



# FY 2022 Results Presentation

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21 March 2023



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01

# FY 2022 Overview

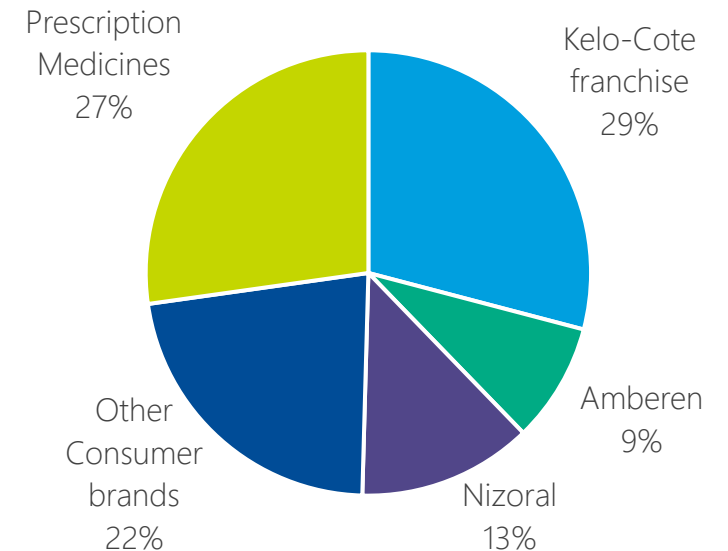
**Andrew Franklin, CFO**

# FY 2022 Overview

We expanded our product portfolio whilst navigating COVID-related challenges ...

## Revenue growth boosted by US acquisitions and FX

- +1% growth in Group see-through revenues to £172.0m
  - Like for like\* see through revenues down 6%
- Consumer revenues -3% CER\*\* to £125.2m
  - Kelo-Cote impacted by COVID-related lockdowns in China, -6% CER to £50.0m
  - Amberen affected by declines in bricks and mortar market and loss of key discount store account, -30% to £14.9m
  - Other Consumer Healthcare brands solid, +14% CER to £38.4m
- Prescription Medicines stable, -2% CER to £46.8m



# FY 2022 Overview

... whilst positioning our business to deliver sustainable growth for the longer term

## Operational developments

- Integrated acquisition of ScarAway and US rights to Kelo-Cote in just four months
- Transferred remaining marketing authorisations for Nizoral
  - Rollout of strategic brand plan for Nizoral now well underway
- Further progression of I&D strategy
  - Kelo-Cote Kids launched in 2022
  - Kelo-Cote Scar Sheets and Canker-X launched in Q1 23
- Invested in our people
  - All colleague conference held to reconnect post pandemic
  - New graduate and Year in Industry programs
  - Great Place To Work® certifications in US, France, UK, China and Singapore
  - Strengthened executive team and Board

## Increased focus on sustainability

- Updated Purpose, Vision and Strategy
- Scope 1 and 2 net zero emissions target set
  - Achieved carbon neutrality in 2022 (for 2021 Scope 1 & 2)
  - Scope 3 quantified and work underway to understand potential to reduce – main area of focus is Supply Chain & Logistics
- Sustainable sourcing lead appointed
- Sustainable packaging strategy in development



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# Key Brand Overview

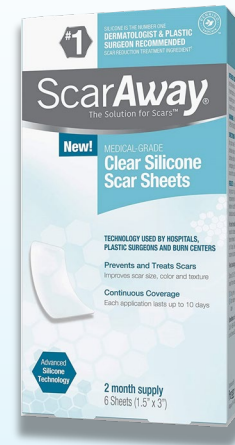
**Jeyan Heper, COO**

# Kelo-Cote franchise (including ScarAway)

Global leader in the silicone scar treatment market

## Kelo-Cote franchise

- Comprises gel, spray, sheet and kids formulation
- US acquisition means Alliance now has global rights to Kelo-Cote
- £50m revenue in 2022
- China largest market – 64% of revenue
- 75% of sales through eCommerce
- Strong Innovation and Development potential
- More than 20% revenue growth expected in 2023





# Scar treatment market landscape

## Market opportunity

**1 in 5**  
adults suffer a new  
scar incident annually

**Only 13%**  
of scar sufferers  
currently seek solutions

**80%**  
of scar care products  
in China are purchased  
online

**7%**  
Scar category growth  
in China eCommerce  
market in 2022

**>45%**

of US scar sufferers are unaware of  
treatment options and therefore  
don't treat their scars

**£386m global OTC scar treatment  
market in FY21**

## Kelo-Cote top 5 largest markets



**#1** global scar treatment brand

### Country

### Alliance position



#1



#2



#1

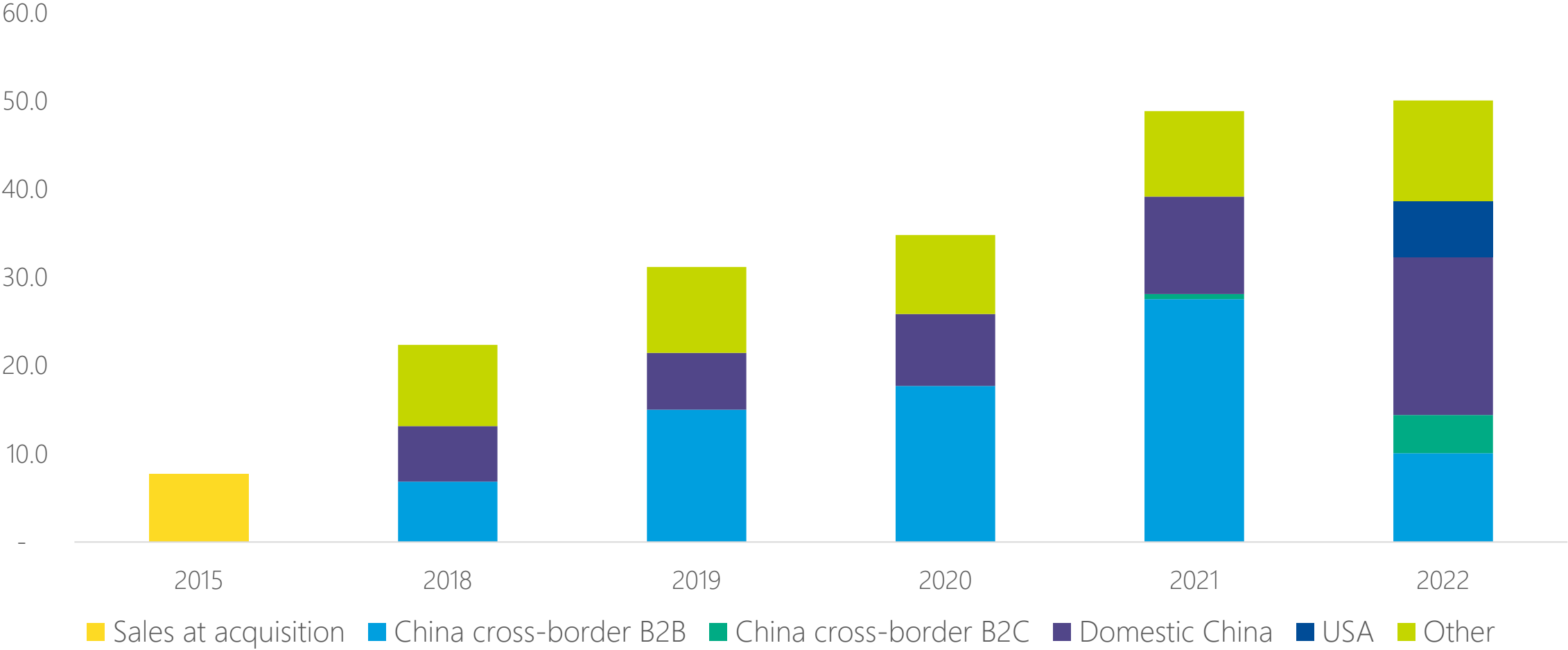


#2



#3

# Kelo-Cote franchise sales development by channel (£m)



# Chinese market channel overview

## 1: Chinese domestic business



Healthcare professional  
(Hospitals/clinics)

eCommerce

 淘宝网 TAobao(淘宝)  
Taobao.com

 天猫 TMALL (天猫)

 京东 JD (京东)  
JD.COM

 唯品会 vip.com VIP (唯品会)

 苏宁易购 Suning (苏宁易购)  
suning.com

## 2: China cross-border B2C business



B2C (Business to Consumer)  
Flagship stores

Dropship  
Influencer driven  
direct sales

Cross-border  
eComm platforms

 天猫国际 TMALL GLOBAL (天猫国际)

 京东国际 JD INTERNATIONAL (京东国际)

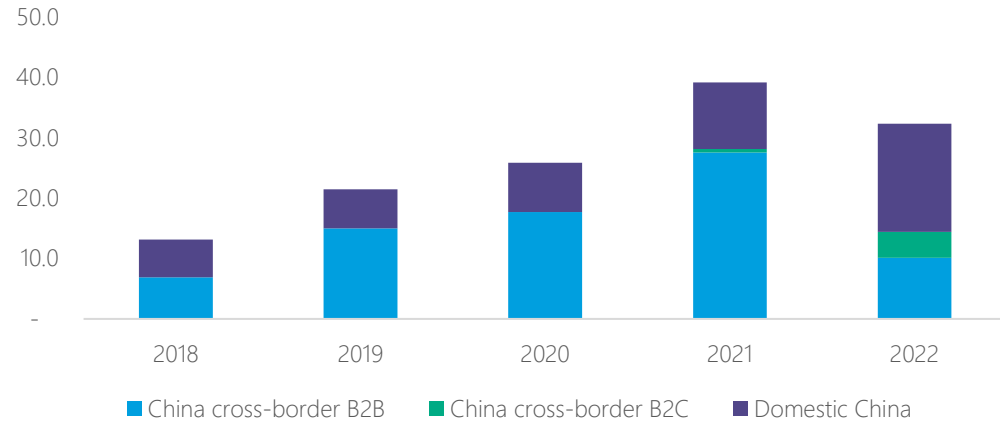
## 3: China cross-border B2B business



B2B (Business to Business)  
Traders / re-sellers

# Chinese market performance

Kelo-Cote China net revenue (sales out) split by Cross Border / Domestic (£m)



In market revenue growth in FY22

| Kelo-cote | Category                    |
|-----------|-----------------------------|
| 23%       | Domestic eCommerce 10%      |
| (5%)      | Cross-border eCommerce (4%) |
| 11%       | Total China 7%              |

- Domestic Kelo-Cote business growth remains strong
- Cross-border market closed during lockdown
- Kelo-Cote B2C performance through partner developing well
- B2C saw success in 2022, including the setup of the award-winning flagship store
- B2B distributor destocking towards end of 2022
- B2B showing early signs of recovery with in market demand and sales increasing in 2023
- Kelo-Cote brand protection activity continues to reduce counterfeit levels

|                                                   | 2021  | 2022  |
|---------------------------------------------------|-------|-------|
| Kelo-Cote share of CBEC scar market               | 51.6% | 51.1% |
| Kelo-Cote share of domestic eCommerce scar market | 17.0% | 19.0% |

# US scar treatment market

Highly strategic acquisition

## ScarAway and US rights to Kelo-Cote

- Acquired in March 2022 for \$19.4m (£14.8m)
- US is the second largest market for scar treatment
- ScarAway is second largest brand with 28% share
- Alliance now has global rights to Kelo-Cote
- Rapid integration in just four months leveraging current infrastructure
- Sales in line with expectations
- US business and systems now built to run a multi-brand platform at scale



ScarAway clear silicone scar sheets

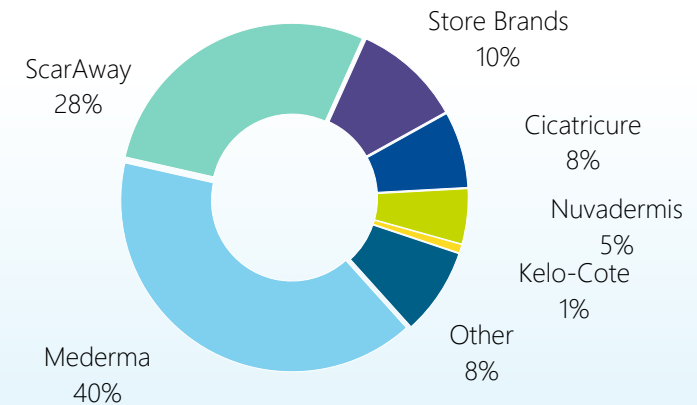


ScarAway silicone scar spray



ScarAway silicone scar gel

US market share<sup>(1)</sup>



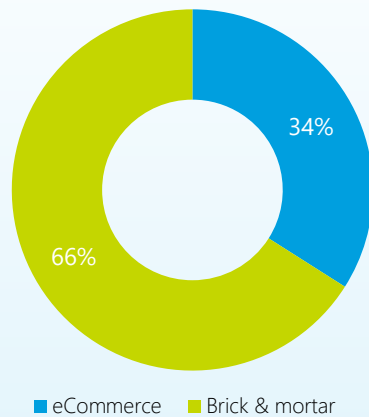
(1) US market defined as OTC scar treatment category for brands which have a primary claim of scar prevention and/or treatment. This market is valued on a retail sales basis for both bricks and mortar, Nielsen 52 weeks ending 31 Dec 2022. Management estimate of e-Commerce channel reflected at 50% of total category (Excludes Bio-oil)

# Amberen

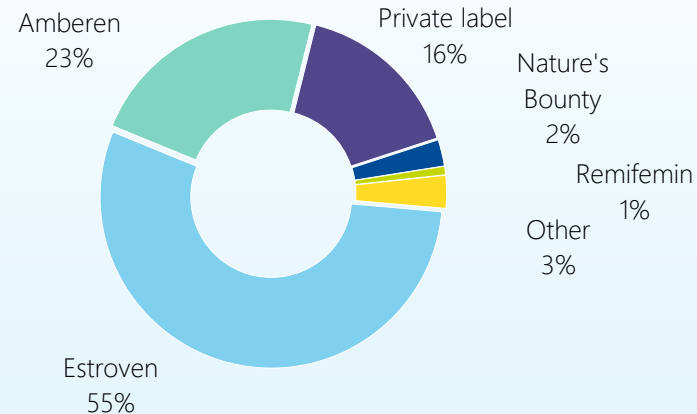
## Menopause symptom relief in the US

- c.\$US200m market for supplements for menopause symptom relief
- Bricks and mortar (B&M) market declined in 2022
- c.75% of US revenues through eCommerce channels
- Amberen is second largest brand behind Estroven, private label products have third largest share

Amberen FY22 revenue (£14.9m) split by



FY22 B&M share



# Amberen's differentiation commands a premium price

Results of a **12-week randomised, placebo-controlled, double-blind study** showed women between 42-60 years of age that tried Amberen:

|     |                          |     |                       |
|-----|--------------------------|-----|-----------------------|
| 91% | had reduced hot flushes  | 97% | had reduced stress    |
| 78% | had reduced night sweats | 73% | had more sex drive    |
| 80% | had reduced mood swings  | 71% | had reduced headaches |

## Amberen advanced menopause relief

- ✓ Contains proprietary Amber-M™ complex for clinically proven menopause relief
- ✓ Unique formulation only available as Amberen
- ✓ Supports hormonal balance for whole body menopause relief

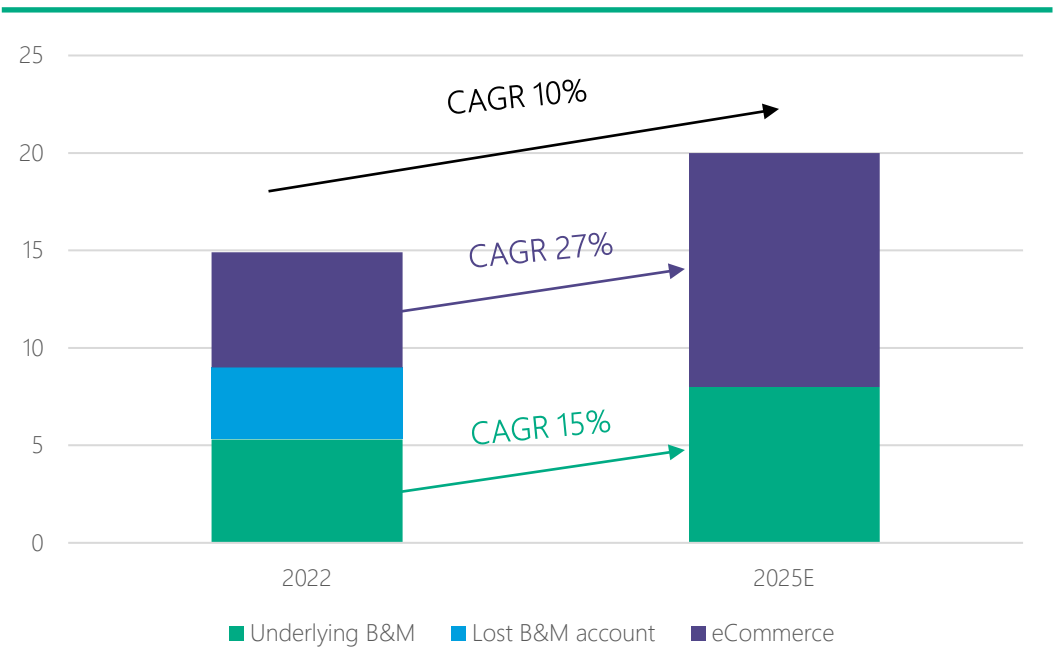
## Other menopause supplements

- ✗ Leverage soy or widely available herbal extracts
- ✗ Often copied and sold as store brands
- ✗ Only mask menopause symptoms

# Amberen revenue development and growth strategy

- Sales declined FY20-22
  - Increased competition
  - Low awareness leading to reduced repeat purchasing
  - Narrow product portfolio
  - Declining bricks and mortar market
- Clear plan to deliver growth in 2023 and beyond
  1. Increase presence in eCommerce
  2. Stabilise bricks and mortar
  3. Cultivate customer loyalty and penetration
  4. Increase brand awareness
- Double digit revenue growth on a like for like basis in 2023

Amberen revenue development (£m)



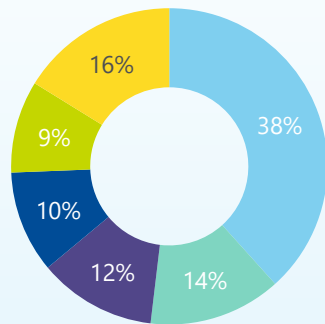


# Nizoral franchise (including Triatop)

Medicated anti-dandruff brand in APAC

- Product portfolio comprises 1% shampoo, 2% shampoo and combination product
- £21.8m sales in 2022
- 38% of sales in China
- 10% of sales through eCommerce

Nizoral FY22 revenue (£21.8m) by country



■ China ■ Korea ■ Japan ■ Australia ■ Philippines ■ Other



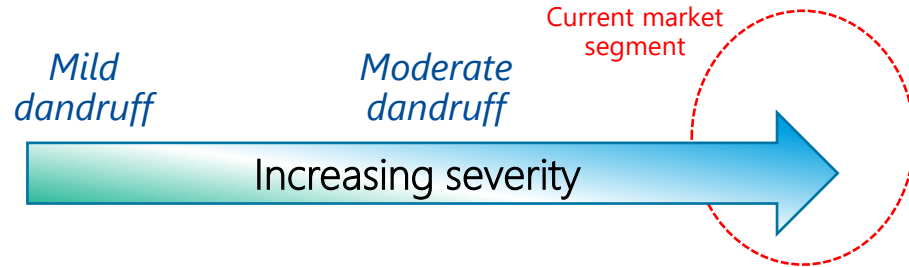
Nizoral 2% shampoo  
(Korea packaging)



Triatop 2% shampoo / lotion  
(China packaging)

# Dandruff treatment market landscape

## Market opportunity



Severe dandruff requires use of medicated anti-dandruff products, such as Nizoral

4%

forecast CAGR in APAC medicated anti-dandruff market from 2020 to 2025

Up to 3%

of the population has severe dandruff

c. \$300m APAC medicated anti-dandruff market in 2025<sup>(1)</sup>

## Nizoral top 5 largest markets



**#2** medicated anti-dandruff brand in APAC

### Channels present

| Country | 1% Shampoo | 2% Shampoo / Lotion | Rx combi Lotion | Alliance position |
|---------|------------|---------------------|-----------------|-------------------|
|         |            |                     | Rx              | #2                |
|         | I&D        | OTC                 |                 | #1                |
|         |            |                     | Rx              | #1                |
|         | OTC, eComm | OTC, eComm          |                 | #1                |
|         |            | Home Remedy, eComm  |                 | #1                |

# Nizoral – driving growth through marketing and innovation

- Consumer activation campaigns designed to appeal to new, younger user
- Innovation focusing on adjacent cosmetic anti-dandruff market
- High single digit revenue growth expected in 2023



**Strip away your dandruff label once and for all** Nizoral

ARE THOSE FLAKES? HAVEN'T YOU SHOWERED?

**Effective in close to 9 out of 10 users.**

Ketoconazole 2% is clinically proven to be effective in 88% of patients treated over 2-4 weeks. Peter RU, Richarz-Barthauer U. Successful Treatment And Prophylaxis Of Scalp Seborrheic Dermatitis And Dandruff With 2% Ketoconazole Shampoo: Results Of A Multicentre, Double-blind, Placebo-controlled Trial. Br J Dermatol. 1995;132(3):441-5.

Nizoral®  
100 ml shampoo

ALLIANCE



**Nizoral® Shampoo 5 minutes twice weekly\* Treats dandruff effectively\*** Nizoral

STRIP AWAY YOUR DANDRUFF LABEL

**5 MIN TWICE A WEEK** KEEPS DANDRUFF AT BAY

**Clinically effective in close to 9 out of 10 users.**

\*Ketoconazole 2% shampoo is clinically shown to be effective in 88% of users treated for 2 - 4 weeks. Peter RU, Richarz-Barthauer U. Successful Treatment And Prophylaxis Of Scalp Seborrheic Dermatitis And Dandruff With 2% Ketoconazole Shampoo: Results Of A Multicentre, Double-blind, Placebo-controlled Trial. Br J Dermatol. 1995;132(3):441-5.

\*Please refer to the local product label for the most accurate usage instructions.

Nizoral®  
100 ml shampoo

ALLIANCE

JB-00792



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# FY 2022 Results

**Andrew Franklin, CFO**

# 2022 Results

## P&L Headlines

### See-through Revenue\*

£172.0m

+1%

*Strong growth in other consumer brands*

### See-through Gross Margin\*

59.1%

(2021: 64.5%)

*Impacted by unfavourable product mix*

### Underlying EBITDA

£39.2m

-19%

*Increased investment in marketing and employee costs*

### Underlying Profit Before Tax

£30.3m

-28%

*Increase in finance costs reflects interest rate rise and additional debt for US Acquisition*

### Underlying Basic EPS

4.28p

-33%

*Increase in underlying effective tax rate*

### Proposed Final Dividend

1.184p

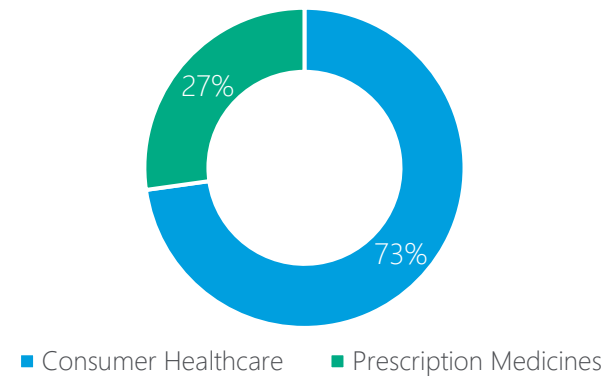
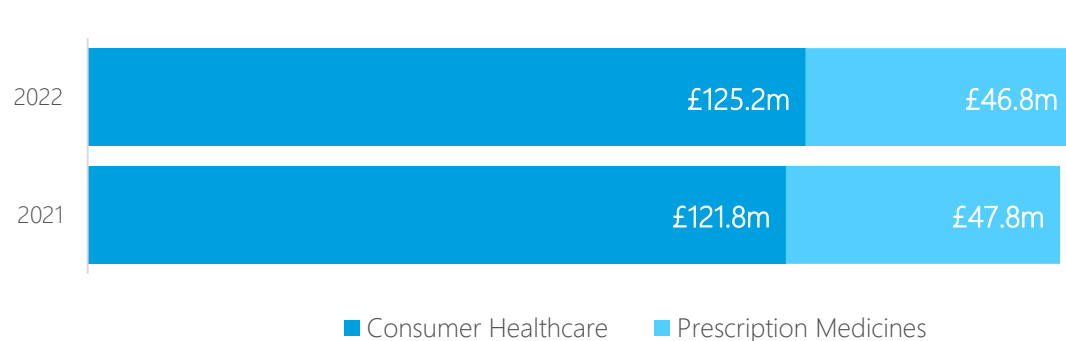
+5%

*Increase in-line with previous year*

# Revenue in more detail

## Brand performance in 2022

| Year ended 31 December                    |                                 | 2022         | 2021         | Change       | Movement    |
|-------------------------------------------|---------------------------------|--------------|--------------|--------------|-------------|
|                                           |                                 | £m           | £m           | £m           | %           |
| <b>Consumer Healthcare</b>                |                                 |              |              |              |             |
| Kelo-Cote franchise                       | Scar prevention and treatment   | 50.0         | 48.8         | 1.2          | 2%          |
| Amberen                                   | Relief of menopause symptoms    | 14.9         | 19.2         | (4.3)        | (22%)       |
| Nizoral*                                  | Medicated anti-dandruff shampoo | 21.8         | 20.6         | 1.2          | 6%          |
| Other Consumer brands                     |                                 | 38.4         | 33.2         | 5.2          | 16%         |
|                                           |                                 | <b>125.2</b> | <b>121.8</b> | <b>3.4</b>   | <b>3%</b>   |
| <b>Prescription Medicines</b>             |                                 | <b>46.8</b>  | <b>47.8</b>  | <b>(1.0)</b> | <b>(2%)</b> |
| <b>Total revenue (see-through basis)*</b> |                                 | <b>172.0</b> | <b>169.6</b> | <b>2.4</b>   | <b>1%</b>   |



# 2022 Results

## Non-underlying items

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Amortisation of acquired intangibles

**£7.2m**

(2021: £7.2m)

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Impairments

**£18.2m**

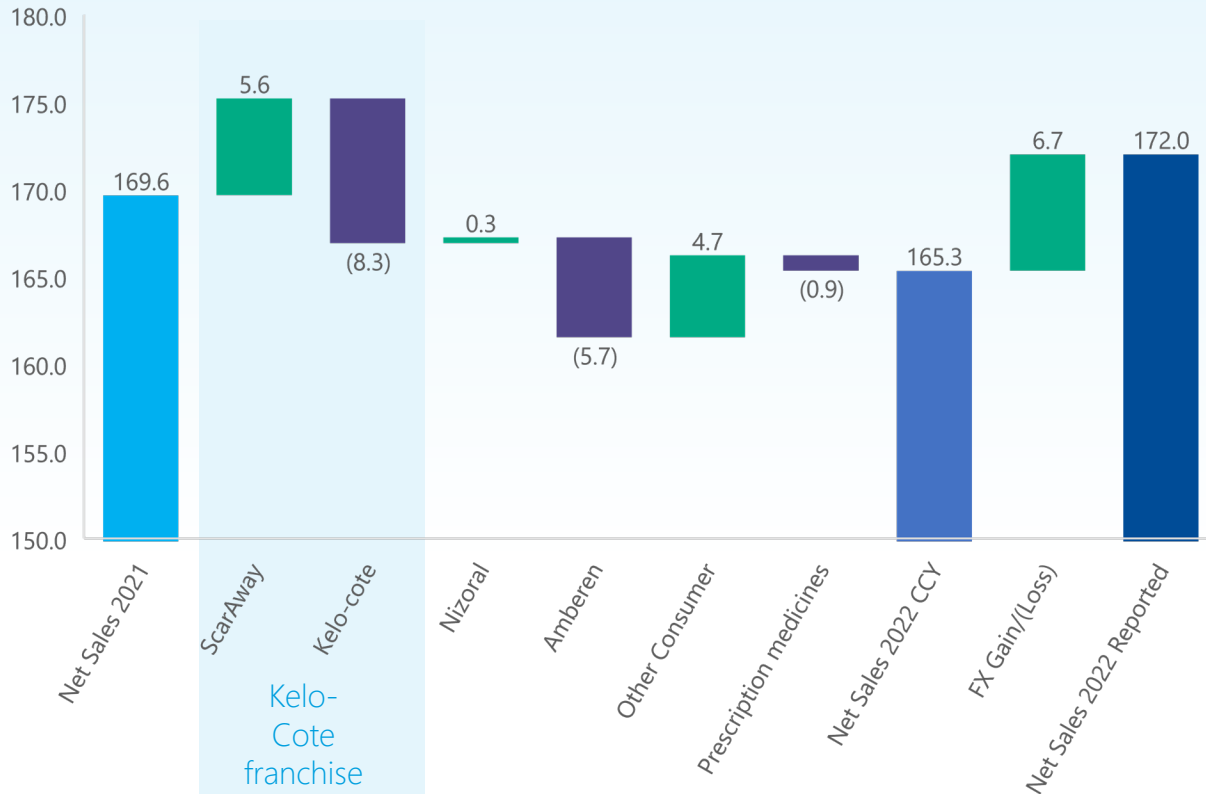
(2021: £6.2m)

*Including £12.0m in relation to Amberen*

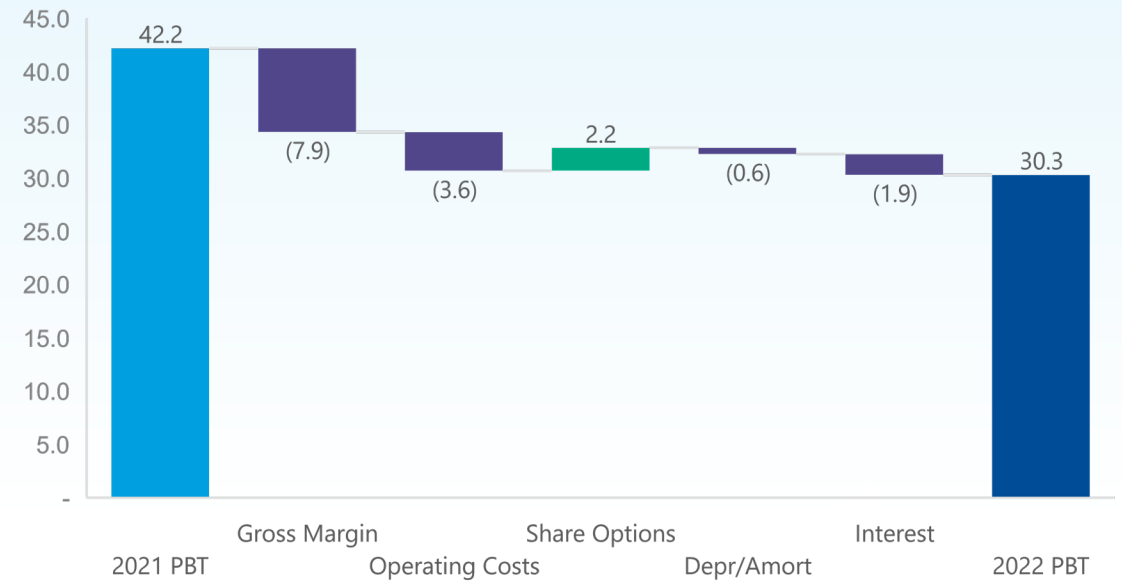
# 2022 Results

## Revenue and PBT development

Revenue movements (£m)



PBT movements (£m)

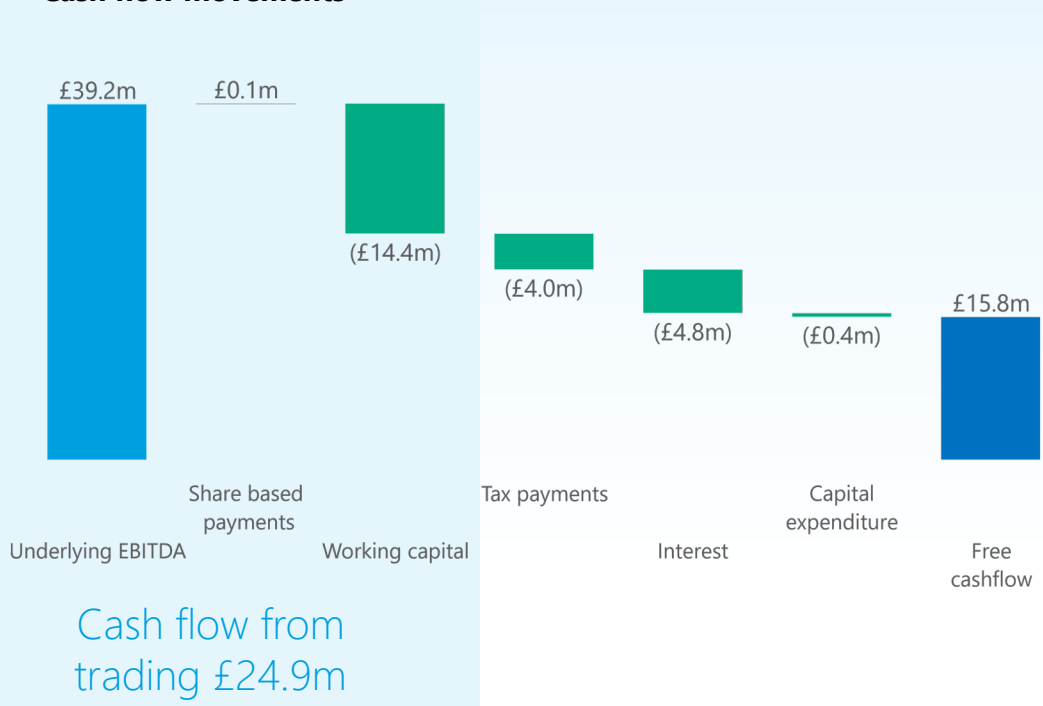




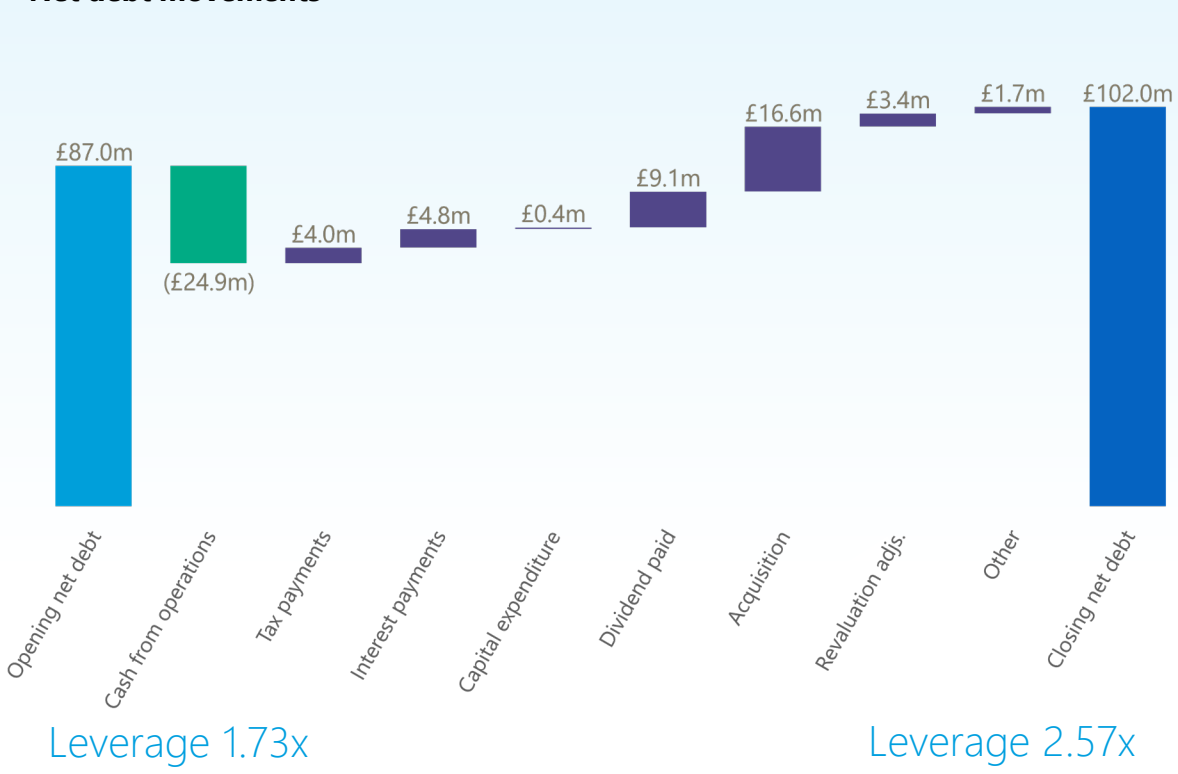
# 2022 Results

## Cash Flow, Net Debt & Leverage

### Cash flow movements



### Net debt movements





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# Developing our Purpose, Vision and Strategy

**Jeyan Heper, COO**

# Our updated and refined Purpose and Vision

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## PURPOSE

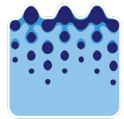
We empower people to make a positive difference to their health & wellbeing



## VISION

To be a high performing Consumer Healthcare company, built on a portfolio of leading, trusted and proven brands

# Areas of commercial focus



Hydromol®

Helping  
Damaged  
Skin

Supporting  
Healthy  
Ageing

High  
performing  
local brands

Critical  
medicines

Amberen



- For life threatening conditions
- or serious impact to physical health without access to our product,
- and no viable alternatives available

# Strategic priorities

---

Build **fast growing brands** where **consumer choice** is driven by the **positive difference** we make

**Increase** the **impact** of our **commercial execution**, with a major focus on **eCommerce**

**Transform** our **supply chain** by investing in a network of **strategic partnerships**

**Cultivate** an **agile organisation & culture** that delivers our growth

# Key brands in focus



## Vision

The global expert in scar prevention and treatment

Leading medicated anti-dandruff brand in APAC

Leading brand partner for women with symptoms from hormonal changes during menopause

**2022 global sales**

**£50m**

**£22m**

**£15m**

**2025 global sales ambition**

**> £90m**

**> £30m**

**> £20m**



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# Summary & Outlook

# Summary and Outlook

2022 performance impacted by specific challenges but robust plans in place for 2023

## Outlook for 2023

- Lockdowns have eased
- Supply chain is stabilising
- Strong revenue growth expected across many major brands
  - Kelo-Cote showing early signs of recovery, >20% revenue growth in 2023
  - Nizoral growth in high single digits
  - Amberen double digit revenue growth on a like-for-like basis
  - High single digit growth in Other Consumer brands
- Good cash generation driving leverage below 2.0x by end 2023

On track to deliver 2023 expectations and mid-term ambitions





Thank you



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# Appendices

# 2022 Results

## Summary Income Statement (underlying)

| Year ended 31 December                 | 2022   | 2021   | Movement |
|----------------------------------------|--------|--------|----------|
| Underlying results                     | £m     | £m     | %        |
| See-through revenue*                   | 172.0  | 169.6  | 1%       |
| Gross profit                           | 101.7  | 109.5  | (7%)     |
| <i>Gross profit %</i>                  | 59.1%  | 64.5%  | (5.4%)   |
| Operating expenses                     | (62.4) | (58.6) | 6%       |
| Share-based employee remuneration      | (0.1)  | (2.3)  | (96%)    |
| <b>EBITDA</b>                          | 39.2   | 48.6   | (19%)    |
| <i>EBITDA %</i>                        | 22.8%  | 28.6%  | (5.9%)   |
| Depreciation & underlying amortisation | (3.5)  | (2.9)  | 20%      |
| <b>EBIT</b>                            | 35.7   | 45.6   | (22%)    |
| Financing costs                        | (5.4)  | (3.4)  | 57%      |
| <b>Profit Before Tax</b>               | 30.3   | 42.2   | (28%)    |
| <i>PBT %</i>                           | 17.6%  | 24.9%  | (7.3%)   |
| <b>Profit After Tax</b>                | 23.1   | 34.1   | (32%)    |
| <b>Basic EPS</b>                       | 4.28p  | 6.39p  | (33%)    |
| <b>Diluted EPS</b>                     | 4.23p  | 6.30p  | (33%)    |

# 2022 Results

## Reconciliation of underlying PAT to reported PAT

| Year ended 31 December                       | 2022           | 2021           | Movement       |
|----------------------------------------------|----------------|----------------|----------------|
|                                              | £m             | £m             | %              |
| <b>Underlying Profit Before Tax</b>          | <b>30.3</b>    | <b>42.2</b>    | <b>(28.2%)</b> |
| Tax                                          | (7.2)          | (8.0)          |                |
| <i>Effective tax rate</i>                    | <b>23.9%</b>   | <b>19.0%</b>   |                |
| <b>Underlying Profit After Tax</b>           | <b>23.1</b>    | <b>34.2</b>    | <b>(32.5%)</b> |
| Non-underlying items:                        |                |                |                |
| Amortisation of intangible assets            | (7.2)          | (7.2)          |                |
| Impairment of goodwill and intangible assets | (18.2)         | (6.2)          |                |
| CMA provision                                | -              | (7.9)          |                |
| Restructuring charges                        | -              | (2.4)          |                |
| Other                                        | 0.4            | (0.4)          |                |
|                                              | <b>(25.1)</b>  | <b>(24.1)</b>  |                |
| Tax                                          | 3.0            | (2.8)          |                |
|                                              | <b>(22.1)</b>  | <b>(26.9)</b>  |                |
| <b>Reported Profit After Tax</b>             | <b>0.9</b>     | <b>7.3</b>     | <b>(87.2%)</b> |
| <b>Reported Profit Before Tax</b>            | <b>5.2</b>     | <b>18.2</b>    | <b>(71.3%)</b> |
| Reported Tax                                 | (4.3)          | (10.8)         |                |
| <i>Effective tax rate</i>                    | <b>(82.0%)</b> | <b>(59.7%)</b> |                |
| <b>Reported Profit After Tax</b>             | <b>0.9</b>     | <b>7.3</b>     | <b>(87.2%)</b> |

# 2022 Results

## Summarised Balance Sheet

| <b>As at:</b>            | <b>31-Dec-22</b> | <b>31-Dec-21</b> | <b>Movement</b> |
|--------------------------|------------------|------------------|-----------------|
|                          | <b>£m</b>        | <b>£m</b>        | <b>£m</b>       |
| Goodwill and Intangibles | <b>421.6</b>     | <b>413.7</b>     | <b>7.9</b>      |
| Working capital          | <b>38.0</b>      | <b>22.0</b>      | <b>16.0</b>     |
| Corporation tax          | <b>(3.0)</b>     | <b>(1.2)</b>     | <b>(1.8)</b>    |
| Deferred tax (net)       | <b>(61.5)</b>    | <b>(58.2)</b>    | <b>(3.3)</b>    |
| Provisions               | <b>(8.4)</b>     | <b>(9.5)</b>     | <b>1.1</b>      |
| Other net assets         | <b>2.9</b>       | <b>2.6</b>       | <b>0.3</b>      |
|                          | <b>389.7</b>     | <b>369.5</b>     | <b>20.2</b>     |
| <b>Net debt</b>          | <b>(102.0)</b>   | <b>(87.0)</b>    | <b>(15.0)</b>   |
| <b>Net assets</b>        | <b>287.7</b>     | <b>282.5</b>     | <b>5.2</b>      |

# Technical guidance – 2023

- Share based payments - c. £1m - £2m
- Depreciation and underlying amortisation - c. £3m - £4m
- Interest cost- c. £7m - £8m
- Tax – effective corporation tax rate of 23.0% versus 23.9% in 2022
- Capex – c. £2m - £3m
- Net bank debt – c. £85m - £90m

# Senior Leadership Team



**Peter Butterfield**

Chief Executive Officer

Joined 2010



**Andrew Franklin**

Chief Financial Officer

Joined 2015



**Jeyan Heper**

Chief Operations Officer

Joined 2023



**Janice Timberlake**

Chief People & Infrastructure Officer

Joined 2011



**Alex Duggan**

Chief Commercial and Corporate Development Officer

Joined 2014



**Chris Chrysanthou**

General Counsel

Joined 2017

For more details see: <https://www.alliancepharmaceuticals.com/about-us/our-leadership-team/>

# Board of Directors



**David Cook**

Independent Non-Executive Chairman

Joined 2014

**Peter Butterfield**

Chief Executive Officer

Joined 2010

**Andrew Franklin**

Chief Financial Officer

Joined 2015

**Jeyan Heper**

Chief Operations Officer

Joined 2023

**Jo LeCouilliard**

Independent Non-Executive Director

Joined 2019

**Richard Jones**

Senior Independent Director

Joined 2019

**Kristof Neiryck**

Independent Non-executive Director

Joined 2021

**Martin Sutherland**

Independent Non-executive Director

Joined 2023

For more details see: <https://www.alliancepharmaceuticals.com/investors/governance/our-board/>