



INVESTOR PRESENTATION

# Full year results 2022

**Jenny Winter**, Chief Executive Officer  
**Chris Brewster**, Chief Financial Officer

# Disclaimer

The information contained in this confidential document ("Presentation") has been prepared by the Company. It has not been verified by the Company and is subject to material updating, revision and further amendment. This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000 and therefore it is being delivered for information purposes only to a very limited number of persons and companies who are persons who have professional experience in matters relating to investments and who fall within the category of person set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or are high net worth companies within the meaning set out in Article 49 of the Order or are otherwise permitted to receive it. Any other person who receives this Presentation should not rely or act upon it. By accepting this Presentation and not immediately returning it, the recipient represents and warrants that they are a person who falls within the above description of persons entitled to receive the Presentation. This Presentation is not to be disclosed to any other person or used for any other purpose.

The matters referred to in the Presentation may (in whole or in part) constitute inside information for the purposes of the Market Abuse Regulation ("MAR"). Without limiting the obligations imposed under MAR, by receiving the Presentation you agree that you must not deal in (or encourage another person to deal in) the Company's shares or securities or base any behaviour on such information until such information has ceased to be inside information for the purposes of MAR.

While the information contained herein has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties or other assurance (express or implied) as to, or in relation to, the accuracy, fairness, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers, including the talks given by presenters and any question and answer sessions (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this Presentation.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. In particular, this Presentation does not constitute, or form part of, any offer or invitation to subscribe for or purchase any securities and neither this Presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should satisfy itself in relation to such matters.

Neither this Presentation nor any copy of it may be (a) taken or transmitted into Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or the United States of America (each a "Restricted Territory"), their territories or possessions; (b) distributed to any U.S. person (as defined in Regulation S under the United States Securities Act of 1933 (as amended)) or (c) distributed to any individual outside a Restricted Territory who is a resident thereof in any such case for the purpose of offer for sale or solicitation or invitation to buy or subscribe any securities or in the context where its distribution may be construed as such offer, solicitation or invitation, in any such case except in compliance with any applicable exemption. The distribution of this document in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction. By receiving this document, you agreed to be bound by the restrictions in this disclaimer.

# Evolving the sustainability and quality of our business

## Growth portfolio



Focused portfolio in key therapy areas in growing market segments

## Business development



Work with partners to build a pipeline of products  
Expand our footprint and scale.

## Innovative pipeline



Launch new products and develop differentiated and innovative pipeline of products for the future

## Organisation for growth



Sales capabilities, leadership strength and core skills

## Strong finances



Financial sustainability through revenue growth, cash conversion, EPS growth and EBITDA margin growth

### FY2022 Highlights

- New products including Daxocox and Plaqtiv+ driving growth
- Offset by market conditions and one-off factors

- Orthros partnership established as platform for the future
- Identicare benefiting from re-positioning and specialist leadership
- Group leverages financial platform for M&A and licensing deals

- Orthros research studies encouraging – opportunities to accelerate being explored
- STEM Plaqtiv+ range launched
- Progress on pipeline products

- Focus on sales force productivity
- Leadership and talent retention programmes established
- New Board members appointed

- Marked improvement in gross margin driving underlying EBITDA margin in line with PY
- Good cash conversion supports solid financial platform
- Increased underlying EPS

# Dynamic market with attractive fundamentals

Drivers of growth specific to overall animal health and pharmaceuticals markets

## Resilient drivers of demand

Market continues to be resilient:

- High levels of pet ownership
- Increased pet longevity
- Increase in owners' expectations of health and wellbeing



## Self-service

Increased options for pet owners:

- More owners bypassing vets
- Going digital to access products and services
- OTC growth

OVERALL ANIMAL HEALTH

## Premium for innovation

Product categories are crystallising:

- Volume growth driven by generics
- Value growth driven by innovative and novel medicines with greater effectiveness



## Customer landscape

Changing customer dynamics:

- Growing influence of corporates
- Evolving distributor networks
- Changes to prescribing
- Vet shortages

PHARMACEUTICALS

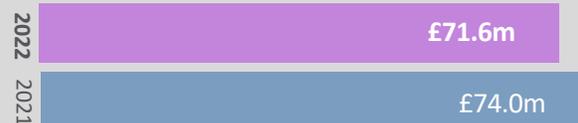
# Financial highlights 2022

## Revenue

↓3.3%

**£71.6m**

Down 2.5% at CER

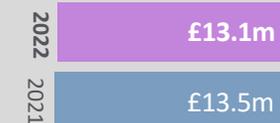


## Underlying\* EBITDA

↓2.4%

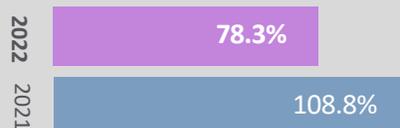
**£13.1m**

Underlying EBITDA margin 18.3%; 18.2% for prior year



## Underlying cash conversion

**78.3%**

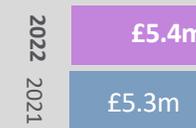


## Net debt

↑£0.1m

**£5.4m**

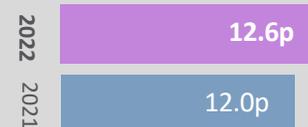
Below target range for underlying EBITDA leverage (0.4x)



## Underlying EPS

↑5.0%

**12.6p**

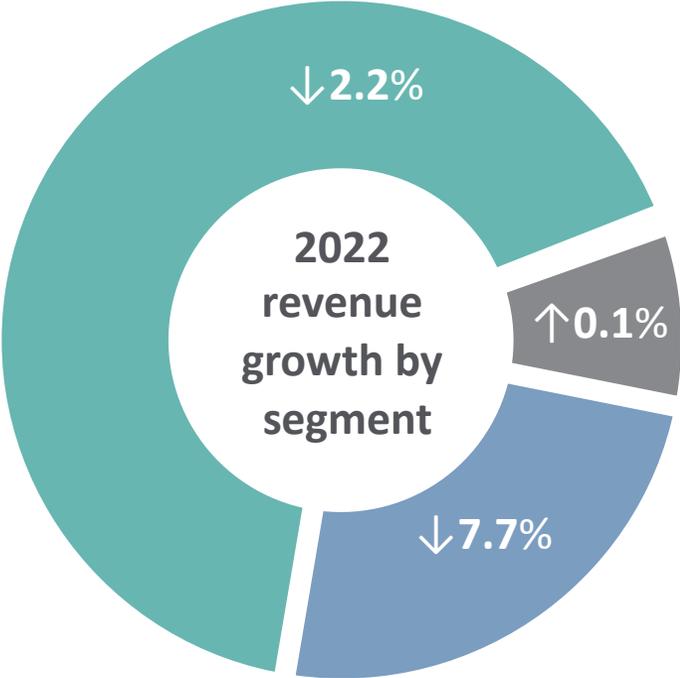


Board proposes 2.4 pence per share 2022 final dividend payment

\* Alternative Performance Measures (APMs) are reconciled to statutory results in the Chief Financial Officer's review and within the notes to the unaudited consolidated financial statements.

# Sector performance reflects market and one-off factors

Growth of new products in Companion Animals partially offsets downward pressures



### Companion Animals

- Demand moderating as markets return to more normalised growth
- Impacted by loss of distribution brands
- Remains main engine of future growth



### Production Animals

- Decline largely due to implementation of EU laws in Spain to reduce prophylactic use of antibiotics in livestock



### Equine & others

- Danilon – one of Group’s largest brands – taken back into UK business to give more control over supply and commercial offering



# Increasing quality and sustainability of pharma portfolio

## ESTABLISHED BRANDS

Focus on existing brands is driving growth and margin improvement

Established Top 10 brands continue to grow at >10%:

- **DANILON** (Equine)
- **DINALGEN** (PA)
- **MAXIVAC** (PA)
- **SOLIPHEN** (CA)
- **PROPVET** (CA)

*Portfolio growth offset in 2022 by :*

- *Cancelled distribution agreements (by third party)*
- *Regulations in Spain*
- *Changing market conditions*

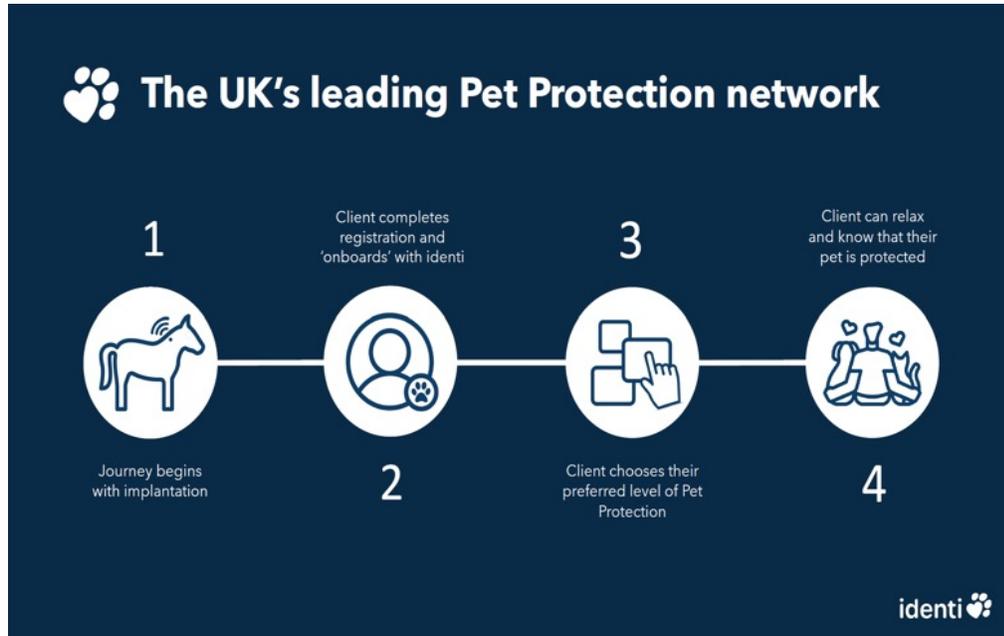
## NEW BRANDS

Brands launched in the last three years are driving top line revenue and margin

- **DAXOCOX** (CA) – growing at >50% and now comfortably a Top 10 product
- **PLAQTIV+** range launched in 2022 – positive feedback from customers and good revenue progress

Other new products launched since 2020 contributed over £5m in sales, a growth rate of more than 20%

# Identicare coming to the fore in 2022



**Why keepers choose identi**

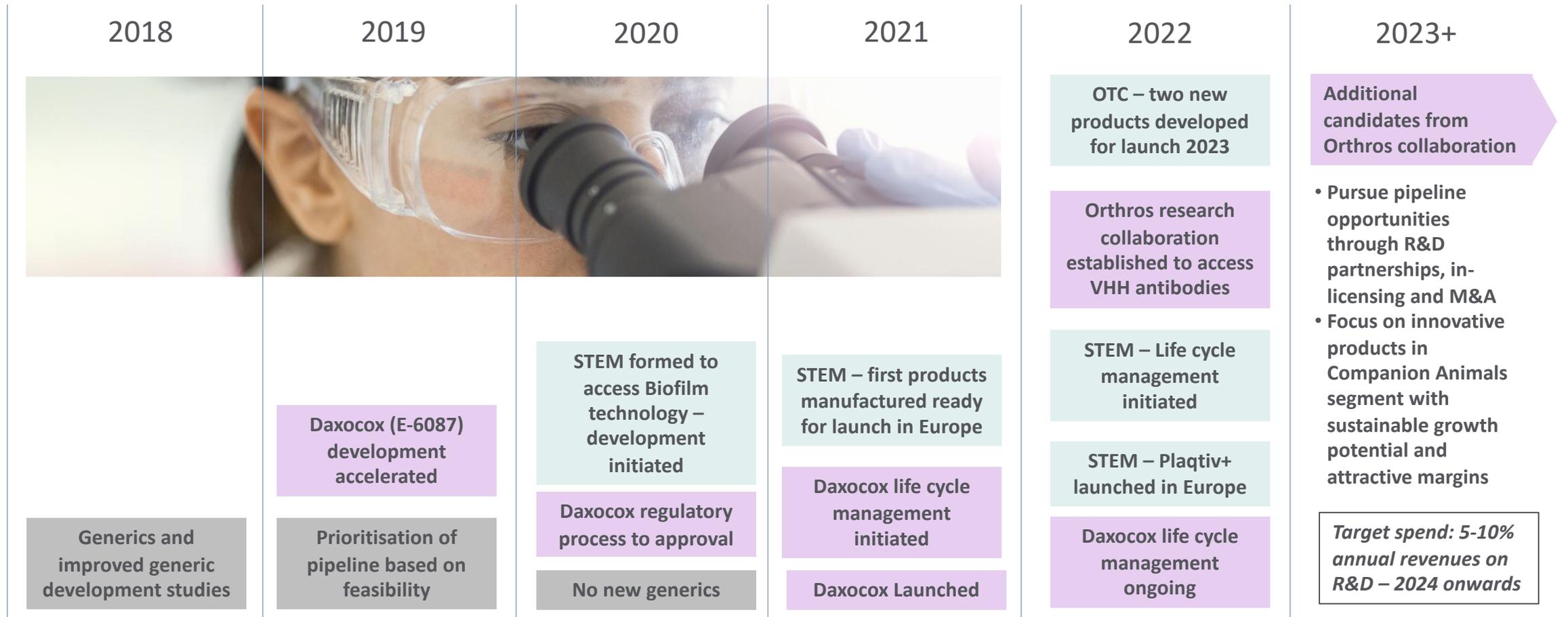
**MTA**

Department for Environment Food & Rural Affairs



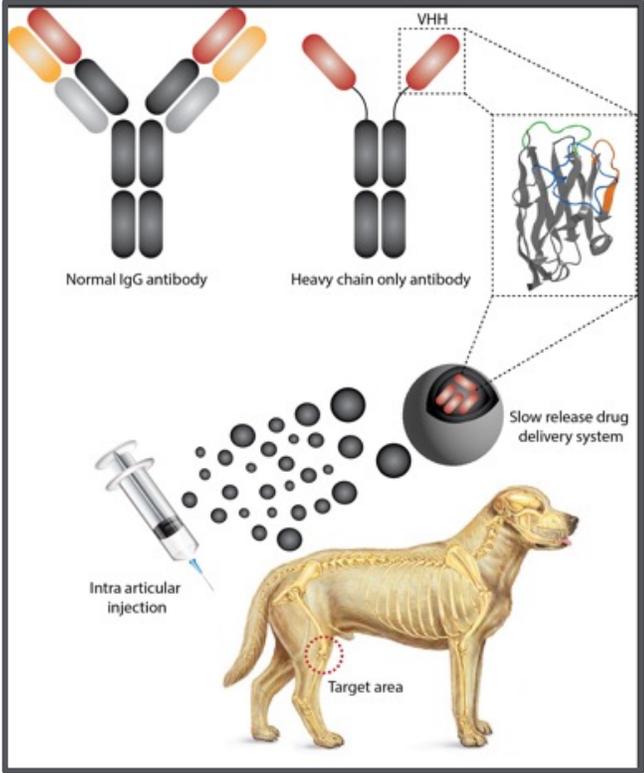
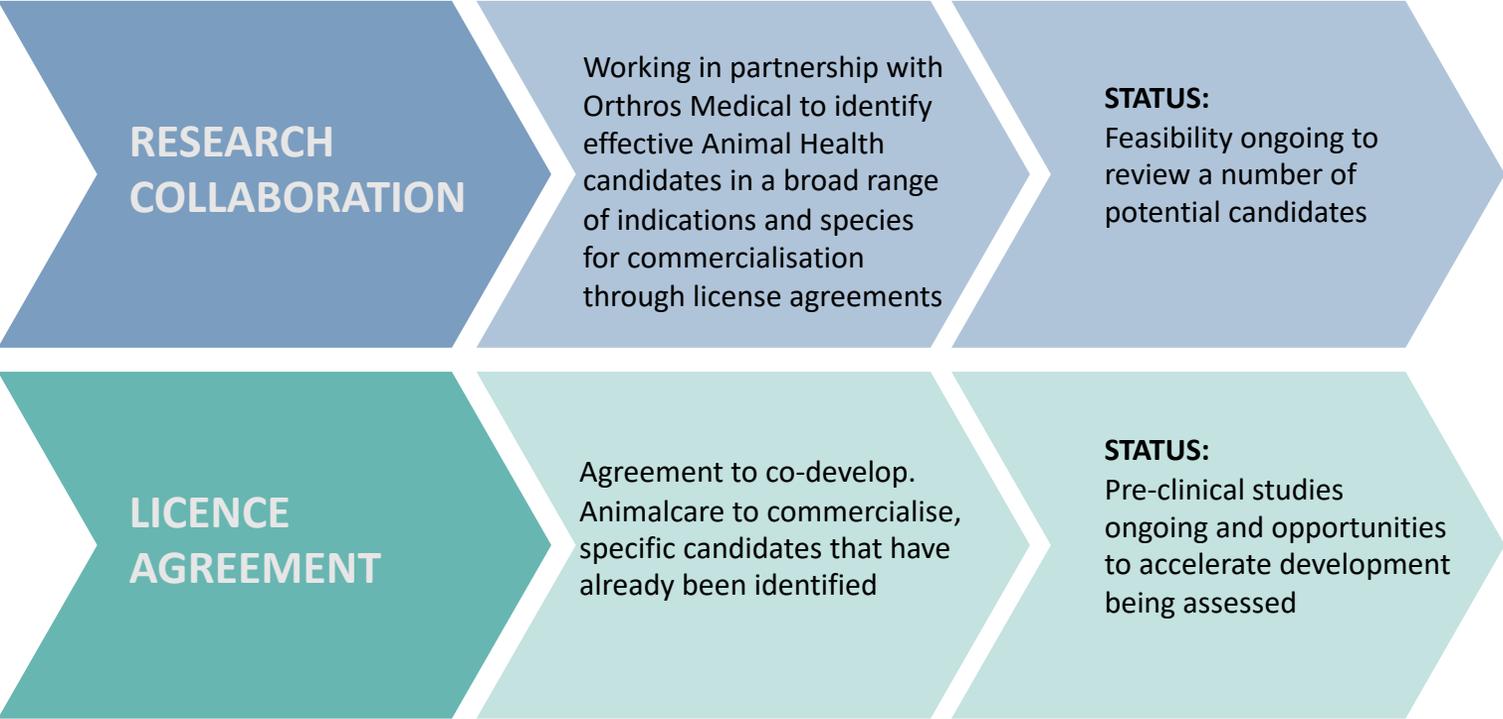
- Identicare re-positioned as a subscription-based services model under specialist digital leadership
- Business returns double-digit revenue growth over the period

# Developing a balanced pipeline of increasing strength



# Orthros partnership helps build pipeline for the future

Twin-track agreement aims to exploit potential of VHH antibody technology



# Business development

Inorganic growth is central to the Group's long-term strategy

- Animalcare remains active in pursuit of M&A and partnering opportunities
  - detailed assessment of >20 opportunities over last 12 months; four subject to DD; one completed
- Highly ambitious and highly disciplined in what we aim to bring into the Group
- Targeting value-creating deals that will:
  - strengthen pipeline (eg Orthros Medical, and STEM)
  - optimise geographic footprint
  - generate sustainable portfolio growth
  - open additional retail sales channels



# Enabling functions support drive for revenue



# Summary and outlook

- Animal health remains an attractive, growing market despite some moderation in demand from post-pandemic peak
- Understanding and managing market needs is vital in a dynamic and evolving landscape
- Novel prescription medicines are source of future high value growth
- Daxocox, Plaqtiv+ and Identicare notable drivers of growth for Animalcare
- Orthros partnership making good progress; well placed to deliver on potential of VHH antibody technology
- Strong financial platform enables pursuit of growth opportunities through M&A, partnerships and in-licensing
- **Group remains confident in the resilience of our business and the wider animal health market and anticipates a return to revenue growth for the full year**

28 MARCH 2023

# Full year results 2022

# Appendix: Financial statements

## Consolidated income statement

For the year ended 31 December 2022

	Unaudited underlying 2022	Unaudited Non-underlying 2022	Unaudited Total 2022	Underlying 2021	Non-underlying 2021	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	71,616	–	71,616	74,024	–	74,024
Cost of sales	(30,957)	–	(30,957)	(34,606)	–	(34,606)
<b>Gross profit</b>	<b>40,659</b>	<b>–</b>	<b>40,659</b>	<b>39,418</b>	<b>–</b>	<b>39,418</b>
Research and development expenses	(2,363)	(667)	(3,030)	(2,181)	(951)	(3,132)
Selling and marketing expenses	(13,547)	–	(13,547)	(12,277)	–	(12,277)
General and administrative expenses	(15,000)	(4,013)	(19,013)	(14,482)	(4,580)	(19,062)
Net other operating income/(expense)	4	(919)	(915)	115	(312)	(197)
Impairment losses	–	(918)	(918)	–	(2,761)	(2,761)
<b>Operating profit/(loss)</b>	<b>9,753</b>	<b>(6,517)</b>	<b>3,236</b>	<b>10,593</b>	<b>(8,604)</b>	<b>1,989</b>
Finance costs	(1,752)	–	(1,752)	(2,613)	–	(2,613)
Finance income	1,110	–	1,110	1,757	–	1,757
<b>Finance costs net</b>	<b>(642)</b>	<b>–</b>	<b>(642)</b>	<b>(856)</b>	<b>–</b>	<b>(856)</b>
Share of net loss of joint venture accounted for using the equity method	(52)	–	(52)	(188)	–	(188)
<b>Profit/(loss) before tax</b>	<b>9,059</b>	<b>(6,517)</b>	<b>2,542</b>	<b>9,549</b>	<b>(8,604)</b>	<b>945</b>
Income tax expense	(1,487)	910	(577)	(2,325)	1,303	(1,022)
<b>Profit/(loss) for the period</b>	<b>7,572</b>	<b>(5,364)</b>	<b>1,956</b>	<b>7,224</b>	<b>(7,301)</b>	<b>(77)</b>
Net profit/(loss) attributable to: The owners of the parent	<b>7,572</b>	<b>(5,607)</b>	<b>1,965</b>	<b>7,224</b>	<b>(7,301)</b>	<b>(77)</b>
<b>Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:</b>						
Basic earnings per share	<b>12.6p</b>	–	<b>3.3p</b>	12.0p	–	(0.1p)
Diluted earnings per share	<b>12.5p</b>	–	<b>3.2p</b>	12.0p	–	(0.1p)

# Consolidated cash flow

For the year ended 31 December 2022

	Unaudited 2022 £'000	2021 £'000
<b>Operating activities</b>		
Profit before tax	2,542	945
Non-cash and operational adjustments		
Share in net loss of joint venture	52	188
Depreciation of property, plant and equipment	1,118	1,185
Amortisation of intangible assets	6,685	7,217
Impairment of intangible assets	918	2,761
Share-based payment expense	542	249
Gain on disposal of fixed assets	(146)	(396)
Non-cash movement in provisions	202	120
Movement allowance for bad debt and inventories	105	760
Finance income	(260)	(459)
Finance expense	1,001	1,221
Impact of foreign currencies	(235)	88
Fair value adjustment contingent consideration	140	(17)
Gain on disposal of IFRS16 and initial recognition	(6)	–
<b>Movements in working capital</b>		
(Increase)/decrease in trade receivables	(5,875)	3,541
(Increase)/decrease in inventories	(2,735)	1,356
Increase/(decrease) in payables	6,706	(2,698)
Income tax paid	(1,325)	(2,038)
<b>Net cash flow from operating activities</b>	<b>9,429</b>	<b>14,023</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(407)	(557)
Purchase of intangible assets	(2,540)	(2,658)
Proceeds from the sale of property, plant and equipment (net)	153	540
Capital contribution in joint venture	(325)	(289)
<b>Net cash flow used in investing activities</b>	<b>(3,119)</b>	<b>(2,964)</b>

	Unaudited 2022 £'000	2021 £'000
<b>Financing activities</b>		
Repayment of loans and borrowings	(1,320)	(6,952)
Repayment of IFRS 16 lease liability	(996)	(1,024)
Receipts from issue of share capital	–	76
Dividends paid	(2,644)	(2,403)
Interest paid	(444)	(447)
Other financial expense	(297)	(213)
Decrease in other financial assets	5	–
<b>Net cash flow used in financing activities</b>	<b>(5,696)</b>	<b>(10,963)</b>
Net increase of cash and cash equivalents	614	96
Cash and cash equivalents at beginning of year	5,633	5,265
Exchange rate differences on cash and cash equivalents	(212)	272
<b>Cash and cash equivalents at end of year</b>	<b>6,035</b>	<b>5,633</b>
<b>Reconciliation of net cash flow to movement in net debt</b>		
Net increase in cash and cash equivalents in the year	614	96
Cash flow from decrease in debt financing	1,320	6,952
Foreign exchange differences on cash and borrowings	(715)	1,146
<b>Movement in net debt during the year</b>	<b>1,219</b>	<b>8,194</b>
Net debt at the start of the year	(5,330)	(13,616)
Movement in lease liabilities during the year	(1,291)	92
<b>Net debt at the end of the year</b>	<b>(5,402)</b>	<b>(5,330)</b>