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VENTURE LIFE GROUP PLC

("Venture Life", "VLG" or the "Company")

Full Year Trading Update

Marketing investment delivering returns for VLG Brands, strong second half margin and Adjusted EBITDA broadly in line with management expectations

Venture Life (AIM: VLG), a leader in developing, manufacturing and commercialising products for the self-care market, announces a trading update for the year ended 31 December 2024 ("FY24"). The Company expects to publish its results for FY24 in late April 2024.

Trading overview

Following the acquisition of Health and Her Limited (the "Acquisition") on 8 November 2024 the Group delivered FY24 revenues of c.£51.8m (2023: £51.4m), up 1% over the previous year and up 3% at constant exchange rates ("CER"). Revenues from VLG Brands were c.£34.0m (2023: £30.5m), up 11% over the previous year and accounted for 66% of overall sales (2023: 59%). Revenues from Customer Brands were c.£17.8m (2023: £20.9m) down 15% over the previous year (13% at CER) with destocking from a number of key customers resulting in some order re-balancing into the beginning of 2025.

Integration of the Acquisition is progressing well and the new product range contributed revenues of c.£0.8m in the period. On a proforma¹ basis VLG Brands revenues were up 9% including the Acquisition.

Second half gross margins performed strongly at c.45% (H1 FY23: 40.9%) on a greater weighting of revenues from the higher margin VLG Brands, impact of customer price increases and internalisation of manufacturing for Earol. Supplier consolidation initiatives led to operational costs lowering within the underlying business in the second half although overall operating costs increased slightly due to impact from the acquisition. The Group expects to report FY24 Gross Margin of c.42% (2023: 39.2%) and Adjusted EBITDA² of c.£11.3m (FY23: £11.6m), subject to audit.

Cash and debt

Stable free cash flow³ generation of c.£5.4m (2023: £4.8m) was up 12% over the previous year and Group net leverage⁴ increased to 1.7x (Dec-23: 1.3x) resulting from debt drawn to support the Acquisition. Net debt at 31 December was slightly higher than anticipated due primarily to timing of revenues. Post period-end net leverage has reduced to c.1.6x.

Outlook

The Acquisition is performing well and beginning to deliver the identified revenue and operating synergies, including confirmation of new listings for existing VLG Brands from Q2 FY25 into the acquired customer base. The introduction of Health and Her's products means that VLGs Brands now have distribution points across all of the major retailers in the UK market and enables opportunity for further marketing investment to fuel sustainable and profitable growth. The Acquisition is expected to deliver rapid growth and add at least £1m of EBITDA to the Group in 2025.

As previously noted, the Group has increased its investment in marketing activities and is pleased with the returns achieved to date. Excluding the new Acquisition, sales of VLGs Brands within the UK delivered growth of 12% to £20.3m (2023: £18.1m) in FY24. Further, the outlook for Customer Brands has been strengthened by new business initiatives progressed during the last year which will bring in revenues from new customers and reduce reliance on key existing customers.

With the initiatives embedded, uplift from the Acquisition and continued focus in sales and marketing activities for the VLG Brands, the Board is positive about the year ahead and looks forward to reporting on continued progress.

Jerry Randall, Chief Executive Officer, commented: "I am pleased to see the Group finish 2024 with Adjusted EBITDA broadly in line with our expectations, with the increased spending on the marketing of our VLG Brands delivering good growth in challenging market conditions and compensating for weaker Customer Brands. After a strong 2023, Customer Brands was lower year on year where we saw some unexpected destocking from a few customers and movement of orders into 2025. The acquisition of Health & Her has been an excellent addition to the VLG Brands portfolio, broadening our ever increasing presence in the fast growing Women's Health space, and also being accretive to gross margin. Despite the current economic environment putting pressure on the consumer space, with the embedding of the recent acquisition and continued investment in our VLG Brands we are extremely positive for the outlook for growth in both our revenues and profitability in 2025."

¹ Proforma basis i.e. if the acquisition had been in place for the whole of the current and prior period.

² Adjusted EBITDA is EBITDA before deduction of exceptional items and share-based payments.

³ Free cash flow calculated before deduction of interest payable.

⁴ Group net leverage calculated as net debt (excl. finance leases) and using Adjusted EBITDA² on a trailing 12-month basis.

This announcement contains inside information.

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About Venture Life (www.venture-life.com)

Venture Life is an international consumer self-care company focused on developing, manufacturing and commercialising products for the global self-care market. With operations in the UK, Italy, The Netherlands and Sweden, the Group's product portfolio includes Balance Activ in the area of women's intimate healthcare, Earol® supporting ENT care, Lift and Glucogel product ranges for energy and glucose management and hypoglycaemia, the Health and Her product range supporting the hormonal lifecycle, Gelclair and Pomi-T for oncology support, the UltraDEX and Dentyt oral care product ranges, products for fungal infections and proctology, and dermo-cosmetics for addressing the signs of ageing.

The products, which are typically recommended by pharmacists or healthcare practitioners, are available primarily through pharmacies and grocery multiples. In the UK and The Netherlands these are supplied direct by the Company to retailers, elsewhere they are supplied by the Group's international distribution partners.

Through its two Development & Manufacturing operations in Italy and Sweden, the Group also provides development and manufacturing services to companies in the medical devices and cosmetic sectors.

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