

Our Marketplace

Overview of our marketplace

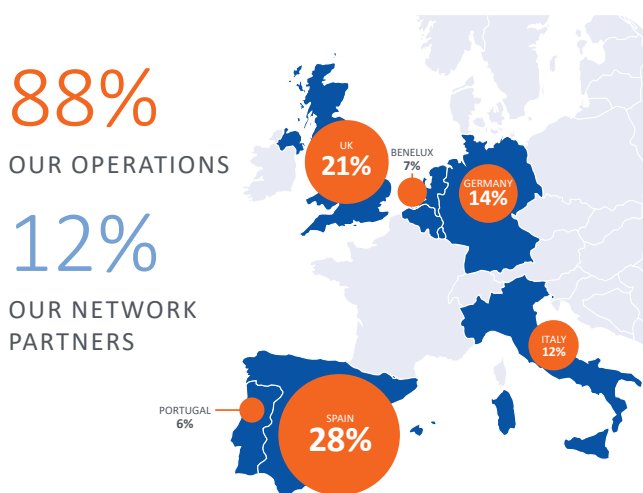
The Group operates in three categories within the veterinary market: Companion Animals, Equine and Production Animals. We are focused on therapeutic areas with strong growth potential and where we have expertise, such as pain management, dental health and anti-infectives.

After exceptional growth in 2021, fuelled by the lifting of pandemic restrictions and increased levels of pet ownership, demand moderated across Europe over the course of 2022. Historically, the animal health industry has been resilient in previous economic downturns compared to other industries and we believe companies with products used by vets predominately in the vet practice are in a good position to see out any downturn.

Parasiticides and vaccines accounted for over 60% of the market with vaccines maintaining their number one position. The launch of novel products for cats and dogs has driven the pain management market to new highs with few signs of a slow-up in demand. Antimicrobials, which continued to decline in 2022 compared to the overall European animal health sector, have seen market share decrease by more than 50% over the last 10 years¹.

GEOGRAPHIC MARKETS

Europe, which accounted for 98% of our revenue in 2022, is the second largest market for animal health and represents about a third of global sales². We sell our products either through our direct sales teams or distributors in all EU countries as well as the UK, Switzerland and Norway. We export to 15 countries outside Europe including Australia, New Zealand, Japan, Korea, Hong Kong, Brazil and Israel and are actively looking to increase our global footprint in the coming years.



88%

OUR OPERATIONS

12%

OUR NETWORK PARTNERS

THERAPEUTIC MARKETS

Pain management

The global market for animal pain control products in 2020 was approximately US\$750m and comprises three key segments: acute pain control, chronic pain control and acute/chronic pain control combined. The acute/chronic segment represents around 60% of the market while the remaining 40% is equally split between chronic only and acute only products.

The pain market is forecast to grow annually by nearly 8%, compared with 5% for animal health overall. The single largest category in this segment is Non-Steroidal Anti-Inflammatory Drugs (NSAIDs) with a mix of generics and newer, more innovative patent-protected products such as the Group's Daxocox treatment. The 2021 approval in Europe of Nerve Growth Factors (NGF1) inhibiting monoclonal antibody therapies for dogs and cats has proved to be a notable source of growth.

The market is characterised by canine pain associated with osteoarthritis. Increased pet ownership during the pandemic should expand the market, especially when the current cohort of two and three year old dogs enters the geriatric phase.

Treatment compliance is another important factor. As most animals require daily medication, dosing by owners is a significant risk to long-term pain control in pets. New weekly and monthly options have become available in recent years which should improve treatment outcomes.

Innovation is also a key driver in this market. Newer products help to drive awareness of pain management and, consequently, greater compliance in use. These innovative treatments are expected to command higher margins and earnings.