



INVESTOR PRESENTATION

Full year results 2023

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

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Strategic priorities underpinned by strong foundations



Strong finances: Strong balance sheet provides the firepower and flexibility to pursue inorganic and organic growth

People: A highly capable team with an intimate knowledge of animal health customers across our markets

Operational excellence: Mature capabilities and processes to exploit opportunities

Highlights for 2023

ORGANIC GROWTH

- Positive market response to Plaqtiv+ dental range
- Daxocox records double-digit growth across direct sales territories
- Equine benefits from return of Danilon to UK business



INORGANIC GROWTH

- Animalcare continues to be highly active in pursuit of M&A and partnering opportunities
- Disposal of Identicare (post year-end) crystallises significant value from non-core business



NEW PRODUCT DEVELOPMENT

- Orthros Medical VHH antibody pre-clinical studies continue to progress
- Programme extended to cover equine conditions



Strong finances:

- Balance sheet stronger than ever; supporting pursuit of growth opportunities

People:

- Resources re-aligned to support pursuit of M&A. New organisation increases commercial capabilities
- Ed Torr to succeed Jan Boone as Non-Executive Chair

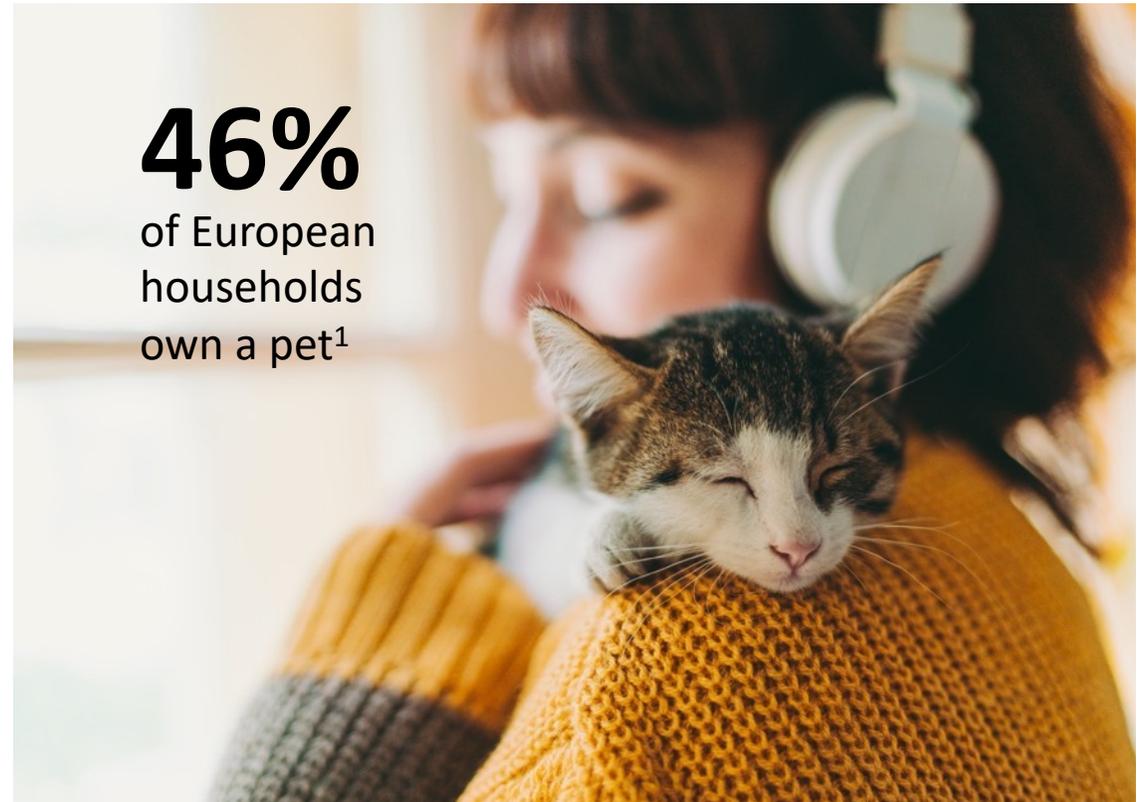
Operational Excellence:

- Change in Supply Chain leader to drive robust supply chain and supplier management.

Dynamic, growing animal health market

Competitive sector with attractive long-term fundamentals

- Global market grew c.5% in 2023; Europe up c.7%
- Companion Animals the main driver of growth
- Continuing high levels of pet ownership¹
- Increased propensity to spend on pet wellbeing²
- Changing customer base with different demands
- Novel/innovative products driving growth and commanding higher margins
- Growing influence of veterinary corporates
- Increased appetite for M&A of all types



46%
of European
households
own a pet¹

¹ <https://animalhealthurope.eu/facts-and-figures/>

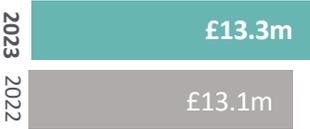
² <https://www.euromonitor.com/article/humanisation-a-key-driver-of-pet-product-sales>

Strong performance in line with market expectations

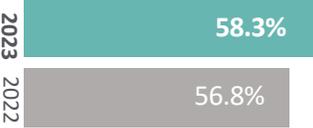
Revenue
 ↑3.8%
£74.4m
 Up 2.5% at CER



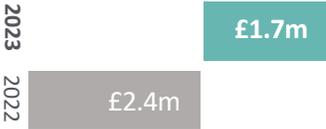
Underlying* EBITDA
 ↑1.5%
£13.3m
 Underlying EBITDA margin **17.9%** (18.3% for 2022)



Gross margin
 ↑1.5%
58.3%



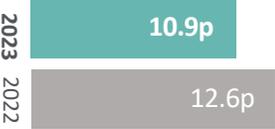
Net debt/cash**
 ↓£4.1m
£1.7m



Underlying cash conversion
85.7%



Underlying EPS
 ↓13.5%
10.9p



Board declares increased final dividend of 3.0 pence per share

* 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.

** Excluding IFRS 16 leases



Growth in revenues and gross margins

Underlying financial results

Revenue increase of 3.8% (AER) with strong second half

- Growth across all three product categories

Increase in gross margins, up 1.5% versus prior year

- Reflects product mix and targeted pricing action to help mitigate inflation

Underlying EBITDA of £13.3m, increase of 1.5%

- Group continues to invest in people and new product pipeline

	2023	2022	Change at AER
Revenue	£74.4m	£71.6m	3.8%
Gross profit	£43.3m	£40.7m	6.6%
<i>Gross margin %</i>	58.3%	56.8%	1.5%
Underlying EBITDA	£13.3m	£13.1m	1.5%
Underlying EBITDA margin %	17.9%	18.3%	(0.4%)

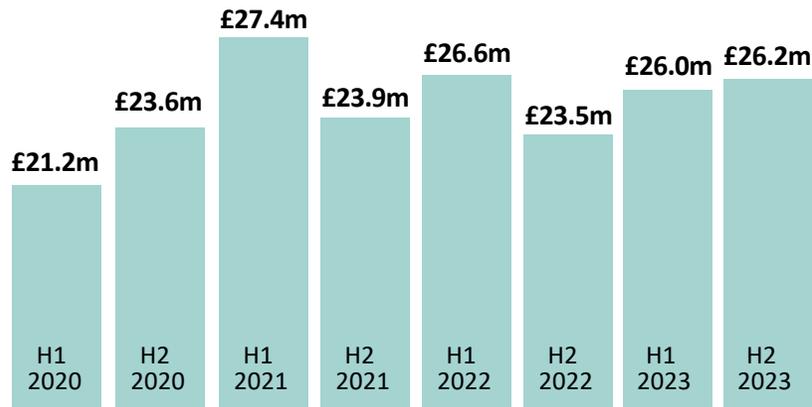
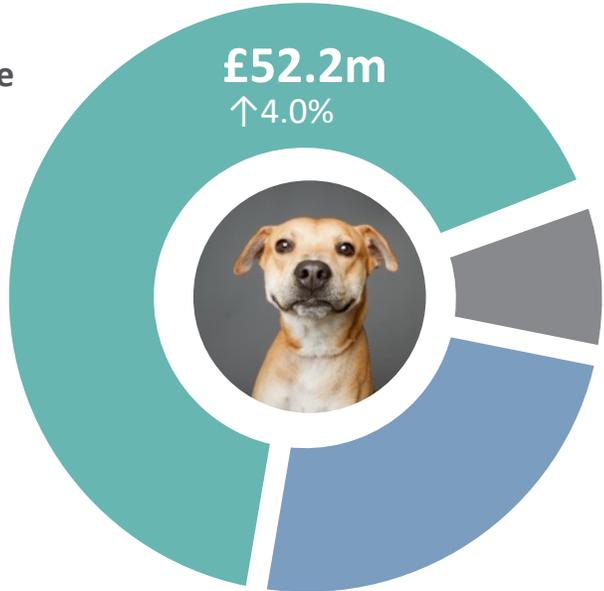
Drivers helping underpin gross margin growth

- Concentration of investment in growing Companion Animals segment
- Sales and marketing investment in larger selling, higher margin products
- Portfolio re-engineered to focus on novel, higher margin products such as Plaqtiv+ and Daxocox
- Management of supply chain and increased COGs in inflationary climate



Companion Animals: main driver of growth

2023
revenue



Evolution of revenue growth

Companion Animals: 2023 performance summary

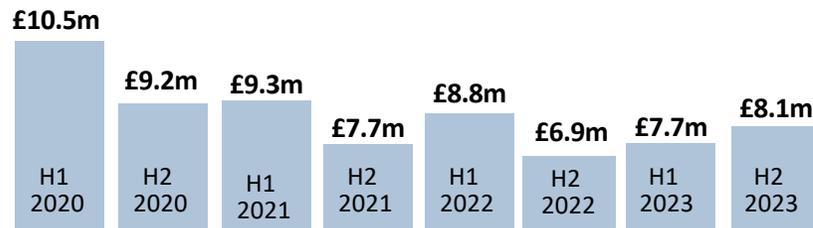
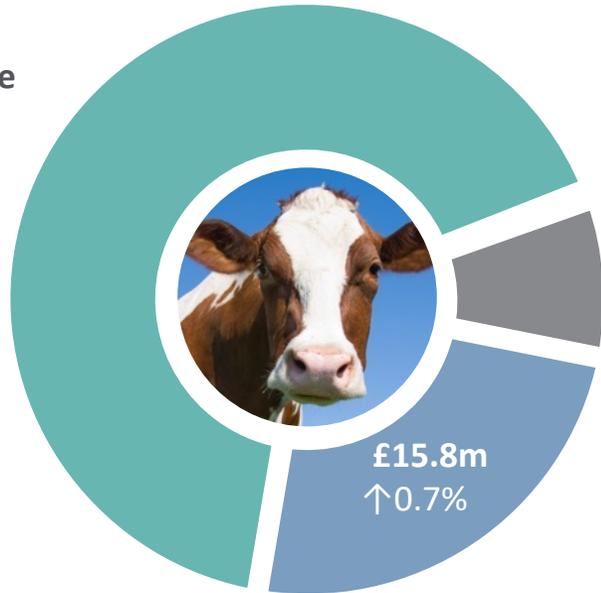
- Revenue increase of 4.0% benefiting from growth of new products which contributed £1.9m: approximately half of this generated by Plaqtiv+
- Daxocox delivered double-digit growth across direct sales territories reflecting continued investment in sales and marketing excellence
- Identicare continued strong momentum over course of 2023
- Revenue positives partly offset by competition against certain generic products, cessation of distribution arrangements and supply disruptions

How we see the segment

- Competitive and dynamic market
- Expected to be main source of future growth in animal health sector as pet ownership rates remain high
- Novel products driving revenue growth and demanding higher margins
- Animalcare investment in R&D, M&A, sales and marketing, etc, primarily focused on Companion Animals

Production Animals: continuing demand for protein

2023
revenue



Evolution of revenue growth

Production Animals: 2023 performance summary

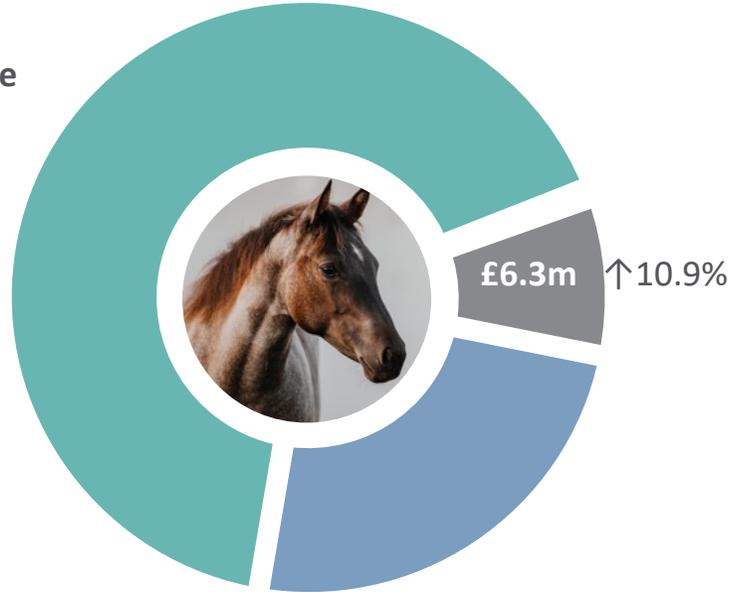
- Production Animal revenues, which are chiefly generated by our Southern European and International Partners operations, versus the prior period to £15.8m, reflecting the launch of a distribution product and growth in certain brands in Spain, offset by phasing of orders and generic competition was marginally up (+0.7%)

How we see the segment

- A growing market globally, driven by increased demand for animal protein
- European markets growing more slowly than Companion sector as regulations to limit widespread use of antibiotics enforced
- Largely price sensitive, generic markets
- Group's Production Animal expertise focused in Southern Europe markets (Spain, Portugal and Italy)
- Investment in sales and marketing excellence and distribution opportunities rather than M&A or R&D

Equine and others: attractive specialist market

2023
revenue



£2.8m	£3.2m	£2.5m	£3.2m	£2.8m	£2.9m	£3.0m	£3.3m
H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023

Evolution of revenue growth

Equine: 2023 performance summary

- Equine and other sales increased by 10.9% to £6.3m, benefiting from bringing Danilon, one of our largest brands, back into the UK business in the second half of 2022
- Danilon growth accelerated during the second half due to stock in channel placed by our previous distributor at the end of FY 2022

How we see the segment

- Equine accounts for just under 3% of the European animal health market
- Owners demand increasingly specialised services
- Increasing demand for medical care for horses
- Attractive marketplace requires experienced sales and marketing employees
- Inflation impacting traditionally high costs of ownership
- Reviewing R&D opportunities in equine

Organic growth: new products helping drive revenues



Daxocox: 16% revenue growth in competitive market

Confident in future growth:

- Increasing size of elderly dog population
- Prevalence of osteoarthritis increasing (>10% in EU)
- Increased presentation and treatment
- Endorsement of NSAIDs as standard of care in guidelines (World Small Animal Veterinary Association – WSAVA)
- Clarity of Daxocox USP – **“makes life easier”**
- New indications on track for 2025 submission
- Regulatory process for territorial expansion in progress

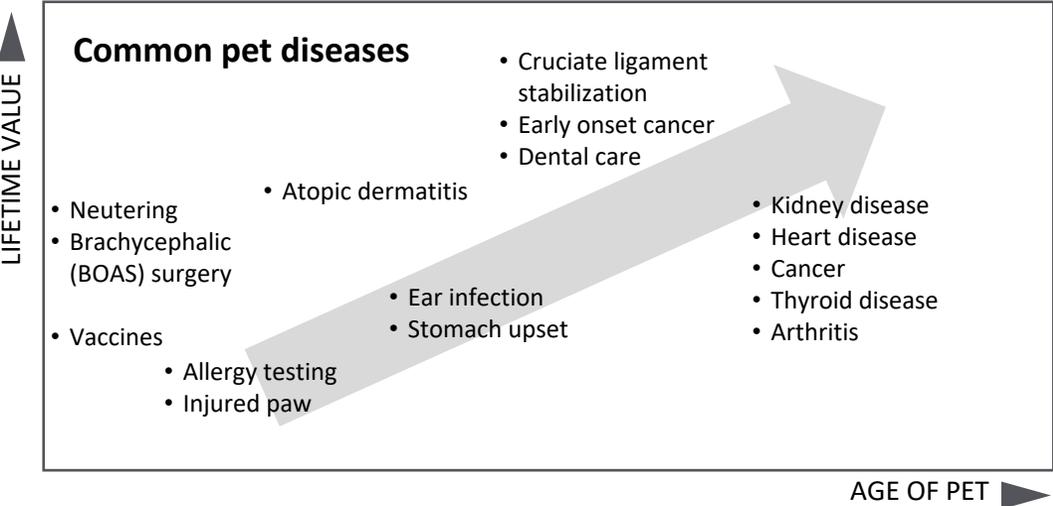


Plaqtiv+: revenues increased by approx. £1m in 2023

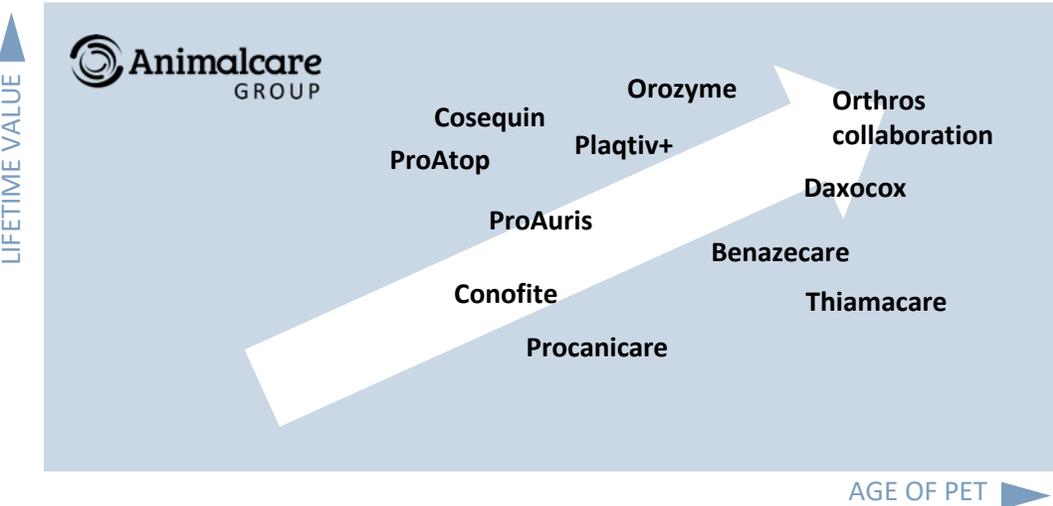
Confident in future growth:

- Dental disease is a rapidly growing segment (Forecast >6% to 2031); veterinary segment 2020-2023 grew at ~10%
- Pet owners appreciate the different options to suit their different needs
- New product development progressing to add to the range and increase competitiveness
- Global distribution agreements in progress to maximize rest of world opportunity with partners

Quality of portfolio continues to evolve and strengthen



- Animalcare’s portfolio addresses important areas of medical need and lifetime stages of the pet
- The portfolio has moved from a “distribution” based business to a business where the majority of IP is either owned by ANCR or is built on a long-term and sustainable license
- With the launch of Daxocox and Plaqtiv+ the portfolio is also moving from a generic business to a novel and sustainable innovative model
- Rationalisation of portfolio from >300 to c150 brands over last five years has focused resources on larger, higher margin and more sustainable products



Identicare disposal crystallises value of non-core asset

Refocus under specialist leadership increases value of pet reunification business

Repositioning of pet reunification business as a scalable, high margin, recurring-revenue subscription platform generates value through sale of majority stake

FY 2023 performance

- Identicare maintained strong revenue and profit momentum following carve-out under specialist leadership at end of 2021
- Sales increased in FY 2023 by 34% to around £3.6m versus prior year period; EBITDA of £1.7m

Sale of business

- Attractive valuation reflects progress made through strategic repositioning under specialist retail data leadership
- Proceeds from transaction significantly strengthens Group's balance sheet, increasing firepower to invest in growth opportunities within core veterinary pharmaceuticals business

£24.9m

Majority stake in Identicare sold for cash consideration of £24.9m



identicare™ 
Your best friend deserves the best protection

Transformational change strengthens firepower

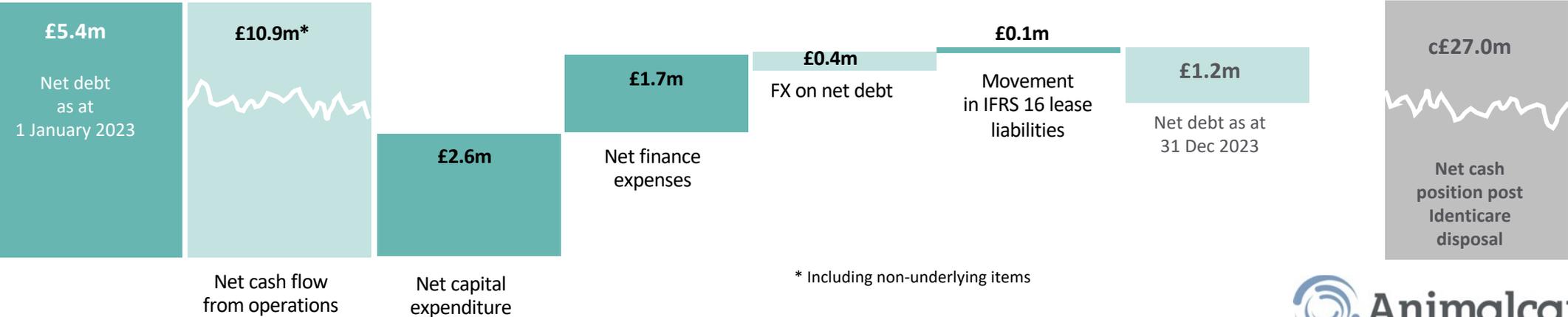
Strengthened balance sheet supports pursuit of growth opportunities

- Cash conversion improved to 85.7%
- £1.4m in R&D investment and milestone payments
- Net cash of c.£27.0m after disposal of Identicare
- Strong financial position aids pursuit of value-creating opportunities through M&A, licensing and partnerships
- **Revolving credit facility expected to be renewed by 30 April 2024**

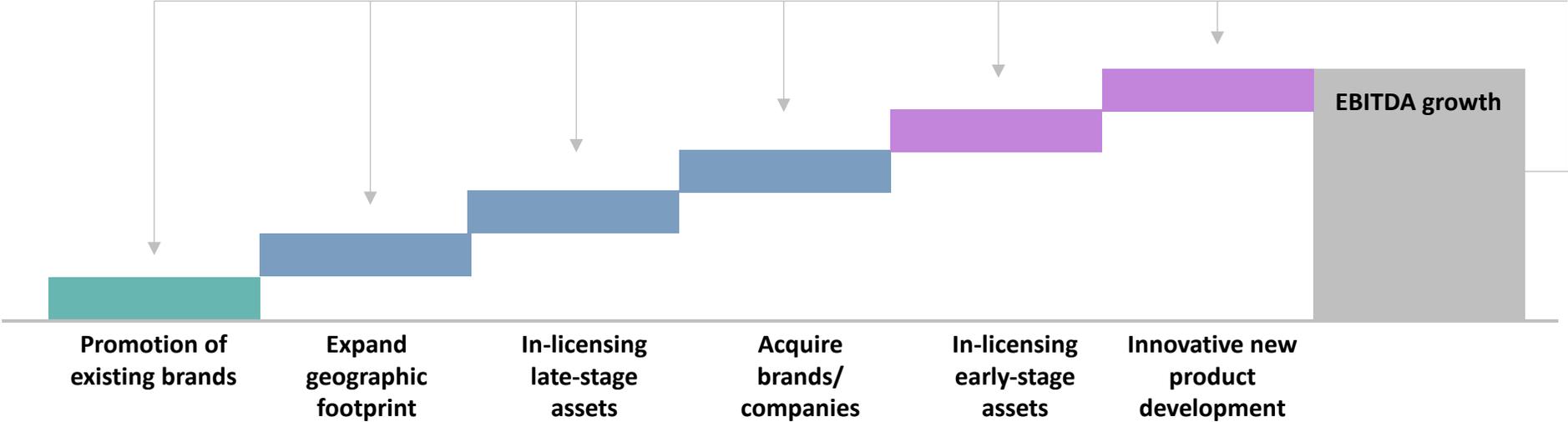
Cash conversion

	2023	2022
Underlying EBITDA	£13.3m	£13.1m
Working capital movement	(£1.3m)	(£1.9m)
Other (tax and non-cash items)	(£1.1m)	(£1.8m)
Non-underlying items	£0.5m	£0.9m
Underlying net cashflow from operations	£11.4m	£10.3m
Underlying cash conversion %	85.7%	78.3%

Further reduction in net debt driven by strong cash conversion



Strategic priorities: how this can contribute to growth



Business development: ambitious, active and disciplined

Inorganic growth central to strategy

- Seeing increasing openness to explore dealmaking options
- Reallocation of internal resources further strengthens focus on identification and pursuit of M&A opportunities
- Animalcare continues to be highly active in pursuit of M&A and partnering opportunities
- Ambitious and disciplined in what we aim to bring into the Group
- Targeting value-creating deals that will:
 - strengthen **pipeline** (eg Orthros Medical)
 - optimise **geographic** footprint
 - generate sustainable **portfolio** growth
- Group exploring opportunities presented by Kane Biotech's decision to review its majority equity interest in STEM joint venture

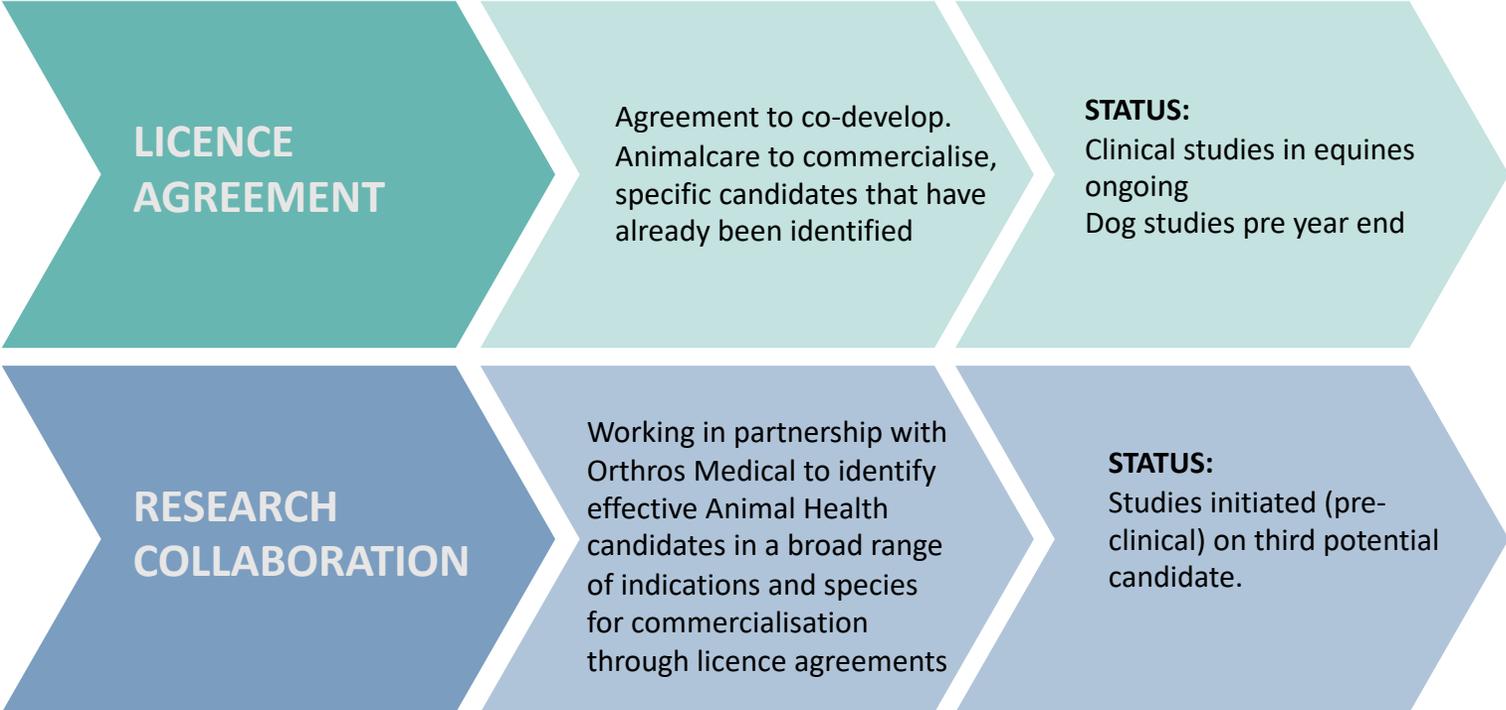
Velocity increased

- *>450 products and companies assessed*
- *>40 products and companies of interest*
- *~7 products or companies in discussion*
- *3 new product deals signed in 2023*
- *1 NBO submitted and formal process participation*



Orthros VHH antibody-based agreement progressing

Partnership model yielding results; opening pathways to options for novel therapies



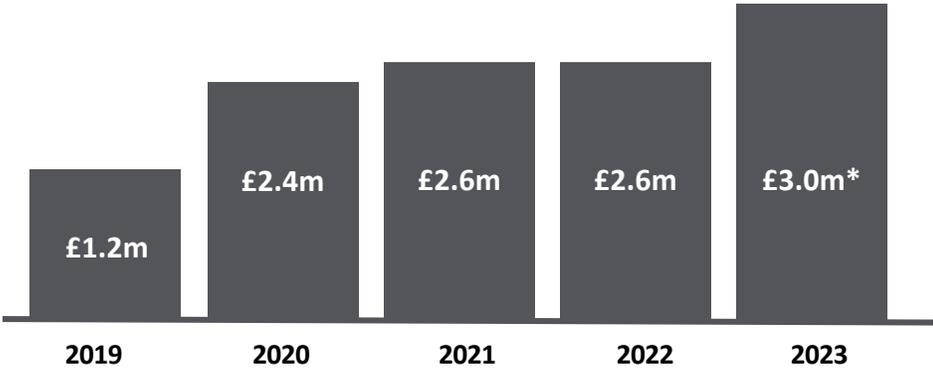
Capital allocation aligned to our strategic priorities

Investing in accelerating growth and value creation while rewarding shareholders

Capital priorities

Organic growth	<ul style="list-style-type: none"> Continued investment in people and operational excellence will underpin our strong foundations for future growth
Inorganic growth	<ul style="list-style-type: none"> Debt & equity capacity reserved for M&A Disciplined balance sheet management targeting gearing of up to 2.0x EBITDA
New Product Development	<ul style="list-style-type: none"> Operating cash flow will fund our pipeline Target R&D investment at c.5% of revenues to build a balanced pipeline
Dividends	<ul style="list-style-type: none"> £11.8m returned to shareholders since 2019 Dividend policy unchanged

£11.8m returned to shareholders over last five years through dividends



* Including proposed final dividend of 3.0p subject to shareholder approval at AGM

Group has c.£50m of funding capacity to allocate to inorganic growth and in-licensing late-stage assets

Summary and outlook



- Group delivers revenue growth in 2023 with increased sales across all three product segments
- Continuing focus on larger-selling, more profitable brands manifested in improved gross margins
- Disposal of Identicare in February 2024 transforms financial position
- Orthros VHH antibody collaboration progresses and extended into equine condition as we continue to focus on new product development
- **In 2024, we will continue to push for profitable growth and cash generation as we focus on stepping up investment in organic and inorganic opportunities equipped with significantly increased financial firepower**

INVESTOR PRESENTATION

Full year results 2023

APPENDIX

Consolidated income statement

For the year ended 31 December

	Unaudited underlying 2023 £'000	Unaudited non-underlying 2023 £'000	Unaudited total 2023 £'000	Underlying 2022 £'000	Non-underlying 2022 £'000	Total 2022 £'000
Revenue	74,351	-	74,351	71,616	-	71,616
Cost of sales	(31,005)	-	(31,005)	(30,957)	-	(30,957)
Gross profit	43,346	-	43,346	40,659	-	40,659
Research and development expenses	(2,455)	(646)	(3,101)	(2,363)	(667)	(3,030)
Selling and marketing expenses	(12,316)	-	(12,316)	(13,547)	-	(13,547)
General and administrative expenses	(18,770)	(4,340)	(23,110)	(15,000)	(4,013)	(19,013)
Net other operating (expense)/income	2	(390)	(388)	4	(919)	(915)
Impairment losses	-	(22)	(22)	-	(918)	(918)
Operating profit	9,807	(5,398)	4,409	9,753	(6,517)	3,236
Finance costs	(1,419)	-	(1,419)	(1,752)	-	(1,752)
Finance income	675	-	675	1,110	-	1,110
Finance costs net	(744)	-	(744)	(642)	-	(642)
Share of net loss of joint venture accounted for using the equity method	(142)	-	(142)	(52)	-	(52)
Profit before tax	8,921	(5,398)	3,523	9,059	(6,517)	2,542
Income tax expense	(2,376)	52	(2,324)	(1,487)	910	(577)
Profit for the period	6,545	(5,346)	1,199	7,572	(5,607)	1,965
Net profit attributable to:						
The owners of the parent	6,545	(5,346)	1,199	7,572	(5,607)	1,965
Earnings per share for profit attributable to the ordinary equity holders of the Company:						
Basic earnings per share	10.9p	-	2.0p	12.6p	-	3.3p
Diluted earnings per share	10.8p	-	2.0p	12.5p	-	3.2p

Consolidated cash flow

For the year ended 31 December

	Unaudited 2023 £'000	2022 £'000
Operating activities		
Profit before tax	3,523	2,542
Non-cash and operational adjustments		
Share in net loss of joint venture	142	52
Depreciation of property, plant and equipment	1,092	1,118
Amortisation of intangible assets	6,613	6,685
Impairment of intangible assets	22	918
Share-based payment expense	1,278	542
Gain on disposal of fixed assets	-	(146)
Non-cash movement in provisions	(2)	202
Movement allowance for bad debt, inventories and provisions	757	105
Finance income	(675)	(260)
Finance expense	1,419	1,001
Impact of foreign currencies	-	(235)
Fair value adjustment contingent consideration	-	140
Gain from IFRS 16 lease modification	(9)	(6)
Exercise of share options	3	-
Movements in working capital		
Increase in trade receivables	(319)	(5,875)
Decrease/(increase) in inventories	2,257	(2,735)
(Decrease)/increase in payables	(3,261)	6,706
Income tax paid	(1,913)	(1,325)
Net cash flow from operating activities	10,927	9,429

	Unaudited 2023 £'000	2022 £'000
Investing activities		
Purchase of property, plant and equipment	(52)	(407)
Purchase of intangible assets	(2,501)	(2,540)
Proceeds from the sale of intangible assets	-	153
Capital contribution in joint venture	(306)	(325)
Net cash flow used in investing activities	(2,859)	(3,119)
Financing activities		
Repayment of loans and borrowings	(5,252)	(1,320)
Repayment of IFRS 16 lease liability	(955)	(996)
Dividends paid	(2,644)	(2,644)
Interest paid	(646)	(444)
Other financial expense	(99)	(292)
Net cash flow used in financing activities	(9,596)	(5,696)
Net (decrease)/increase of cash and cash equivalents	(1,528)	614
Cash and cash equivalents at beginning of year	6,035	5,633
Exchange rate differences on cash and cash equivalents	135	(212)
Cash and cash equivalents at end of year	4,642	6,035
Reconciliation of net cash flow to movement in net debt		
Net (decrease)/increase in cash and cash equivalents	(1,528)	614
Cash flow from decrease in debt financing	5,252	1,320
Foreign exchange differences on cash and borrowings	376	(715)
Movement in net debt during the year	4,100	1,219
Net debt at the start of the year	(5,402)	(5,330)
Movement in lease liabilities during the year	68	(1,291)
Net debt at the end of the year	(1,234)	(5,402)