



FY 2023 Results Presentation

Camillo Pane, Chair
Andrew Franklin, CFO
Jeyan Heper, COO

19 June 2024



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Introduction

Camillo Pane, Chair



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01

FY 2023 Overview

Andrew Franklin, CFO

Audit delay

Strengthen current and future reporting

- This year's audit highlighted weaknesses in our internal control environment.
 - In particular, errors and key assumptions used in our intangible valuation model, predominantly related to Amberen
- A thorough review of our processes and more detailed work on intangibles has been undertaken
- We have reassessed the FY22 carrying value of our brands which results in a £28.3m non-cash increase in impairment in 2022
 - £20.0m relates to Amberen
 - £8.3m comprises other assets, including Flamma
- We have worked collaboratively with Deloitte during the audit, have improved our processes and will continue to do so, to ensure delays in our reporting are not repeated.

2023 Results

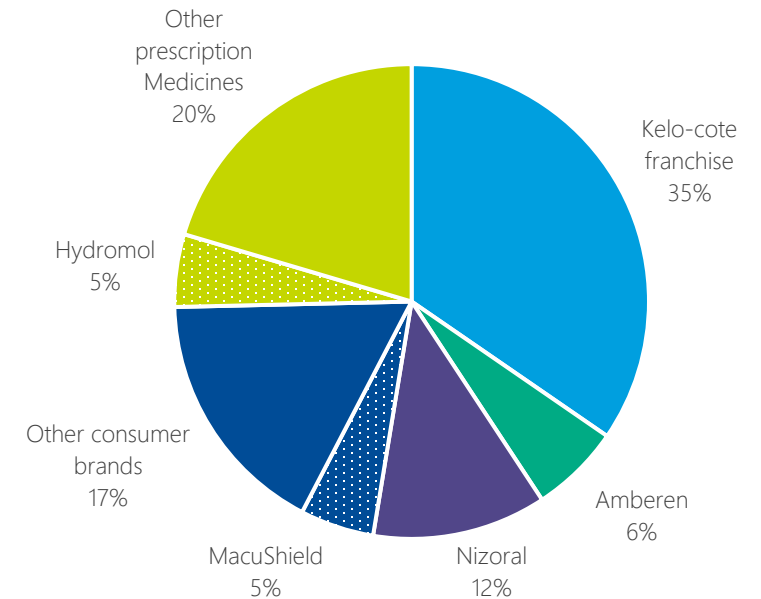
Non-underlying items

- Our enhanced review is now more robust and has led to a further £79.3m non-cash impairment booked for FY23 (2022 restated £46.5m), including:
 - Amberen (£46.4m), Nizoral (£10.3m) and
 - £22.6m relating to other products, incl Vamousse (£4.7m) and Optiflo (£4.5m)
- Annual amortisation charge £7.2m (2022: £7.2m)
- Reversal of the CMA provision (£7.9m) following successful appeal

FY 2023 Overview

Record revenues on strong H2 recovery

- 6% growth in Group see-through revenues
- Kelo-Cote recovered significantly in H2 as in-market demand recovered
- Solid performance in Nizoral
- Amberen affected by challenging market conditions
- Other Consumer Healthcare brands performed well
- Prescription Medicines stable
- H2 restocking of the products that were affected by temporary supply issues in H1



FY 2023 Overview

Positioning our business to deliver sustainable growth for the longer term

Brand developments

- Strong performance from ScarAway
- New, award winning, marketing campaigns launched
- Continued progress from internal I&D
 - £3.5m revenues in 2023, >2x that in 2022
 - Kelo-Cote sheets launched in China
 - ScarAway sheets and Canker-X launched in the US

Operational developments

- Invested in our people
 - New Graduate and Year-in-Industry programs
 - Strengthened executive team and Board
 - Great Place To Work® re-certifications in UK, US, China and Singapore
- Continued development of ERP platform
 - Successful roll-out in the APAC region (ex China)
 - Preparing to launch in China in 2024
- Nizoral manufacturing moved from Belgium to Thailand
 - Lower COGS
 - Moving closer to customer, reducing carbon emissions
 - Improved on-time-in-full order delivery

FY 2023 Overview

Positioning our business to deliver sustainable growth for the longer term

Financial developments

- Underlying EBITDA growth exceeding revenue growth
- Robust cash generation
- Reduced net bank debt
- Re-financed debt as expected

Sustainability developments

- 48% reduction in Scope 1 & 2 (location-based) emissions
 - Achieved carbon neutrality in 2023
- Photovoltaic panels installed at our UK headquarters
- New target to be net zero for Scope 3 emissions by 2044
 - Interim reduction of 25% by 2030
- Partnered with Slave Free Alliance
- Partner Code of Conduct compliance enforced
- Introduced a new Employee Code of Conduct



02

Key Brand Overview

Jeyan Heper, COO

Kelo-Cote franchise (including ScarAway)

#1 in the global silicone scar treatment market

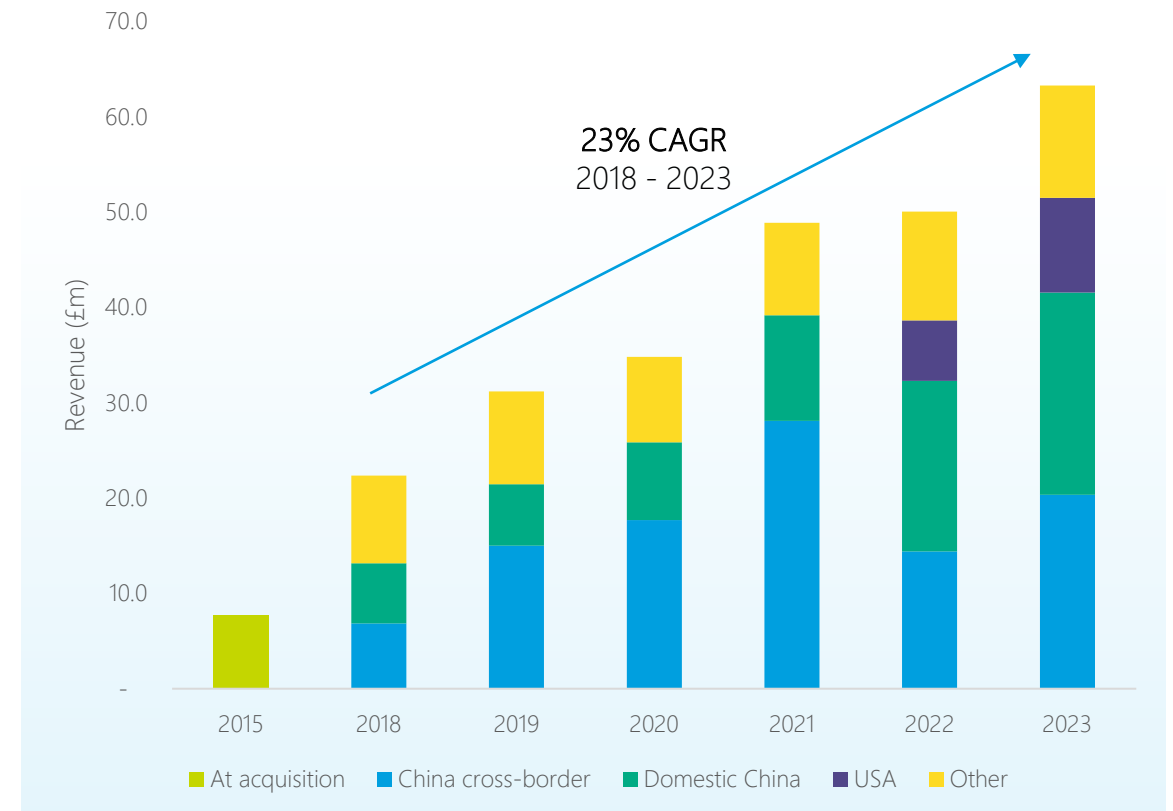
- Current market size and position:
 - c.£400m global market
 - c. 11% market share
- Strategy to drive growth:
 - Leverage marketing across global platform
 - Extended distribution agreement with Cross-Border partner in China
 - Product range extensions
- Delivered 29% CER revenue growth in 2023



Kelo-Cote franchise sales development by channel

Delivering strong growth

- £8m revenue at acquisition
- £63.2m revenue in 2023
- Increased market activation campaigns to drive strong growth in other territories
- Continued growth in Domestic China
- Further expansion of China cross-border B2C channel
- Recovery in China cross-border B2B channel
- Prioritising resource on ecommerce channels
- Significant performance during November singles festival
- Maintaining brand protection efforts



Chinese market performance: Domestic ecommerce

Strong market share gains as market consolidates

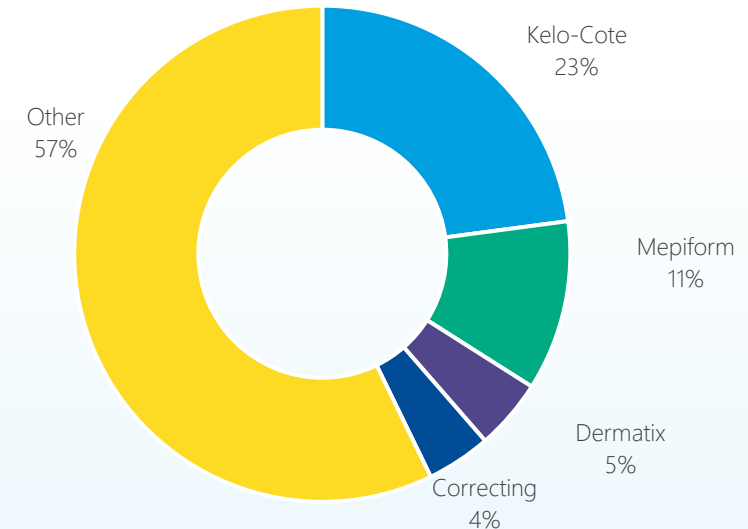
Domestic scar treatment ecommerce value market share

■ Current market size and position:

- c.£100m ecommerce market value
- Kelo-Cote the market leader with 23% value share
- Gained 4pp market share in the year

■ Strategy to drive growth:

- Drive brand building activities
- Kelo-Cote Kids launch
- Further new product launches
- Strengthen position in ecommerce



Chinese market performance: Cross-border ecommerce

Demand building, distribution agreement extended



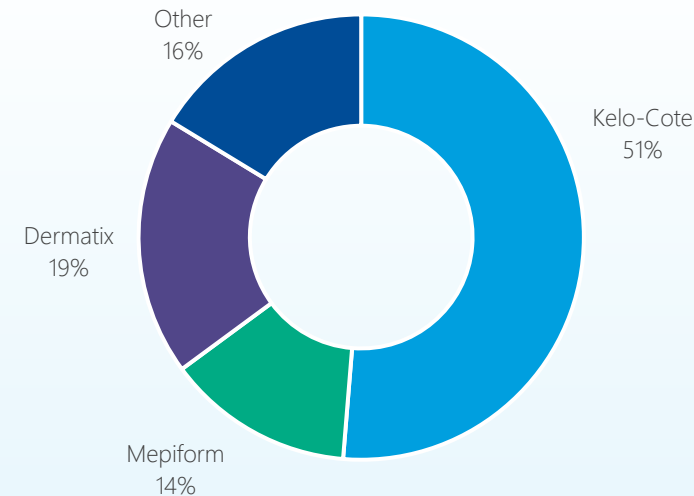
■ Current market size and position:

- c.£25m ecommerce market value
- Kelo-Cote the market leader with 51% value share
- Maintained market leadership

■ Strategy to drive growth:

- Leverage flagship online store through marketing keywords tool
- Added focus on new platforms
- Content optimisation to increase in-store conversion
- New product introductions
- Support B2B distributor to build capability on new platforms

Cross-border scar treatment ecommerce value market share



TMALL award



ScarAway

Highly strategic acquisition

- **Current market size and position:**
 - US is the second largest market for scar treatment
 - ScarAway is second largest brand with 26% share
 - Ecommerce represents 58% of revenue
- **Strategy to drive growth:**
 - Sales ahead of expectations
 - Returned discontinued SKUs to market
 - Expanded product range and modernised packaging
 - Launch in Canada in 2024

Scar Gel



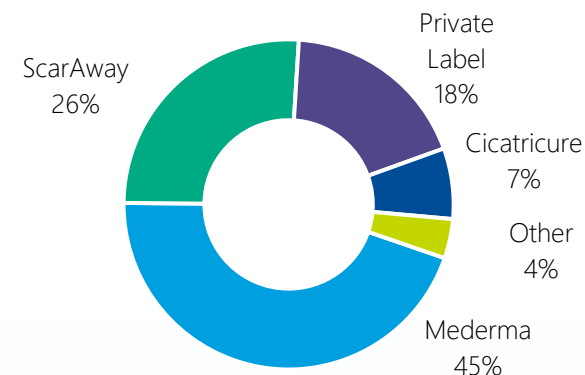
Reusable Scar Sheets



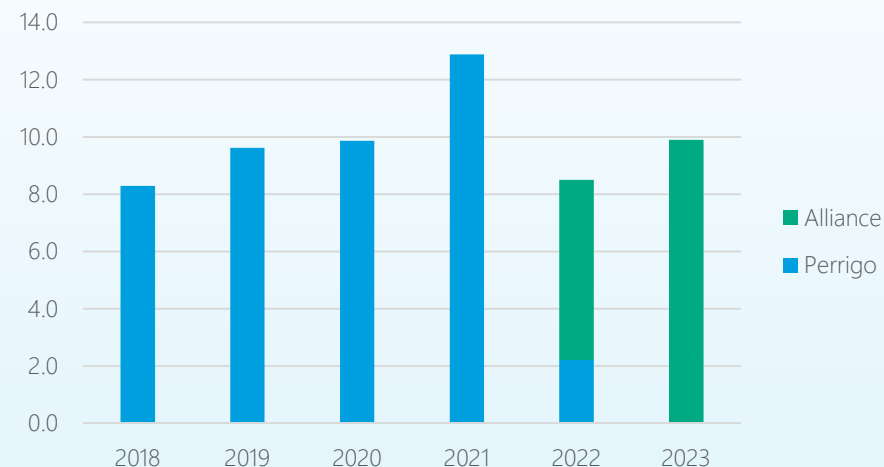
Clear Scar Sheets



US B&M market share⁽¹⁾



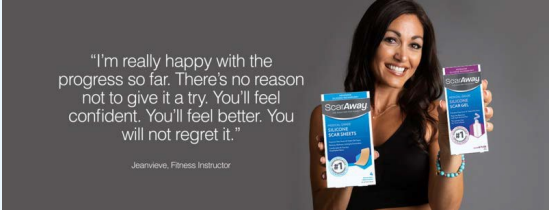
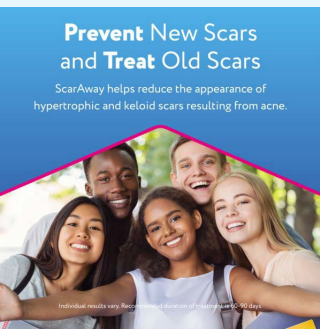
US revenue development 2018 onwards (£m)



Kelo-Cote franchise market activation campaigns



KELO·COTE®
SCAR PREVENTION
& TREATMENT



Digital, social and website communications

Fully integrated media plan, includes TVC and Out Of Home to create category and brand awareness

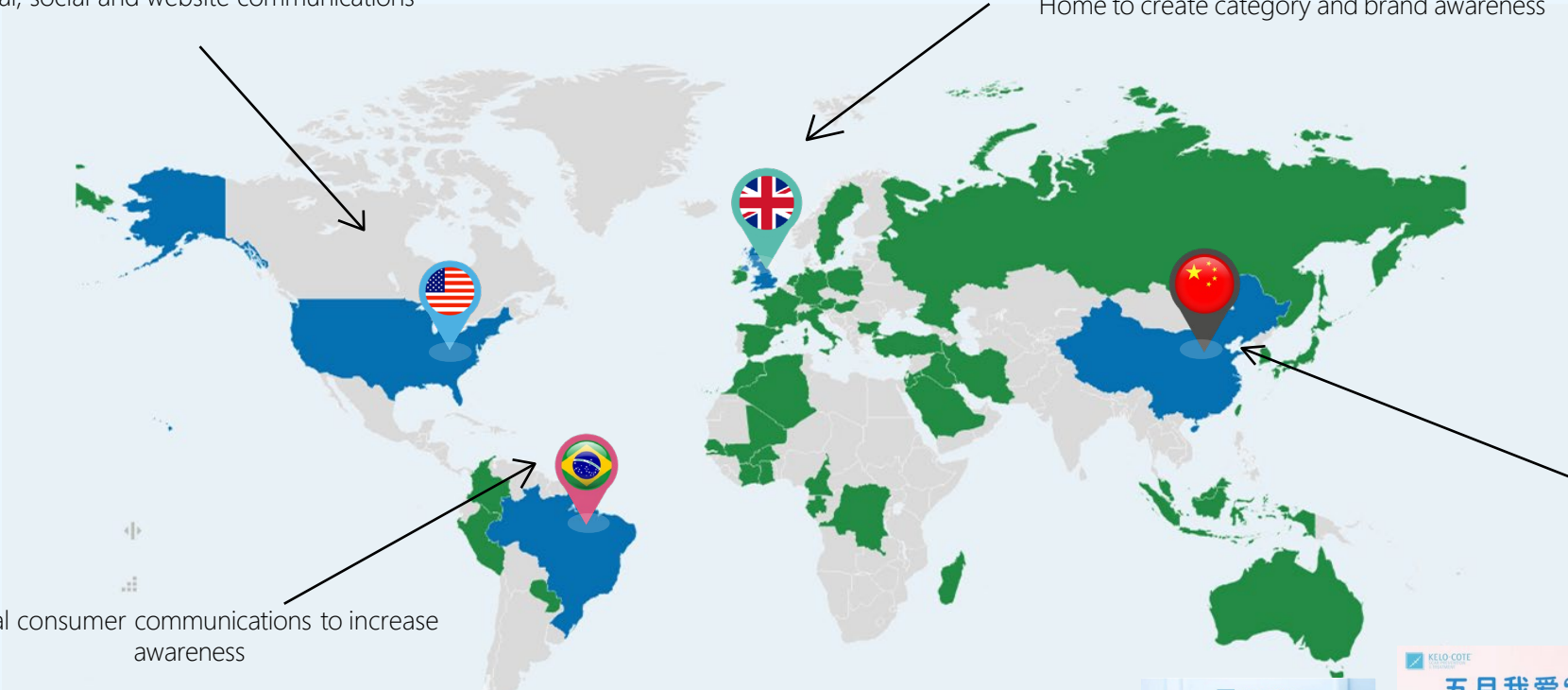
Launched

Priority Markets

On & off platform digital campaigns, focus on key festivals



Digital consumer communications to increase awareness



Nizoral franchise (including Triatop)

Medicated anti-dandruff brand in APAC

Current market size and position:

- c.\$235m market in 2023 growing at 4%, but forecast to accelerate to 6% per annum ⁽¹⁾
- Nizoral has leading position in Australia, South Korea, Thailand and Japan. Third largest brand in China.
- Strong partnerships in each region

Strategy to drive growth:

- Activating campaigns where Nizoral has a leading position
- New packaging with stronger claim set launched end 2023
- Distribution expansion in pharmacy and ecommerce
- Innovation focusing on adjacent derma-cosmetic anti-dandruff market
- APAC manufacturing moved to Thailand, which completes transition, giving Alliance end to end responsibility
- China supply security through second source from mid 2024

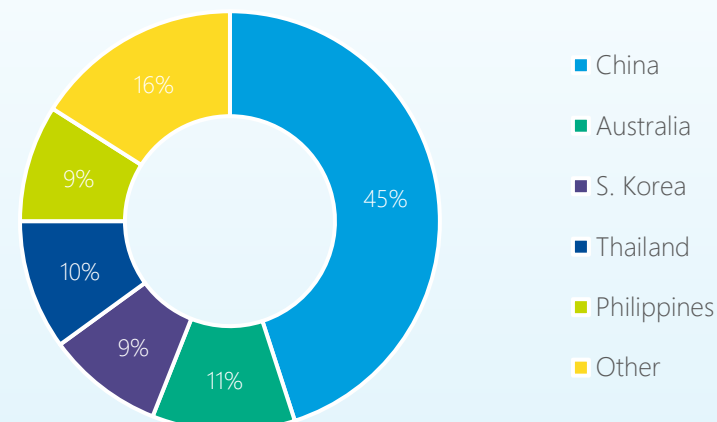
Nizoral new packaging



Pack change communication (Australia example)



Nizoral FY23 revenue (£21.7m) by country



Chinese market performance: Domestic

Q4 growth behind new consumer activation campaign

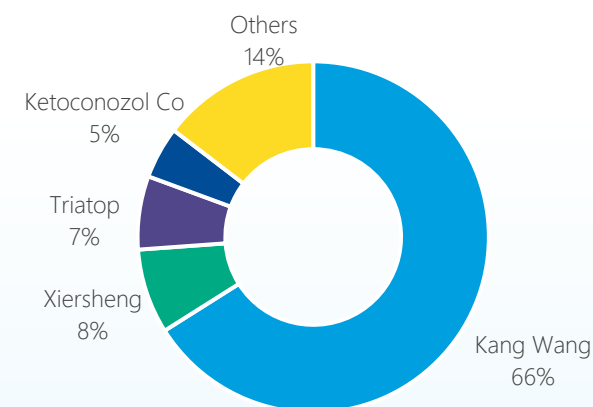
Current market size and position:

- c.£62m market value
- Triatop the #3 brand with 7% value share
- Q4 growth +21% vs Q3 driven by activation

Strategy to drive growth:

- Distribution drive in pharmacies and ecommerce
- Shopper engagement via scalp test and sampling
- Larger pack size launch
- Consumer activation campaign in 20 cities

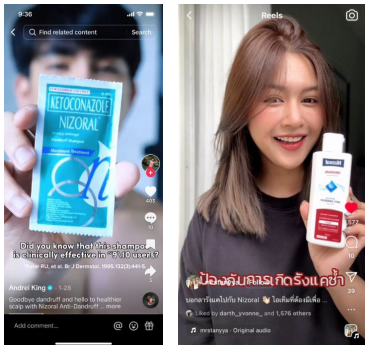
Medicated Anti Dandruff value market share



Consumer activation campaign



Nizoral Brand Activation across APAC



- Media optimisation based on 2023 learnings
- Test & scale in new channels

Media campaign step-up



- Synergise online & offline activations
- Support local partners via assets & trainings

Strengthen partnership with distributors



Brand assets with strong reasons to believe



- Digital assets to drive consideration & brand recall

Successful launches



- New pack launch in AU, TW, SG, KR
- Derma Daily NPD launch

Amberen

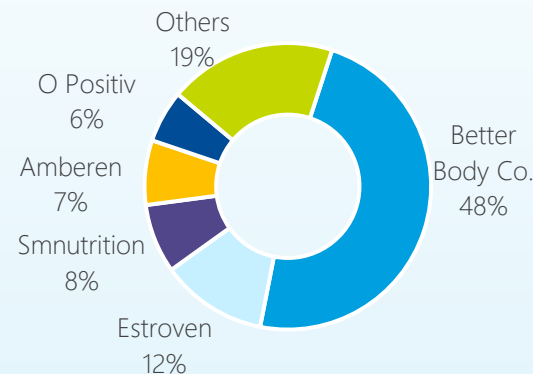
Menopause symptom relief

- Current market size and position:
 - c.\$200m US market size
 - Category shifting from bricks and mortar (B&M) to e-commerce
 - Amberen has 7% share on Amazon and 20% share in B&M
- Strategy to drive growth:
 - Focus efforts on ecommerce and digital advertising
 - Stabilise B&M and expand presence
 - Increase consumer awareness and optimise sales conversion
 - Deliver product innovation and range extensions

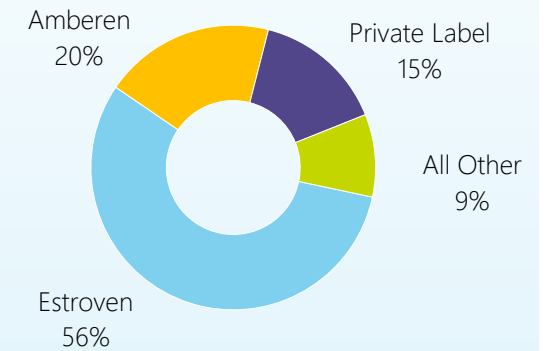


US menopause supplement value market share 2023

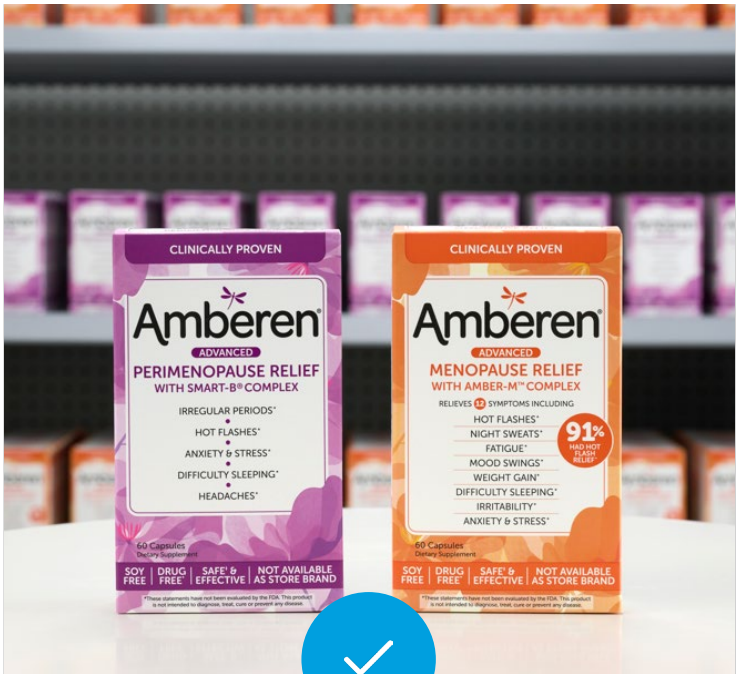
Amazon⁽¹⁾



Bricks & Mortar⁽²⁾



Amberen Advanced Menopause Relief



ENABLERS

- Refreshed Amazon.com DTC website
- Improved marketing claims set
- Refreshed packaging
- Progressed development of a range of gummy formulations



CHALLENGES

- Highly competitive market with limited barriers to entry online
- Amazon acting as regulator but is not consistent in approach
- Perimenopause product delisted
- Loss of Buy Box



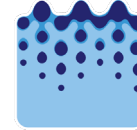
ACTIONS

- Strengthening internal and external capabilities in ecommerce and digital marketing
- New brand protection efforts to eliminate unauthorized resellers
- Further range extensions planned

Other brands with geographic expansion opportunity



- Eye health supplement
- Currently sold in 21 countries, majority of sales in UK
- Revenues of £9.2m in FY 23, +1%
- Build on established HCP recommendation
- Expanding geographic reach across EMEA with DTC campaigns
- Opportunity to increase presence on ecommerce
- Further range extensions planned



Hydromol®

- Emollient for treatment of eczema
- Currently sold in 4 countries
- Record revenues of £9.0m in FY 23, +12%
- Opportunity to reposition brand in OTC market
- Further range extensions possible, with a greater focus on cosmetic use



03

FY 2023 Results

Andrew Franklin, CFO

2023 Results

P&L Headlines

See-through Revenue*

£182.7m

+6%

Strong H2 recovery

See-through Gross Margin*

57.5%

(2022: 59.1%)

Impacted by unfavourable product mix and higher warehouse and distribution costs

Underlying EBITDA

£45.0m

+15%

Robust cost control

Underlying Profit Before Tax

£31.5m

+4%

Increase in finance costs reflects interest rate rise

Underlying Basic EPS

4.55p

+6%

Reduction in underlying effective tax rate

Leverage

2.05x

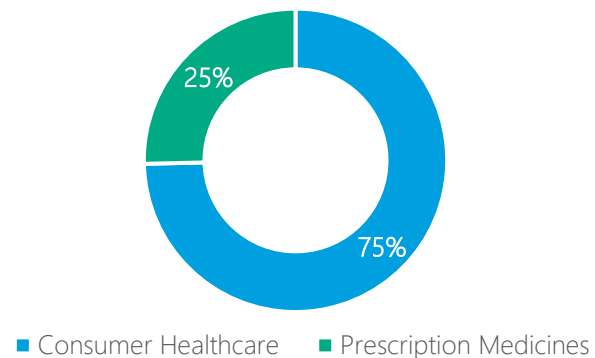
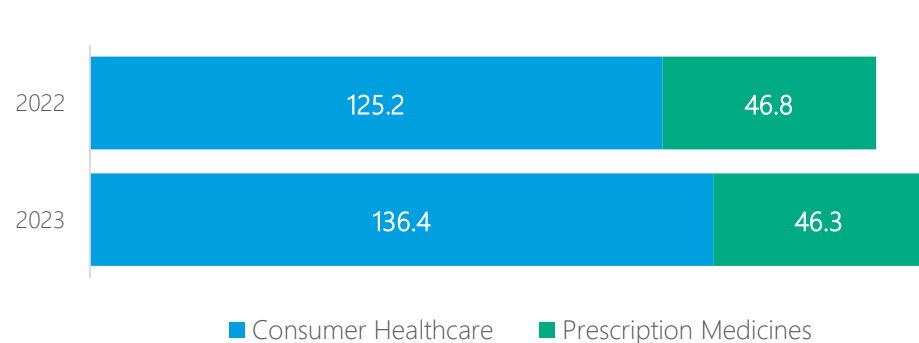
(2022: 2.57x)

Debt reduced through solid cash generation

Revenue in more detail

Brand performance in 2023

Year ended 31 December		2023	2022	Change	Movement
		£m	£m	£m	%
Consumer Healthcare					
Kelo-Cote franchise	Scar prevention and treatment	63.2	50.0	13.2	26%
Amberen	Relief of menopause symptoms	11.2	14.9	(3.7)	(25%)
Nizoral*	Medicated anti-dandruff shampoo	21.7	21.8	(0.1)	(1%)
Other Consumer brands		40.3	38.4	1.9	5%
		136.4	125.2	3.4	9%
Prescription Medicines		46.3	46.8	(0.5)	(1%)
Total revenue (see-through basis)*		182.7	172.0	10.7	6%

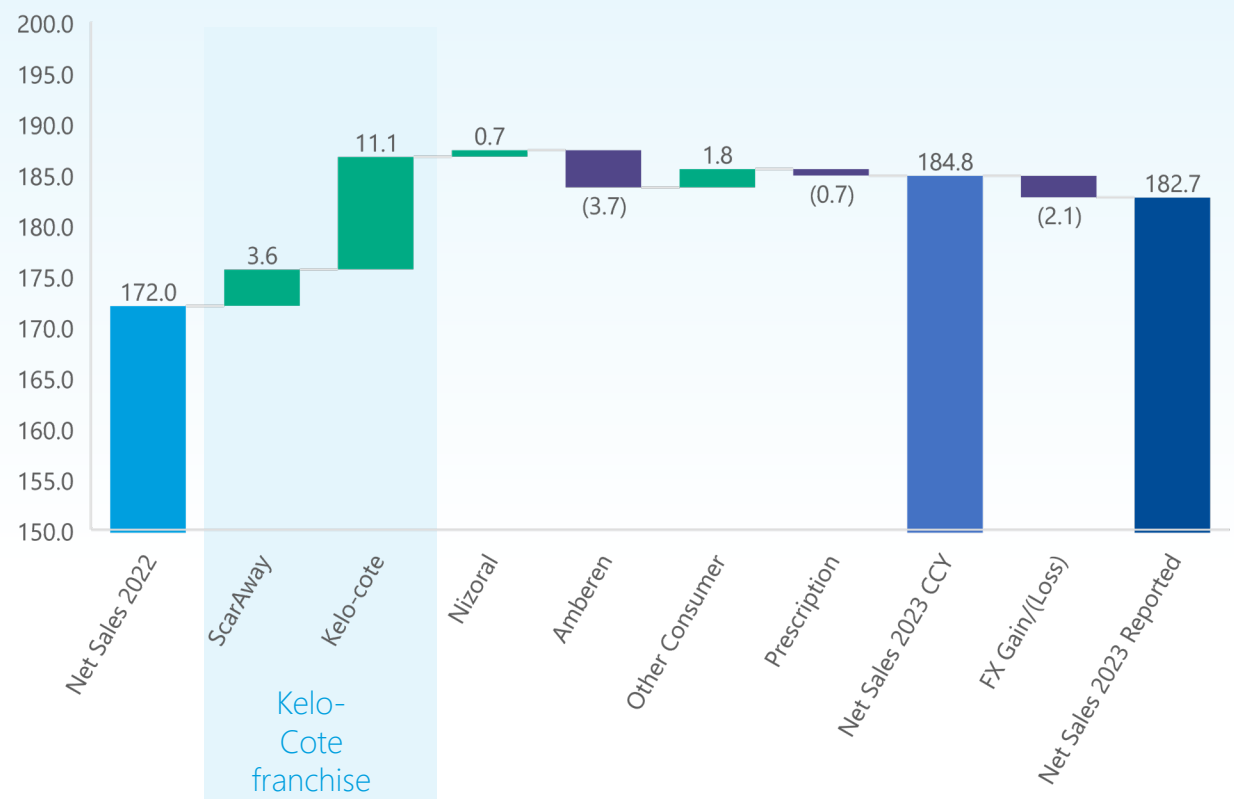


* Non-IFRS alternative performance measures. See-through revenue includes all sales from Nizoral as if they had been invoiced by Alliance as principal. For statutory accounting purposes the product margin on Nizoral sales made on an agency basis is included within Revenue, in line with IFRS 15.

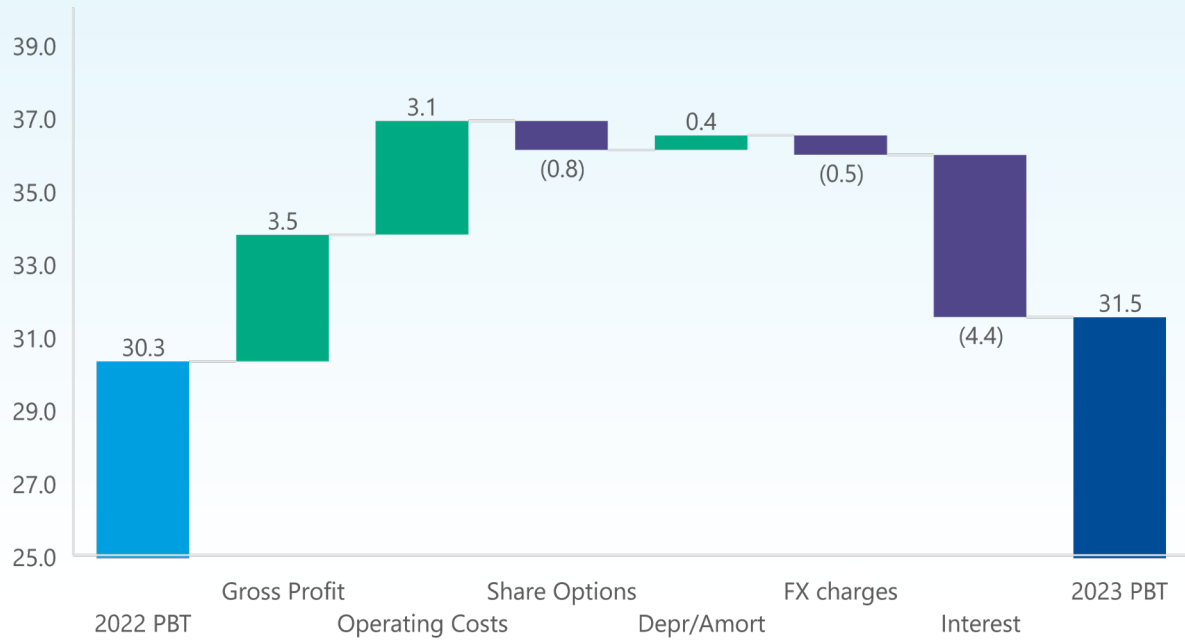
2023 Results

Revenue and Underlying PBT development

Revenue movements (£m)



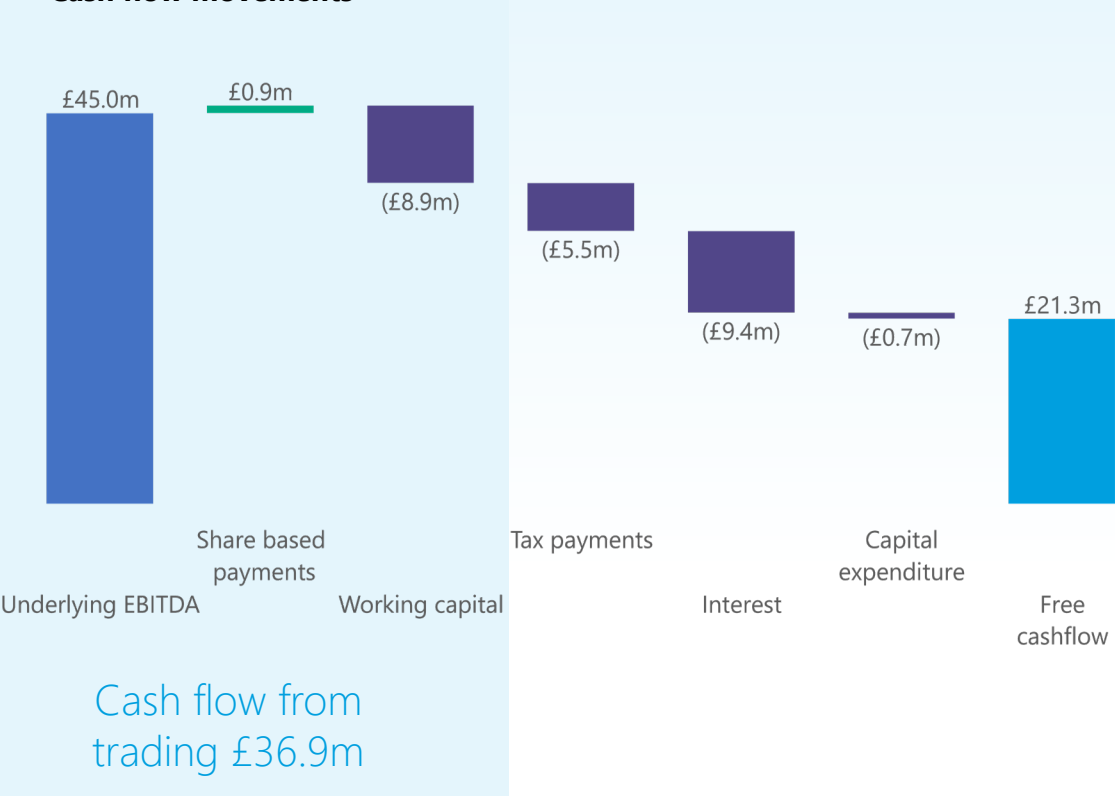
Underlying PBT movements (£m)



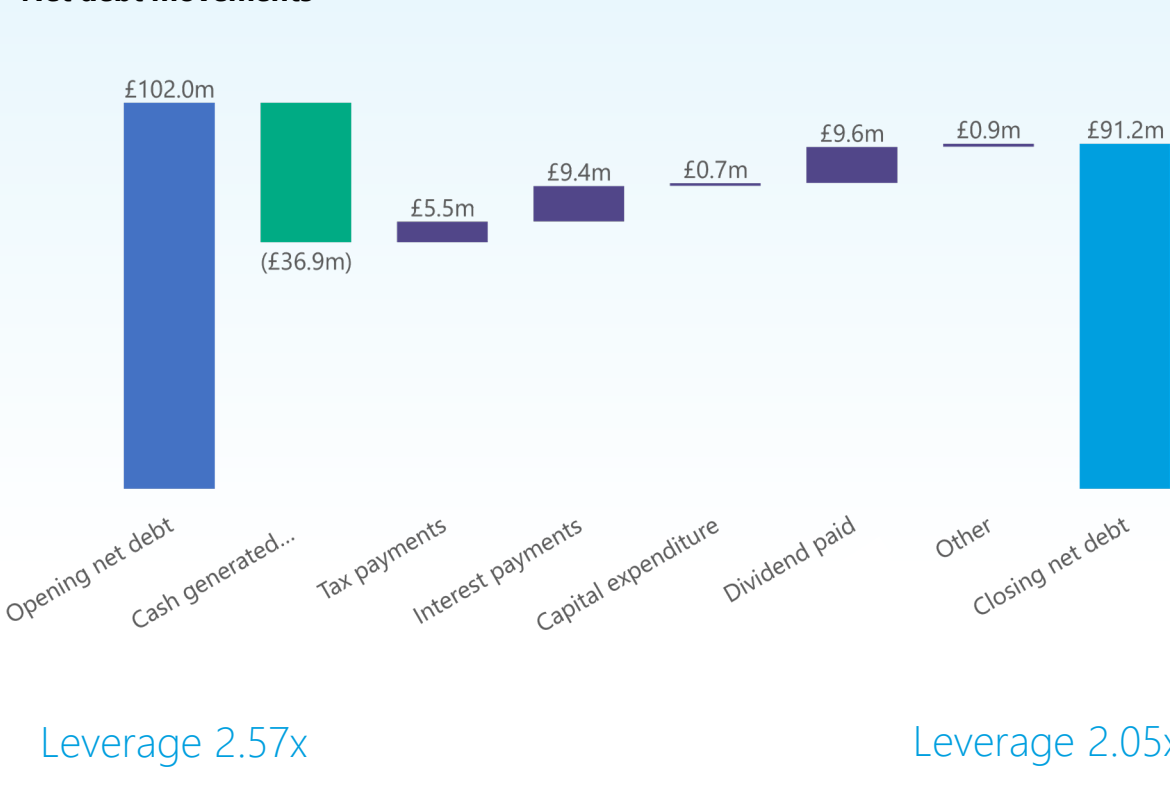
2023 Results

Cash Flow, Net Debt & Leverage

Cash flow movements



Net debt movements





05

Summary & Outlook

Summary and Outlook

Continuing to invest to support future growth in the business

Outlook for 2024

- Key brands well placed within their categories
- Increased investment in sales, marketing and innovation
- Continued investment in our People
- 2024 underlying profit expected to be in-line with 2023
- Focus on continued strong cash generation to drive leverage below 2.0x by end 2024



Thank you

A photograph of a man and a woman in a professional setting. The man, on the left, is wearing a dark suit and a light blue shirt, looking towards the woman. The woman, on the right, has long dark hair and is wearing a black top, smiling at the camera. They are sitting at a table with a laptop. In the background, another person is blurred. A blue square with the number '06' is in the top right corner of the image.

06

Appendices

2023 Results

Summary Income Statement (underlying)

Year ended 31 December	2023	2022	Movement
Underlying results	£m	£m	%
See-through revenue*	182.7	172.0	6%
Gross profit	105.0	101.7	3%
Gross profit %	57.5%	59.1%	(1.6%)
Operating expenses	(59.1)	(62.4)	(5%)
Share-based payments	(0.9)	(0.1)	866%
EBITDA	45.0	39.2	15%
EBITDA %	24.6%	22.8%	1.8%
Depreciation & underlying amortisation	(3.1)	(3.5)	(11%)
EBIT	41.9	35.7	17%
Financing costs	(10.4)	(5.4)	93%
Profit Before Tax	31.5	30.3	4%
PBT %	17.2%	17.6%	(0.4%)
Profit After Tax	24.6	23.1	7%
Basic EPS	4.55p	4.28p	6%
Diluted EPS	4.54p	4.23p	7%

2023 Results

Reconciliation of underlying PAT to reported PAT

Year ended 31 December	2023	2022*	Movement
	£m	£m	%
Underlying Profit Before Tax	31.5	30.3	3.9%
Tax	(6.9)	(7.2)	
<i>Effective tax rate</i>	<i>22.0%</i>	<i>23.9%</i>	
Underlying Profit After Tax	24.6	23.1	6.5%
Non-underlying items:			
Amortisation of acquired intangible	(7.2)	(7.2)	
Impairment of intangible assets and goodwill	(79.3)	(46.5)	
Other	6.1	0.4	
	(80.3)	(53.4)	
Tax	22.6	9.1	
	(57.7)	(44.3)	
Reported (Loss)/Profit After Tax	(33.1)	(21.2)	
Reported (Loss)/Profit Before Tax	(48.8)	(23.1)	
Reported Tax	15.7	1.8	
<i>Effective tax rate</i>	<i>(32.1%)</i>	<i>(8.0%)</i>	
Reported (Loss)/Profit After Tax	(33.1)	(21.2)	

2023 Results

Summarised Balance Sheet

As at:	31-Dec-23	31-Dec-22*	Movement
	£m	£m	£m
Goodwill and Intangibles	300.0	393.4	(93.4)
Working capital	43.4	38.0	5.4
Corporation tax	(2.5)	(3.0)	0.5
Deferred tax (net)	(33.2)	(55.3)	22.1
Provisions	(0.6)	(8.4)	7.8
Other net assets	2.1	2.9	(0.9)
	309.1	367.5	(58.5)
Net cash/(debt)	(91.2)	(102.0)	10.8
Net assets	217.9	265.5	(47.6)

Technical guidance – 2024

- Share based payments - c. £1m - £2m
- Depreciation and underlying amortisation - c. £3m - £4m
- Interest cost- c. £9m - £10m
- Tax – effective corporation tax rate of 25.0% versus 22.0% in 2023
- Capex – c. £1.5m - £2.5m
- Net bank debt – c. £70m - £80m

Senior Leadership Team



**Nick
Sedgwick**

Chief Executive
Officer

Joined 2024



**Andrew
Franklin**

Chief Financial
Officer

Joined 2015



**Jeyan
Heper**

Chief Operating
Officer

Joined 2023



Julie Skinner

Chief People Officer

Joined 2023



**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



Nick Sedgwick
(CEO)



Andrew Franklin (CFO)



Jeyan Heper (COO)



Camillo Pane

Independent Non-Executive Chairman

Joined 2024



Richard Jones

Senior Independent Director

Joined 2019



Kristof Neiryndck

Independent Non-executive Director

Joined 2021



Martin Sutherland

Independent Non-executive Director

Joined 2023



Eva Lotta Sjöstedt

Independent Non-executive Director

Joined 2023



Richard McKenzie

Independent Non-executive Director

Joined 2023

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



Our updated and refined Purpose and Vision



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