

# VITALITY<sup>®</sup>

## Investor Presentation

TSX-V: VPI

**September 2018**

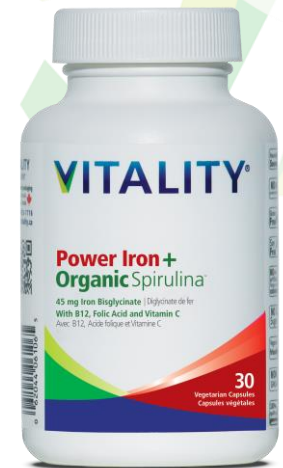


# Overview

- VITALITY Products Inc.
- Key Highlights
- Industry Growth
- Company Assets
- Product Portfolio: Products in Market
- Use of Funds: 2018 Private Placement
- Export Market: United States
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## TSXV - VPI

- 115% Year Over Year Growth (FY18)
- 2 Consecutive Profitable Quarters
- 70%+ Gross Margin
- One of the Fastest Growing Consumer Packaged Goods on the TSX-V
- Recognized with US and Canadian natural health awards



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# VITALITY Products Inc.

**Background:** Vitality Products Inc. (VPI - TSX-V) is a manufacturer, marketer and distributor of premium quality natural health products, including vitamins, minerals and nutritional supplements. VITALITY® is an award-winning line of clean vitamins and supplements, manufactured locally in BC. The Company's products are sold in over 525 stores nationally and online.

**Mission:** To provide a healthy, energized lifestyle through high quality supplements.

**Objective:** Following the proven success of the line the Company raised \$500,000 through a private placement in April 2018 to expand distribution and grow sales in-store and online; explore additional markets; for inventory and general working capital.



## TSXV - VPI

- Canadian Made, Vegan Supplements
- Sold in 525 natural health retailers and growing
- \$500,000 Raised to increase sales and distribution online and in-store
- Global sales of dietary supplements are expected to increase from \$133B USD in 2016 to \$220B USD by 2022
- VITALITY is a growth company in a growth sector

Source: Statista estimates, Zion Market Research ID 828514

**VITALITY®**

# Key Highlights



## Brand Recognition

Award winning supplements for a growing market



## 500+ Retailers

Product sales in 525 retailers including Whole Foods, Choices, Healthy Planet



## Key Distributors

Two distributors servicing 7,000 retailers across Canada including natural health retailers



## YOY Growth

Two consecutive profitable quarters (FY18 Q2 & Q3); 115% Year-Over-Year Growth in FY18



## Current Margin

Maintain 70%+ Gross Margin on product line. Good control on promotional discounts



## Gov't Funding

\$200,000 in Government funding for Research, Commercialization and future Export



## Board of Directors

Established Board of Directors including leadership from Nabisco, BMO, Whitecaps FC, Scott Paper



## Issued Shares

30,867,285 Common Shares Issued; 52% are beneficially owned or controlled by Insiders of the Company



## Capital Raised

\$500,000 Private Placement closed as of April 2018

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# Industry Growth

- Health is a Megatrend led by Millennials, Boomers and emerging markets: global growth from \$133B USD (2016) is projected to be \$220B by 2022
- Canadians are still amongst the global leaders in vitamin and dietary supplement use; three out of four Canadians take vitamins or supplements. Canada & Australia are considered leaders in regulation and quality
- US Market: \$31.7B USD in 2016; expected to reach \$56.7B USD by 2024
- Iron Supplements Market: \$3B in 2015; expected to reach \$6B USD by 2025. 37% of sales are in North America.
- VITALITY has proven innovative formulas to grow market share in Canada, USA and internationally, including award winning Power Iron + Organic Spirulina – the highest dose of iron in a natural health product and approved by Health Canada

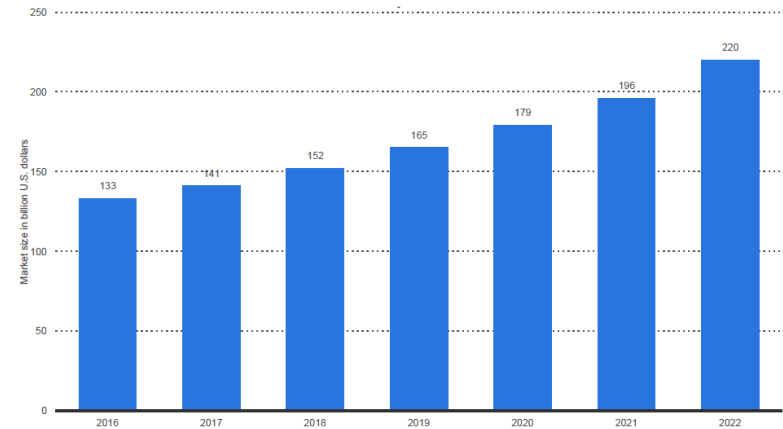
Source: Statista estimates, Zion Market Research ID 828514

Source: CHFA 2018

Source: Statista estimates, Zion Market Research ID 828481

Source: June, 2017 | *Credence Research* | Report Code 58515-06-17

## Megatrend: Natural Health & Self Care

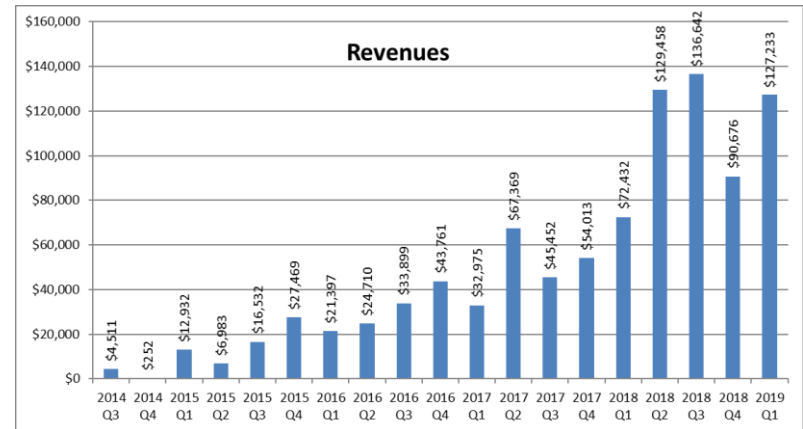
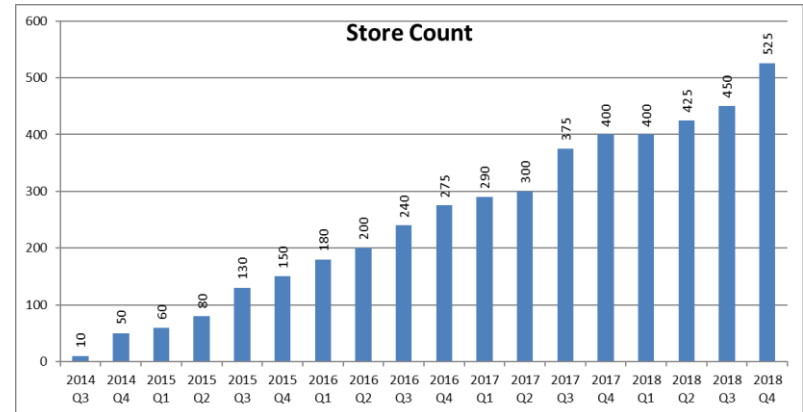


Total dietary supplements market size world wide: growth from \$133 USD in 2016 to \$220B USD by 2022. This growth is being led by Millennials and Baby Boomers.

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# Assets

- VITALITY® brand name and trademark.
- 92 Natural Health Numbers approved and licensed by Health Canada for current and future product sales
- The cost is in excess of \$500,000 for the research and approval of products
- FDA Compliance for sale of Power Iron + Organic Spirulina in the United States
- 5 Acre Property in Blaine, Washington for future sale or development and is valued in excess of \$500,000
- Tax Loss: \$2,500,000 available for use against future profits
- Intellectual Property: the value of the 92 NPNs, trademark and intellectual property are not reflected on the Statement of Financial Position because of the Company's Accounting Policies
- Relationships with key distributors, retailers, manufactures and suppliers
- **Cash at May 31, 2018: \$496,162.00**



# Product Portfolio:

## Power Iron + Organic Spirulina

Builds blood levels to fight iron deficiency anemia and support oxygen delivery to the body. Anemia is a leading deficiency in North America and internationally.

- **Award Winning:** Canada, United States, Europe
- **Current Distribution:** Canada only (online orders from Italy, Australia and USA)
- **2018 Focus:** Increase distribution and sales in Canada, online and & Introduction to USA (Pacific Northwest)
- FDA Notification complete for sale in USA
- **Differentiator:** Therapeutic dose iron (45 mg) with key cofactors and organic spirulina (75 mg)
- **GROSS MARGIN:** 70%+
- **Total Iron Market:** \$3B USD in 2015 – expected to reach \$6.3B USD by 2025. North America accounted for 34.72% of global iron supplements sale.
- Power Iron currently accounts for 35% of retail sales



**"My iron went from 3 to 26. VITALITY works!"**

- Linda J., BC

**VITALITY®**  
**Power Iron + Organic Spirulina**  
45 mg Iron Bisglycinate | Diglycinate de fer  
With B12, Folic Acid and Vitamin C  
Avec B12, Acide folique et Vitamine C

30  
Vegetarian Capsules  
Capsules végétales

**CLEAN CHOICE AWARDS WINNER**  
Clean Eating  
2017

2016  
**alive**  
HEALTH & CONSUMER CHOICE  
Awards  
SILVER

**Ultimate Blood Builder:** Highest level iron (45 mg) to power your body. Gentle on the stomach and non-constipating.

**Enhances Energy & Mood:** Organic spirulina and vitamin B12 help fuel energy and improve mood.

Vegan friendly NON GMO USDA ORGANIC

vitality.ca

**VITALITY®**  
It's inside.

# Product Portfolio:

## Relax+

All herbal natural relaxant, approved by Health Canada for stress, anxiety / nerve relaxation and insomnia.

- **Current Distribution:** Canada
- **2018 Focus:** Canada and Online
- **Press:** Featured in BC Living's Beauty Box, Extraordinary Man Box subscription boxes that were delivered to 4500 Canadians
- **Differentiator:** Low dose nerve relaxant for day and night use. Free of melatonin and synthetic ingredients. Releases muscle tensions and cramping.
- **Gross Margin:** 70%+
- **Market Opportunity:** In a consumer study conducted by Nutrition Business Journal in 2015, stated over 30% of participants indicated having sleep issues. This was the leading health concern above: lack of energy, joint soreness, digestive issues, respiratory or blood sugar management.



**Feel Calm  
Day & Night**

**VITALITY<sup>®</sup>**  
**Relax+™**

- Herbal aid for day and night  
Herbes fines pour usage jour et nuit
- Supports relaxation and sleep  
Aide la relaxation et le sommeil

NPN 8022204

**Relief from Stress & Insomnia:**  
Gentle support to calm your mind,  
nerves and body, day or night.

**Supports Nerve Relaxation:**  
Helps reduce nervous tension, muscle  
spasm and stomach cramping.

**VITALITY<sup>®</sup>**  
It's inside.

Vegan friendly | NON GMO | USDA ORGANIC

vitality.ca

The advertisement features a white bottle of Vitality Relax+ with a white cap. The bottle is set against a background of a sunset or sunrise with a silhouette of a person's back. The text is in a clean, sans-serif font. The bottom of the ad includes several certification logos and the company's website.



# Product Portfolio:

## Digest+

Effective plant-based aid to restore digestive health

- **Current Distribution:** Canada
- **2018 Focus:** Canada and Online
- **Differentiator:** Licensed claim to reduce inflammation and infectious condition of digestive track due to use of goldenseal.
- There is a growing segment of people including seniors suffer from Irritable Bowel Syndrome (IBS) and IBD.
- **Gross Margin:** 70%+
- **Total Digestive Market:** The digestive market is growing with the awareness of probiotics, enzymes and fermented foods. Digest+ supports restoration of the gut cased by inflammation.



# Relief, Repair, Restore

**VITALITY**  
**Digest+**

- Stimulates digestion | Stimule la digestion
- Relieves bloating and inflammation  
Soulage les ballonnements et l'inflammation

**Gas, Bloating & Acid Reflux:**  
Supports digestion and reduces bad bacteria in the gut for fast relief.

**IBS Inflammation & Infectious Conditions:**  
Supports digestion and reduces bad bacteria in the gut for fast relief.

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**VITALITY**  
It's inside.

# Product Portfolio: Time Release

VITALITY has nine NPNs for Time Release products – one of the most challenging products to manufacture and receive license for production. Time Release are the highest tested daily vitamin.

- **Current Distribution:** Canada
- **2018 Focus:** Canada & Online
- **Differentiator:** One-A-Day, slow release time release for higher absorption and compliance by consumers
- VITALITY is made with plant fibre versus waxes or enteric coatings which are not natural to the body
- **Gross Margin:** 70%+
- **Total Multivitamin Market:** \$5.8B USD in US and growing
  - Mature market multivitamin sales has 2.4% Year-Over-Year growth in US
  - B Vitamins had an increase of 5.2% in 2016



**LIVE LIFE  
ENERGIZED**

**VITALITY®**  
Time Release  
**SuperMulti+**  
Libération prolongée  
• One a day (in just one)  
• Nutritional support with iron  
Pulsance double en fer  
30 DAYS  
30 Days • 30 Tablets  
30 jours • 30 Comprimés  
NPN 06609222

**VITALITY®**  
Time Release  
**B60 Complete  
+C 600mg**  
Libération prolongée  
• Energy and stress support  
Performance, énergie, réduction du stress.  
30 DAYS  
30 Days • 30 Tablets  
30 jours • 30 Comprimés  
NPN 00482514

**Boosts Energy & Immunity:** Daily support to fuel energy, mood, immunity and wellbeing.

**Enhanced Absorption:** Slow release, plant-fibre tablets, to support absorption and reduce irritation.

Vegan friendly NON GMO USDA ORGANIC

vitality.ca

**VITALITY®**  
It's inside.

# Use of Proceeds

The Company will use proceeds from the April 2018 private placement of \$500,000 to expand distribution and grow sales, including:



## Digital Marketing: \$100,000

- Heavy focus on digital market and sales; build on established trust with presence in retailers
- Targeted ad campaigns to vitality.ca
- Industry saw 11% increase in online sales of Natural Health in US in 2016. Amazon is investing in supplements and started its own private line due to low shipping costs and high gross margins



## Accelerate Distribution and Sales Growth in Canada: \$150,000

- Staff in Western & Eastern Canada to grow same store sales, increase retail presence
- Increase promotions to build brand awareness and sales
- Industry events and promotion



## Product Inventory & Product Introduction: \$150,000

- Increase inventory for sales growth (production timelines run 16 weeks)
- Separate Power Iron + Organic Spirulina product for US sales & distribution
- Introduction of new product in 2019



## Investor Relations & Closing: \$100,000

- Increase investor awareness and communication on VITALITY

# Export Market: USA

## Power Iron + Organic Spirulina

- The global iron supplements market was valued at US \$3.02 billion in 2015, and is expected to reach \$6.3 billion by 2025
- VITALITY has selected the United States as the first market for export due to the proximity, size and cultural similarities to Canada
- The Company will target sales in the West Coast (Washington, Oregon and California) with a population of over 50 million and GDP of 3.1 trillion USD (Country Economy, 2018). FDA regulatory and initial market research, including pricing and key distributors has been completed
- The company will enter the market with its focus on its award winning product: Power Iron + Organic Spirulina
- VITALITY completed the Trade Accelerator Program (TAP) with Export Canada in May 2018 and expects to make an announcement in the near future on the US market

**37% of all Global Iron Supplement Sales are in North America.**

In 2015, Global Iron Sales were \$3B, by 2025 they will grow to \$6B USD.

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# FY19 Business Objectives

VITALITY follows the principles of investing time and resources on Core, Optimize and Transformation of the business:

Core  
(75% Investment)

- Year over Year Growth: Double
- Increase Same Store Sales: 525 retailers in Canada
- New Stores: Target 125 new retailers in Canada
- Online Sales: +20% growth

Optimize  
(15% Investment)

- New Product Introduction: 2 products
- Online sales to international markets

Transform  
(5-10% Investment)

- JV opportunities for new product and ingredients
- International Distribution

# Stock Structure

- **Exchange:** TSXV
- **Symbol:** VPI
- **52 Week Low:** 0.055
- **52 Week High:** 0.29
  
- **Number of Common Shares Issued:** 31,122,285
- **Number of Options Outstanding:** 2,600,000
- **Number of Warrants Outstanding:** 5,000,000
  
- Approximately 52% of all common shares issued are beneficially owned or controlled by insiders of the Company.



# Management Team

**Cheryl Grant**, President and CEO and Director of the Company. Cheryl has managed marketing and communication portfolios at Canadian Diabetes Association, Best Buy Canada and TELUS including overseeing Public Relations for a \$3.5B brand of Best Buy, a Fortune 100.

**W. Douglas Grant**, Vice President and CFO and Director of the Company. Doug has a B. Comm., MBA and CPA, CMA and over 20 years of experience in senior management roles of public companies

## **Independent Vitality Directors:**

**Colby Fackler**, Director of Sales and Service for Vancouver Whitecaps FC

**Rick Gannon**, Past VP, Sales - Grocery Division, Kraft Canada

**Brian Gessner**, Director and Senior Private Banker, BMO Harris Private Banking

**Bruce McDonald**, President, Results Management Inc.

**Stuart Pennington**, President, Fourth Corner Holdings



# Contacts:

## **Cheryl Grant**

President & CEO

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investors@vitality.ca

## **Forward Looking Statements:**

Information set forth in this company summary involves forward-looking statements. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address a company's expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with marketing and sale of securities; the need for additional financing; reliance on key personnel; the potential for conflicts of interest among certain officers or directors with certain other projects; and the volatility of common share price and volume. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and except as required by law, the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

The Vitality logo features the word "VITALITY" in a bold, blue, sans-serif font. The letter "V" is stylized with a green-to-yellow gradient. A registered trademark symbol (®) is located at the top right of the word. The logo is positioned in the bottom right corner of the page, above a decorative blue and purple wavy graphic that spans the width of the page.

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