

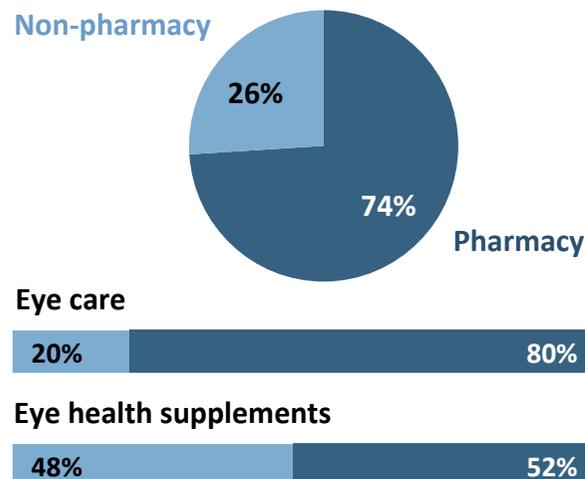
Executive Summary – Global overview

Shifting patterns of consumption: Trend is “from bricks to clicks”, but in-store shopping still popular

- Looking beyond CHC and eye health to the wider trends in e-Commerce during the pandemic highlights the shift in consumer shopping habits; YouGov’s *International Omni-Channel Report 2021*, covering 17 markets, found:
 - ❖ 74% of global consumers shop via both online and bricks & mortar channels
 - ❖ Essentials are more likely to be purchased in-store (78%) versus online (57%), compared with discretionary items, which are more often bought online (72%) than in-store (57%)
 - ❖ Despite shopping shifting online during the pandemic, consumer preference for bricks & mortar remains high
 - ❖ Home delivery is the top benefit cited by shoppers for online retail (57%) and delivery charges are main barrier (46%)



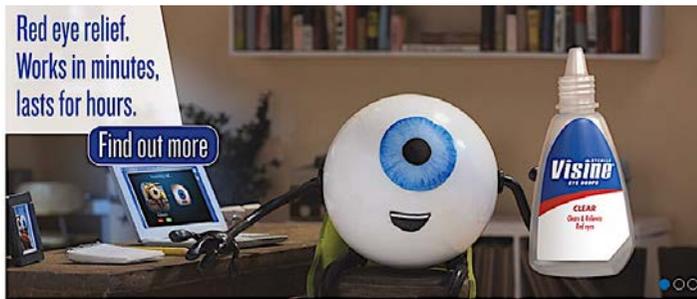
Global eye health sales by pharmacy / non-pharmacy channel 2020 (MSP, \$mn)



- Nevertheless, **retail point-of-sale presently remains the dominant channel** for CHC sales across the globe and will likely remain so for many years yet, with eye health no exception
- **Eye health sales are heavily skewed towards the pharmacy channel** (see left) – even more so if USA is taken out of the equation, leading to an 89:11 split
- Most of this is the result of eye care sales generating vast majority of their sales in pharmacy, either owing to sales restrictions (which differ from market to market) or consumer desire for advice
- Eye health supplements are split more evenly between both channels, with availability in mass market outlets (in most markets) a factor in their sales growth, benefiting from easy access and self-selection for consumers

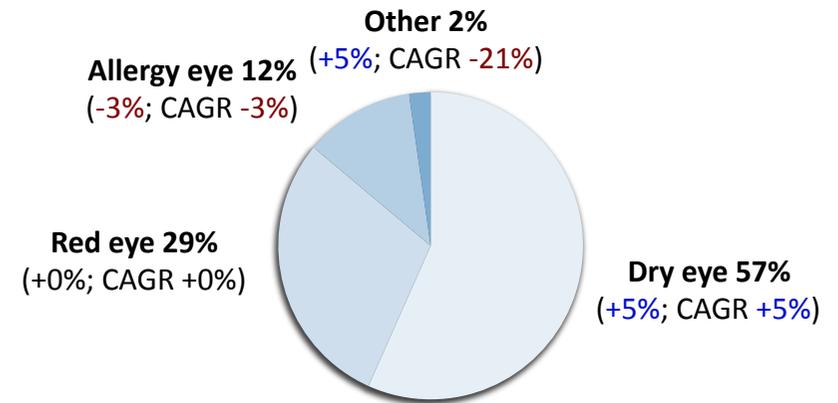
Australia – Eye care

- Current focus of promotion for **Optrex** is for eye spray presentation ActiMist 2 in 1, marketed as “so easy you can do it with your eyes closed”
- Product is a vitamin-enriched saline spray applied to closed eyes to provide a cooling and soothing effect
- Range also includes an eye wash and naphazoline medicated eye drops

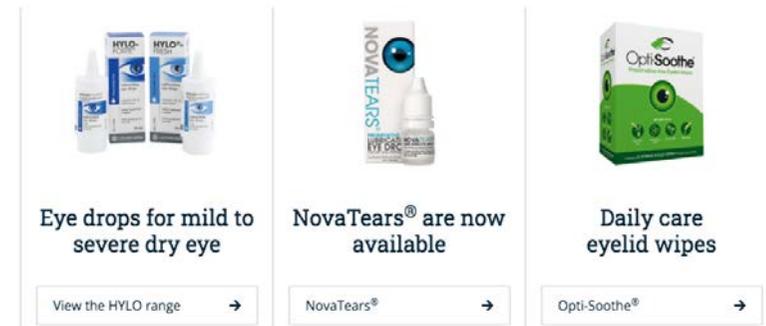


- **Visine** comprises core Clear presentation for red eye relief, tetrahydrozoline-based Advanced and pheniramine + naphazoline Allergy presentation; promotion features an animated eye mascot, although there has been little NPD or promotional activity in recent years
- AFT Pharmaceuticals fields **Hylo** and **NovaTears** (\$0.9mn, +70%) as well as 2018 launch **Opti-Soothe**, with its eye care portfolio (*see right*) seeing a significant upturn in 2020 as a result of the pandemic; higher levels of brand activity than competitors helped drive sales
- Unified promotion at mydryeyes.com.au highlights importance of different products for different conditions; Hylo offers Fresh (for mild and moderate) and Forte for severe and chronic dry eye

Australia eye care sales by segment 2020 (MSP, \$mn)



Year-end 2020 sales; CAGR 2020/16



AFT Pharma's eye care portfolio is united under a single website, mydryeyes.com.au

Germany – Eye health supplements



- Part of a very popular longline supplement range, **Orthomol Vision** clearly targets older consumers, with core Vision presentation and dedicated AMD Extra
- Latter claims to be specially designed for management of advanced AMD, via elevated amounts of vitamins E, C and zinc



- A+P positions the brand for seniors looking to make the most of their eyesight, with taglines such as “Bad outlook? I do everything for the moment” and “Limit yourself to losing sight of life? I have my support”
- Brand’s premium price may explain its ongoing sales decline, perhaps losing out to cheaper options in the mass market
- **Retaron** is positioned to counter age-related eye diseases, primarily AMD, formulated with aronia berry extract, lutein, zeaxanthin, plus zinc, selenium and vitamins C and E; it is available as capsules and liquid
- In the lower tier, the standout growth brand was **Blue Berry Eyebright** which makes much of its Swedish origins, its all natural herbal ingredients and the provenance of the blueberries at the heart of its formulation (blueberry, eyebright, marigold, lutein, vitamin A, zinc)
- Launch activity included **NHCO Vision+** (Chiesi) in March 2021, a day & night supplement claimed to reduce ocular fatigue and protect against oxidative stress; presented as vegetarian capsules for morning and soft gel capsules for evening



- In late 2020 VISUfarm launched **VisuComplex Plus Maquibright** (also in Italy and Spain), which is positioned to maintain vision by protecting retinal cells from oxidative stress, protecting eyes from natural ageing and UV light
- It claims to be the first and only dietary supplement based on maqui berries, alpha lipoic acid and vitamin D

Poland – Eye care

- Lacrimal Natura Plus (sodium hyaluronate, hypromellose, herbal extracts) launched in 2018; the entry is positioned for dry eye and exposure to environmental factors, and was supported by TV ads (*see right*) highlighting its preservative-free formulation, carrying the tagline “Take care of your eyes”



- **Hialeye** (sodium hyaluronate) sales comprise core (\$1.1mn, +77%, CAGR +30%) and Free (preservative-free; \$1.1mn, -21%, CAGR +1%) versions; the brand was boosted by the addition of One unidose vials and Duo drops (trehalose, sodium hyaluronate) in 2019

- Main growth driver for **Hyabak** in recent years has been Hyabak 0.15% Hypotoniczny drops (hypotonic; sodium hyaluronate), said to moisturise eyes and hydrate contact lenses, as well as protect from UV rays
- The presentation was supported with TV ads in 2021, highlighting that it provides hydration and comfort, is preservative-free, and can be used for three months after opening

- **Dexoftyal** (hydroxypropyl methylcellulose, dexpanthenol) was boosted by social media ads pointing out harmful impact of prolonged screen use and claiming the drops relieve dry and tired eyes, while online advertorials underlined its moisturising and regenerating properties



- **Systane** struggled despite the Q2 2019 addition of Systane Complete, containing propylene glycol and claiming to be an all-in-one product for all types of dry eye, providing nano-sized lipid droplets across the eye to help soothe, hydrate and restore all layers of the tear film

- Other presentations in the range include Systane Ultra UD (HP-guar, boric acid; positioned for dry, red, irritated and tired eyes), and Systane Hydration drops (HP-guar, boric acid, hyaluronic acid), which was backed by print ads underlining its positioning for dry eye



TV ads for Hyabak emphasise that “you won’t miss anything”

UK – Eye health supplements



- TV ad for Optrex ProVision claims the line is “proven to help maintain normal vision”, with tagline “Expert care for your vision” a nod to the Optrex heritage, pointing to over 85 years of experience in eye care
- Print advertorials stated that consumers in Reckitt’s EyeQ study showed poor knowledge of eye care nutrients, claiming ProVision can help them get the vitamins & minerals required



- **Actase Lutein ZA** (Scope Ophthalmics) is an antioxidant supplement to help maintain healthy vision, formulated with lutein, zeaxanthin, astaxantine, vitamins C and E, copper and zinc
- **Nutrof Total** offers a unique combination of omega-3 fatty acids, lutein and zeaxanthin, resveratrol plus key vitamins and minerals, all in a once-a-day formula

- Positioned as a premium comprehensive formula specially developed to ensure correct nutritional intake to help maintain healthy eyes and vision, particularly as one gets older and/or smokes



Brand Case Studies – TheraTears (Akorn)



- Users can join TheraTears Happy Eyes Program for help managing dry eye symptoms, receiving \$5 coupon along with useful information and tips
- NPD activity also boosted brand presence; extended with TheraTears Extra Dry Eye Therapy (sodium carboxymethylcellulose 0.25%) in May 2018, which claims to provide extra moisturising support by being “hypotonic and electrolyte balanced to replicate healthy tears” and using a “unique preserving ingredient that turns into pure oxygen and water on contact”
- Beyond dry eye, range also includes TheraLid plant-based eyelid cleansing foam claimed to remove oil, debris and other contaminants that can build up on eyelids and eyelashes
- US launch of SteriLid Antimicrobial Eyelid Cleanser and Facial Wash in May 2019 was first FDA-accepted antimicrobial eyelid cleanser to kill 99.9% of bacteria, working in under 30 seconds and “effectively eradicating most common eyelid organisms”
- TheraTears Nutrition is a supplement line extension of the larger artificial tears eye care brand, an advanced omega-3 supplement with a unique formulation comprising an optimised blend of organic flaxseed and triglyceride form of fish oil and vitamin E; it is positioned to support eye comfort and healthy tears
- Yet, after peaking in 2017 with sales of \$4.1mn, it has steadily declined, posting sales of \$3.5mn in 2020 (-11%, CAGR -3%)



Key learnings

- A strong focus on **HCP detailing** (plus limited consumer-focused A+P), augmented by **category-first line extensions** offering genuine user benefits, saw brand grow dynamically 2016-19 – Prestige CH will be keen to rekindle this growth
- One of only a handful of brands to **extend an established eye care franchise into supplements under umbrella branding**, making use of the reputation and heritage of the main brand to **offer consumers a more complete eye health solution**; one of very few brands looking **to treat eye problems holistically via a three-step eye health regimen**