a shared blueprint for peace and prosperity for people and the planet, now and in the future
- We believe the 17 SDGs is a clear framework for creating an effective ESG strategy and our commitments will therefore be aligned against the relevant SDGs.



## *Sustainable Life - Our 5 Step Approach*

1. **ESG Leadership Team** - formed from a diverse and accurate representation of our stakeholders
2. **Stakeholder Consultation** - consult with our stakeholders to understand the expectations of us, in being a trusted, responsible, and sustainable business
3. **Priority Goals** - following stakeholder consultation, identify our priority goals and ensure alignment to those SDGs
4. **Measurement method** - the key to our ESG success will be creating clear baselines and a transparent measure of progress against each of our goals
5. **Reporting** - regular reporting and transparency of progress to our stakeholders

# 2021 Acquisitions



## Acquisitions – *growth driver strategy*



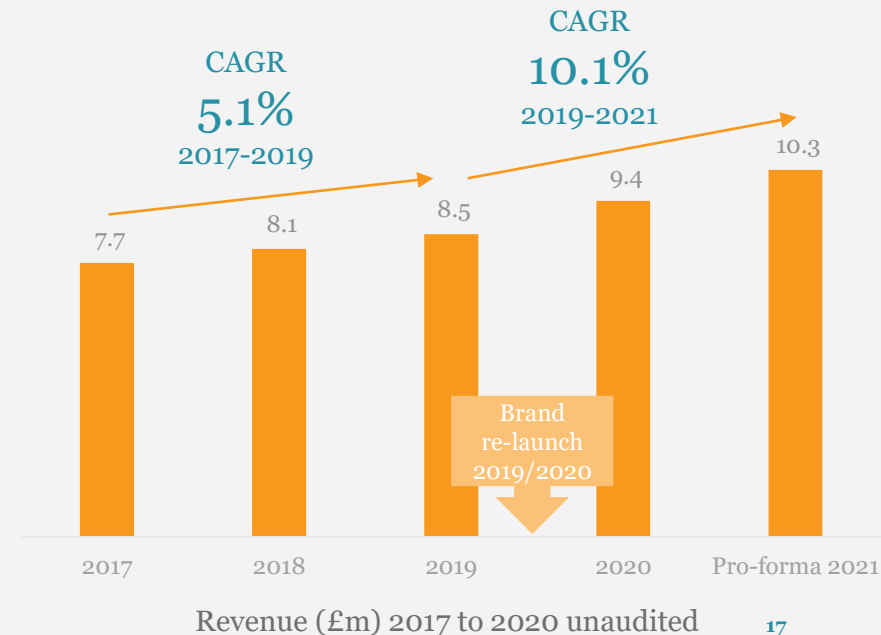
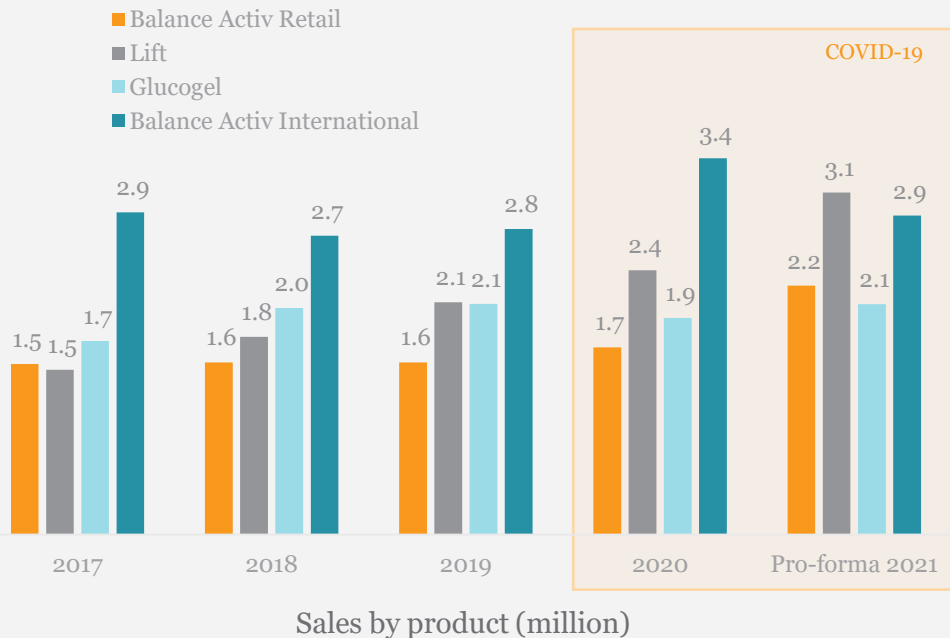
- 2 immediately earnings enhancing acquisitions
- Deployed equity funds raised in 2020
- New therapeutic footholds, broadening portfolio
- New partners - UK & International
- Additional manufacturing capacity
- Strong synergistic opportunities – immediate & future
- Cost synergies of £1 million (annualised basis) - partial impact in 2021 results – full year impact 2022





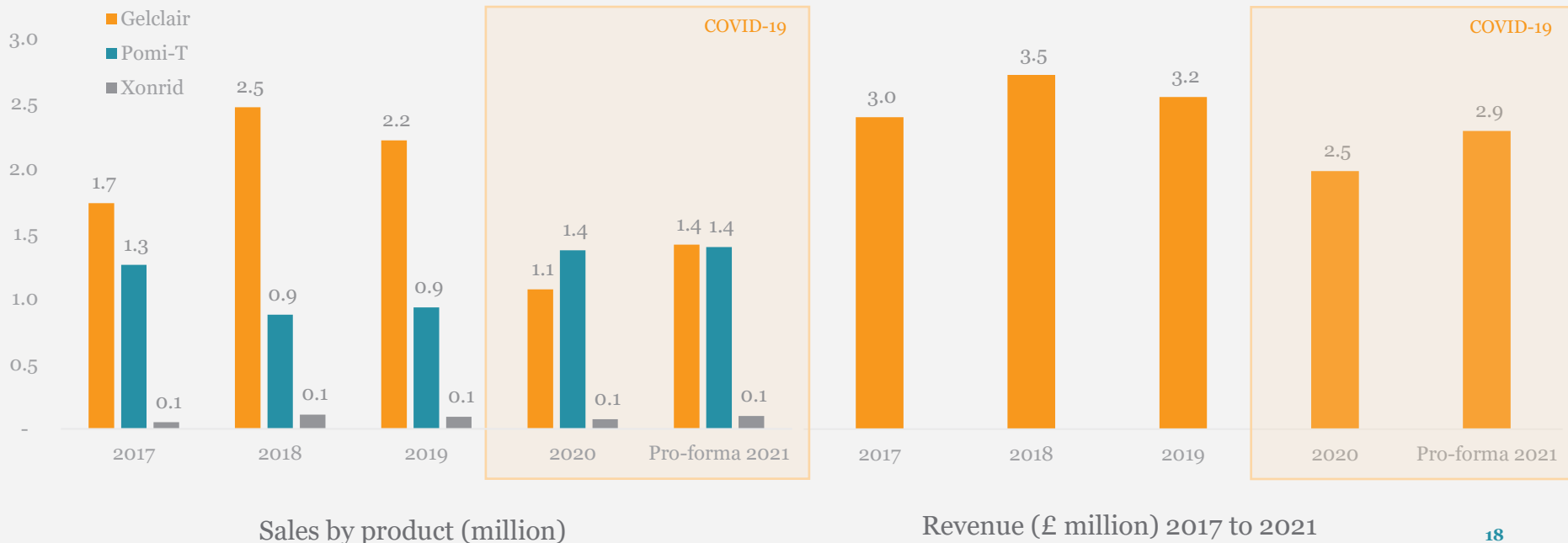
## BBI Healthcare Limited – *portfolio*

- Acquired 7th June 2021 – consideration paid £35 million plus £1m deferred
- 3 key brands in 2 new therapeutic areas - women's health and diabetes
- UK based with Swedish manufacturing facility
- Core UK market – key retailers
- Key international partner - Bayer Consumer Care AG
- Strong synergistic opportunities – cost savings, manufacturing capacity and cross selling
- Identified opportunities
  - UK/international expansion
  - Manufacturing opportunities
  - New product development opportunities



## Helsinn *Integrative Care Portfolio*

- Acquired 4<sup>th</sup> August 2021 – consideration £4.8 million total (£2.4m on completion, £2.4m in 2022, no earn out)
- Profitable with on market products sold in 56 countries
- Oncology support portfolio
- Products only acquired, no infrastructure
- Sales all through partners
- 2020 - 2021 sales suppressed through Covid, reduced oncology treatment already starting to reverse
- Good opportunities for partner expansion and cross selling
- Good opportunities for new product development





# Financial highlights

# 2021 *financial highlights*

## Full Year

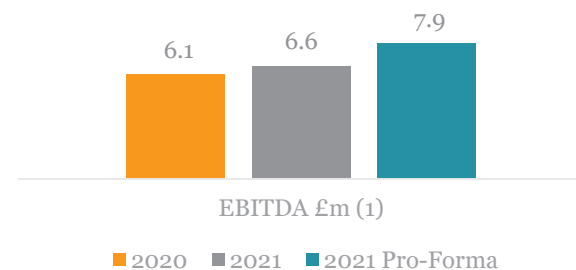
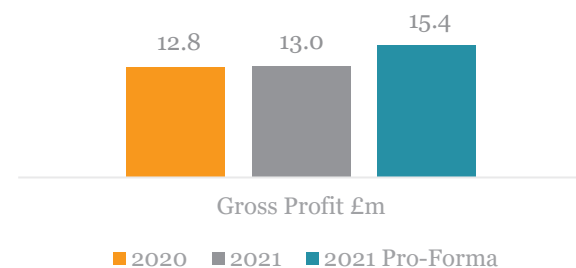
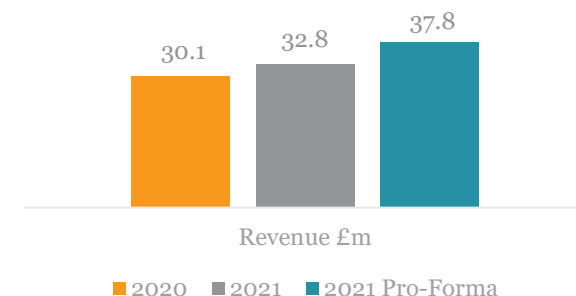
- Revenues increased **+9%** to **£32.8 million** (2020: £30.1 million)
- Gross profit increased **+0.9%** to **£13.0 million** (2020: £12.8 million)
- Gross margin percentage **39.6%** (2020: 42.7%)
- Adjusted EBITDA<sup>1</sup> increased **+8%** to **£6.6 million** (2020: £6.1 million)
- Earnings per share **1.91p** (2020: 2.74p) and Adjusted EPS **4.94p** (2020: 4.46p)
- Net cash generated from operating activities of **£0.6 million** (2020: £2.8 million)

## Second half

- Revenues of **£18.9 million** (2020: £13.2 million) driven by impact of acquisitions
- Adjusted EBITDA in second half **£4.7 million** (2020: £2.6 million)
- Gross margin achieved in second half **£8.0 million** (2020: £5.9 million)
- Increased revenue visibility and strengthened order book, ahead of same time last year on LFL basis

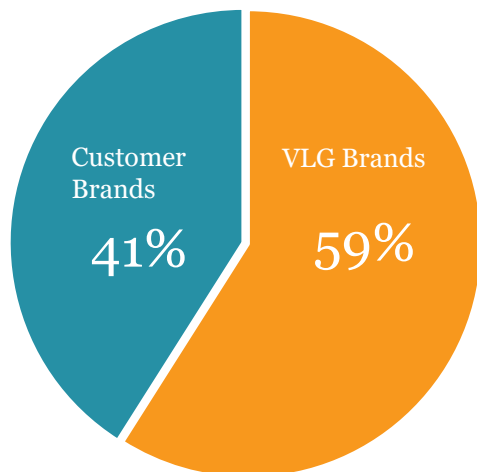
## Net cash / (debt)

- Cash at period end of **£5.2 million** (31 Dec 2020: £42.1 million)
- Group net debt excluding finance leases **£3.2 million** (2020: net cash £35.5 million)



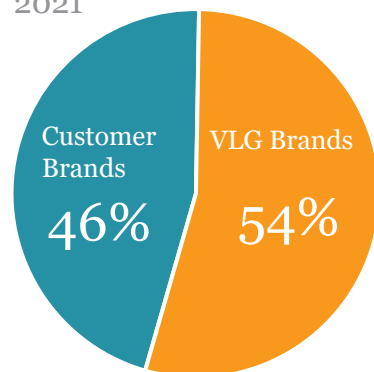
# Product portfolio - *VLG brands increasing*

**2021 Pro-forma Revenue** - split by VLG and Customer Brands

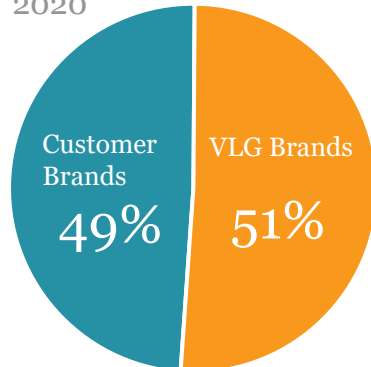


**Reported Revenue**

2021

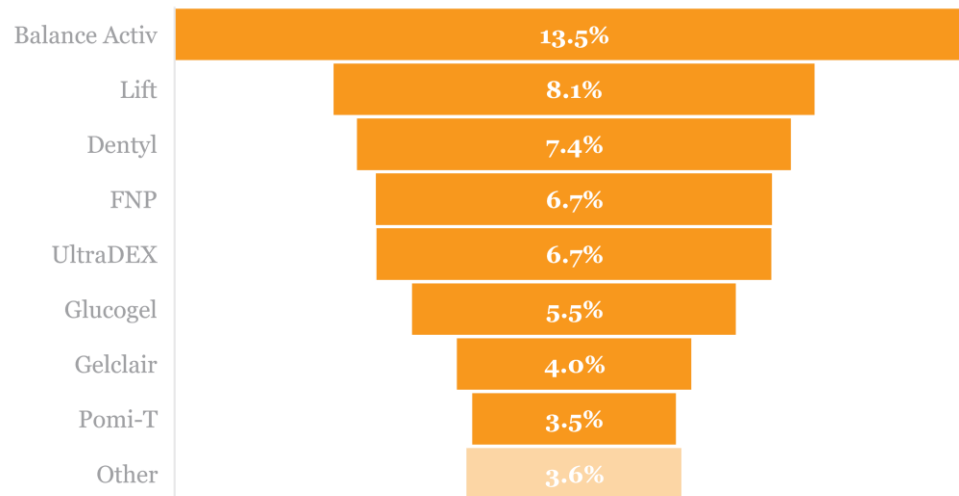


2020



Venture Life Group plc

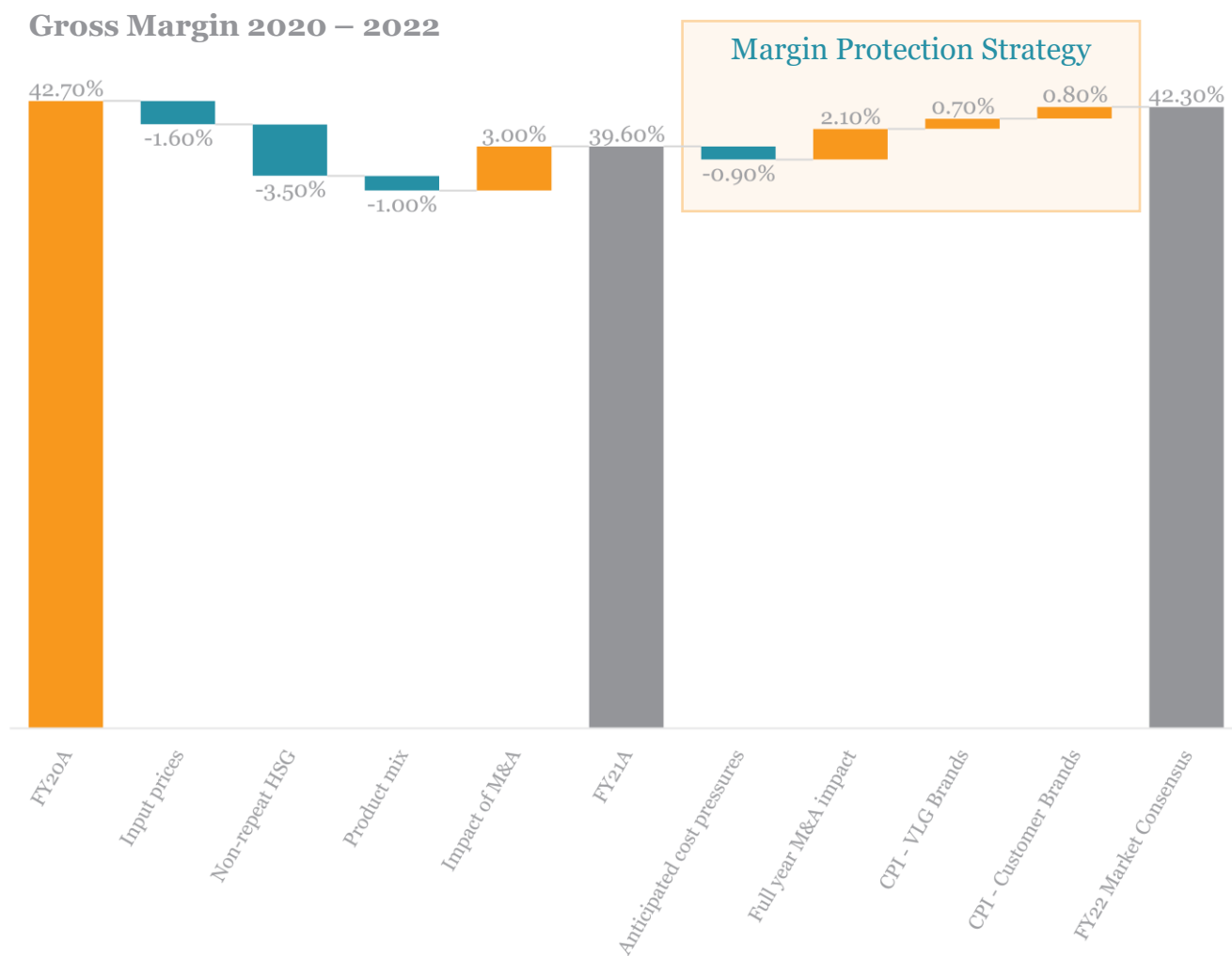
**Pro-forma Revenue** - VLG Brands by Product



**Total: 59%**

- Long standing Group expertise in oral care and skincare
- Key VLG brands added in women's health, diabetes and oncology support through acquisition
- Continued focus products registered as Medical Devices and Cosmetics
- Wide therapeutic coverage
- Establishing our own brands in key areas – concise portfolio
- Continued utilisation of our R&D capabilities

## 2021 *Gross margin %*

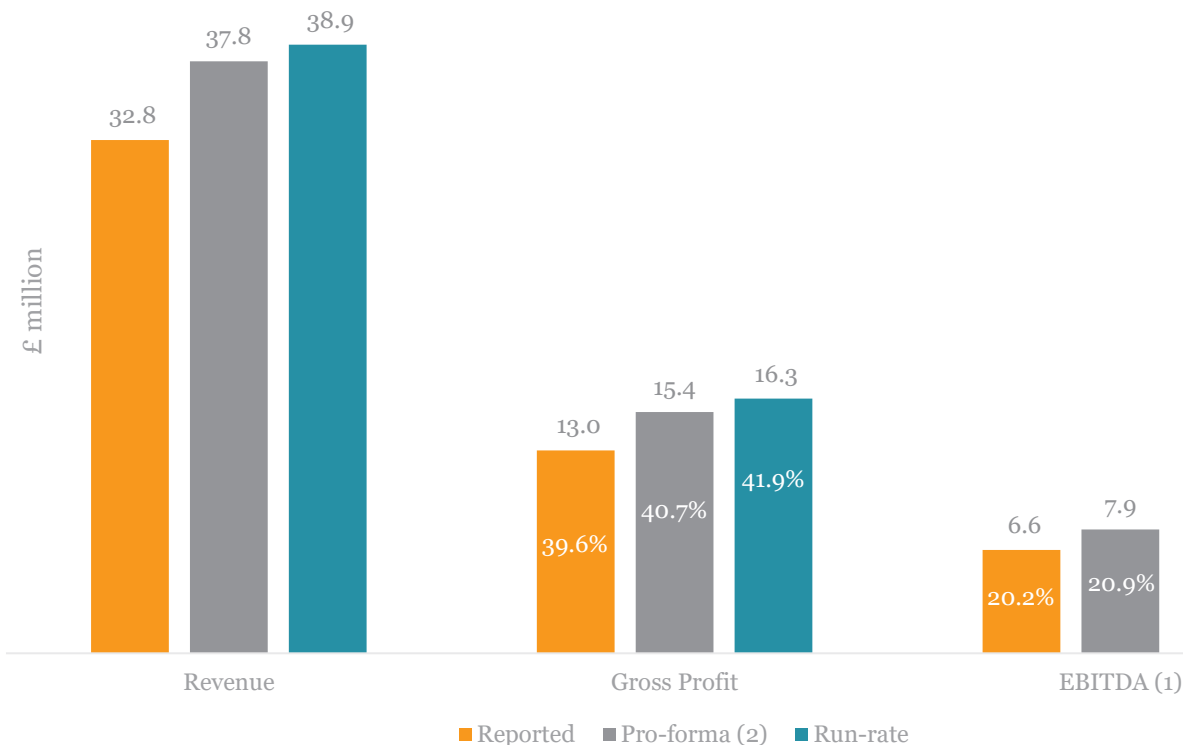


### Comments:

1. Overall gross margin reduction of **3.1%** between 2020 and 2021
2. Adverse impact of **6.1%** from supply chain challenges and product mix
3. Partial mitigation of **3.0%** from margin accretive M&A activity
4. H2-2021 gross margin **42.4%**
5. CPI implementation underway

## 2021 *Exit run-rate (Qtr4)*

### Reported and Q4 Run-Rate - 2021

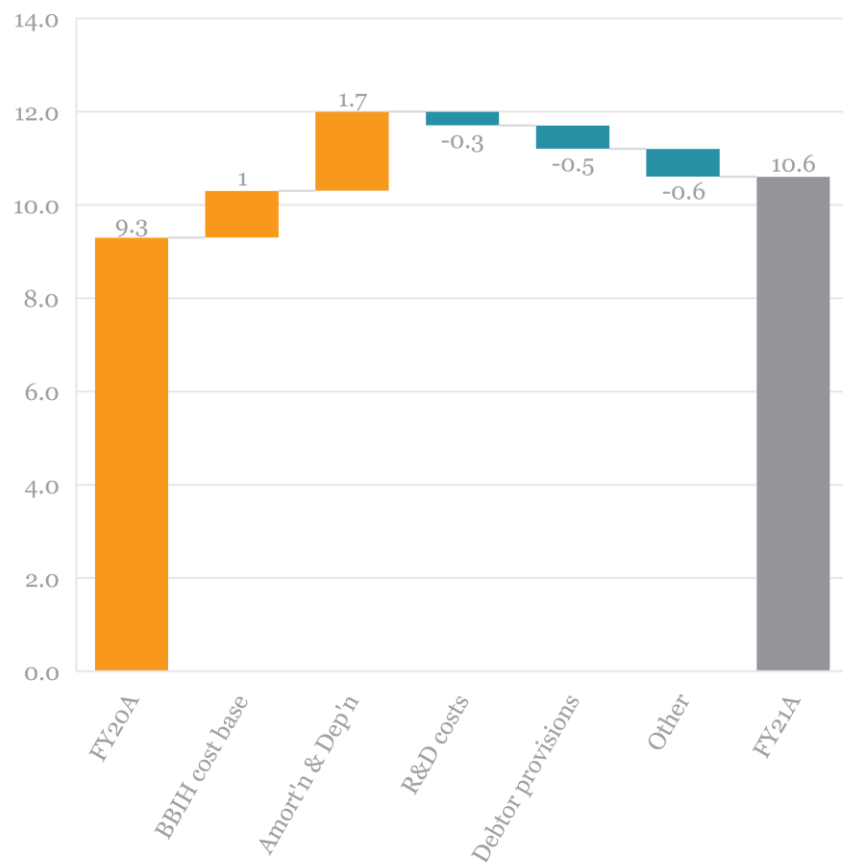


#### Comments:

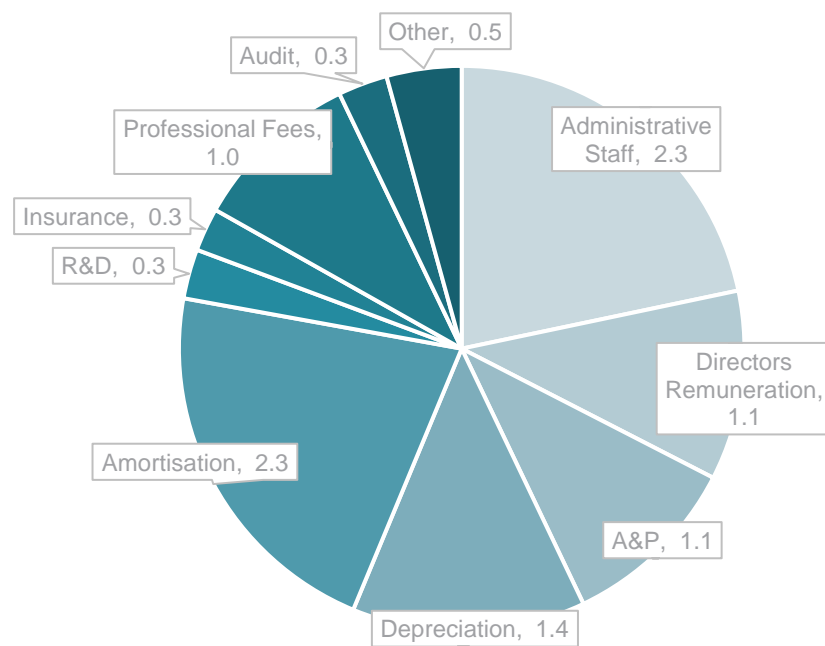
- Momentum building in second half of 2021 from acquisitions and post-covid recovery – full three months of new acquisitions impact in Q4-21.
- Including the Q4 exit run-rate (with secured new China partner) the **run-rate revenue** increases to **£38.9m**
- Run-rate **gross profit margin** increases by **2.3%** to **41.9%** as a result of accretive M&A activity
- 2021 reported **EBITDA** of £6.6m increases to £7.9m when adjusted for the full year impact of new acquisitions. This also reflects partial year impact of cost synergies materialized in H2 from the BBIH acquisition.

## 2021 *Administrative expenses*

Administrative Expenses 2020 – 2021 (£ million)



Administrative Expenses 2021 (£ million)





## 2021 *profit and loss account*

| £ million   | 2021  | 2020  | % change |
|---|-------|-------|----------|
| Revenue   | 32.8  | 30.1  | 8.9%     |
| Gross Profit  | 13.0  | 12.8  | 0.9%     |
| Gross Margin  | 39.6% | 42.7% |          |
| Total admin expenses                                  | 10.6  | 9.3   | 14.0%    |
| Adjusted EBITDA <sup>1</sup>                          | 6.6   | 6.1   | 7.8%     |
| Adjusted EBITDA <sup>1</sup> as % Revenue             | 20.1% | 20.3% |          |
| Profit before tax, amortization and exceptional items | 4.6   | 4.4   | 5.8%     |
| Profit after Tax                                      | 2.4   | 2.4   | 1.4%     |
| Net cash from operating activities                    | 0.6   | 2.8   | (78.2)%  |

### Comments:

- Revenue growth driven by impact of M&A £8.4m less non-repeat of HSG £3.4m and China £2.1m, balance from customer brands
- Percentage gross margin adversely impacted 6.1% by supply chain plus some mix, partially mitigated by accretive M&A +3.0%
- Admin comprised higher non-cash costs of amort'n and dep'n of £1.7m plus inclusion of BBIH operation £1.0m, partially offset by lower impairment (£0.5m swing) and other savings (£0.6m)
- Net tax credit £1.4m arising from ability to utilize significant tax losses c/fwd in the newly enlarged UK group
- Net cash includes temporary adverse working capital flux of £3.2m arising from strong Q4 revenue

(1) Before exceptional items and share based payments

## Balance sheet at *31 December 2021*

| £ million                            | December 2021 | December 2020 |
|--------------------------------------|---------------|---------------|
| Intangible non-current assets        | 65.1          | 27.0          |
| Tangible non-current assets          | 9.7           | 7.0           |
| Cash                                 | 5.2           | 42.1          |
| Other assets                         | 23.6          | 16.5          |
| Total assets                         | 103.6         | 92.7          |
| Interest bearing debt                | (8.5)         | (6.6)         |
| Finance Leases                       | (4.2)         | (4.6)         |
| Other liabilities                    | (17.7)        | (9.4)         |
| Total equity                         | 73.2          | 72.1          |
| Net cash/ (debt) exc. Finance Leases | (3.2)         | 35.5          |
| Net cash/ (debt) inc. Finance Leases | (7.5)         | 30.9          |

### Comments:

- Inclusion of **£37.1m** acquisition of BBI Healthcare Ltd plus the portfolio of assets acquired from Helsinn ICP for **£4.8m**
- New manufacturing facility acquired in Sweden (**£1.1m**) with state-of-the-art filling and packing line (**£1.2m**) as part of BBIH acquisition
- Access to significant additional debt through RCF, outstanding liability of **£8.5m** at 31-Dec-2021 (significant cash collection Q1-22, reduced drawdown post y/e)
- Other liabilities include deferred tax arising on acquisitions (**£6.0m**) plus deferred element of consideration (**£2.4m**) for Helsinn



# Commercial highlights

# Women's Intimate Healthcare & Diabetes

## 2021 highlights\*

- **+9.6%/+£0.9m** growth in FY21 to £10.3m (FY20: £9.4m) of 'ex-BBI business'

### UK Market

- **Balance Activ** +33% vs. FY20 - No.1 in Intimate Care on Amazon
- **Lift** +29% vs. FY20 - expansion in Boots and ASDA
- **Glucogel** +6% vs. FY20 and all pre-existing contracts retained

### International Markets

- Bayer - extended territories/contract length and Brazil regulatory approval

### Post period end

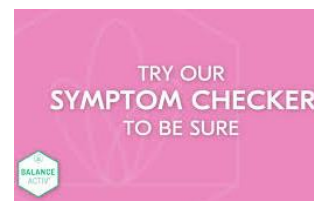
- Balance Activ - Amazon Germany launch April 2022
- Bayer/Brazil launch - July 2022
- Lift – long term agreement secured in Ireland

### Organic growth opportunities

- Expansion in UK market – Sainsbury's, Wilko, Ocado
- Expansion in international markets
- Innovation



best seller in  
intimate care on  
**amazon**



**250k**  
Symptom Checker  
users in FY21  
(+29% vs FY20)



**ASDA**



## Oral Care brands

### *2021 highlights*

- -28%/-£2m decline in total oral care brands to £5.2m in FY21 (FY20: £7.2m), due to underperformance of China
- Excluding China, growth would have been +2% (FY21: £4.9m vs FY20: £4.8m)

#### UK - Dentyl

- Dentyl retail expansion – Home Bargains, B&M, Savers, ASDA & Ocado
- Dentyl 4<sup>th</sup> in mouthwash market, behind Listerine, Corsodyl and Colgate

#### UK - UltraDEX

- No. 1 brand in the Halitosis sector, stealing market share from CB12 over last 2 years
- Rebound in consumer demand underway

#### Post period end

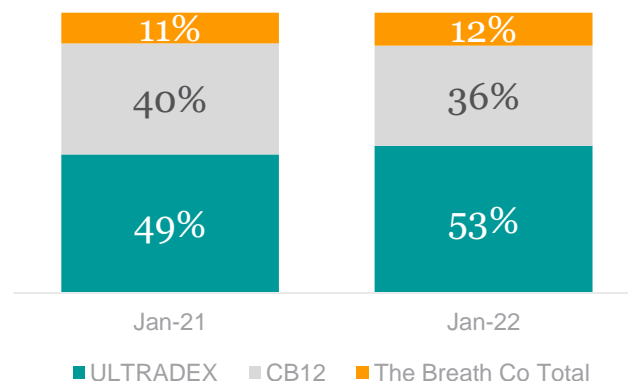
- New partner appointed for China market
- Cardiff University clinical study published

#### Organic growth opportunities

- Expansion in UK market – Wilko
- Innovation – Tesco/Dentyl Advanced Protection

## 4pt Share Gain in Bad Breath Category in 2021 to 53%

Value sales Share  
Bad Breath (Halitosis) MAT, Jan 2022



# International business

## 2021 highlights

### Helsinn update

- **+16%/£400k\*** increase in FY21 to £2.9m (FY20: £2.5m)
- Cancer treatments impacted due to COVID, but recovering
- New long-term agreement on Pomi-T in Germany
- **Organic growth opportunities** - international expansion
  - USA, Brazil, Canada & key EU markets

### PharmaSource update

- Sales steady at £2.7m (FY20: £2.7m)
- 2 new international agreements
- **Organic growth opportunities** - further expansion into Kruidvat, Superdrug & Wilko

### Customer Brands Business

- -3% decrease in FY21 to £15.0m (FY20: £15.4m) but good progress on new opportunities
  - Alfasigma/Dermon line
  - Accord Healthcare/Oncoderm



wilko  
Superdrug



accord

## 2021 *conclusions*

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- 2021 saw a record year at **£32.8m** (£37.8m on a pro-forma basis)
- Adjusted EBITDA at **£6.6m** (£7.9m on a pro-forma basis)
- **2 earnings enhancing acquisitions** successfully completed and integrated
- RCF in place for up to £50m, giving **significant firepower** for further earnings accretive M&A
- **Commercial progress** made across the whole business
- Multiple organic **revenue growth opportunities in the portfolio**, for future growth
- Multiple strategies in place to manage supply chain challenges
- **New Chinese partner** appointed, given difficulties with old one
- Difficult trading conditions continue due to **significant global supply chain issues**

# Appendices



## An experienced *management team*

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**Jerry Randall**  
Chief Executive Officer

- 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/ISO certification for manufacture of medical device/cosmetics



**Daniel Wells**  
Chief Financial Officer

- Chartered accountant
- Over 15 years experience in both PLC and private companies
- Member of the ATT

## Net Cash position *remains stable*

| £'million                       | December 2021 | December 2020 | Comments  |
|---------------------------------|---------------|---------------|---|
| Italian term loans              | -             | 5.7           | Repaid in full during 2021 pursuant to the revolving credit facility  |
| Revolving Credit Facility (RCF) | 8.5           | -             | Banking facility secured in the year with Santander and Silicon Valley Bank                                   |
| Invoice financing               | -             | 0.9           | Repaid in full during 2021 pursuant to the revolving credit facility  |
| Cash                            | 5.2           | 42.1          | <ul style="list-style-type: none"> <li>Large movement due to the two acquisitions made in the year</li> </ul> |
| Net Cash                        | (3.2)         | 35.5          | <ul style="list-style-type: none"> <li>Net cash improvement £1.8m since year end</li> </ul>                   |
| Finance lease obligations       | 4.2           | 4.6           | No new leases entered during the year   |

## VLG loan position *31 December 2021*

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|                         | Loan €'million | Balance €'million | Planned Full Repayment | Interest rate |
|-------------------------|----------------|-------------------|------------------------|---------------|
| RIBA                    | 2.5            | nil               | On demand              | £<1%          |
|                         | Loan £'million | Balance £'million | Planned Full Repayment | Interest rate |
| RCF Santander Bank      | 15.0           | 4.25              | 18/06/24               | SONIA + 2.5%  |
| RCF Silicon Valley Bank | 15.0           | 4.25              | 18/06/24               | SONIA + 2.5%  |

## Shareholder register – *as at 31st December 2021*

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### Major Shareholders

The percentage of shares that are not in public hands is 21.26%.

| Shareholder                            | Number of shares held | % issued share capital |
|--|-----------------------|------------------------|
| Slater Investments                     | 19,621,431            | 15.59%                 |
| JO Hambro Capital Management           | 10,450,000            | 8.30%                  |
| River and Mercantile Asset Management  | 10,015,695            | 7.96%                  |
| BGF                                    | 9,581,824             | 7.61%                  |
| Chelverton Asset Management            | 7,350,442             | 5.84%                  |
| Stonehage Fleming                      | 7,158,893             | 5.69%                  |
| Directors                              | 7,129,437             | 5.67%                  |
| Hargreaves Lansdown, stockbrokers (EO) | 6,896,968             | 5.48%                  |
| Close Brothers Asset Management        | 5,811,953             | 4.62%                  |
| Interactive Investor (EO)              | 5,108,818             | 4.06%                  |