

INVESTOR PRESENTATION

Interim results 2024

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

H1 highlights: commercial delivery, strategic progress

ORGANIC GROWTH

- Strong double-digit growth from Plaqtiv+ (up 36%) dental range and Daxocox (up 41%)
- Equine benefits from return of Danilon to UK business
- Production Animals records 14.3% increase in revenues



INORGANIC GROWTH

- Animalcare continues to be highly active in pursuit of M&A and partnering opportunities
- Disposal of Identicare and minority stake in STEM significantly increases deal-making firepower



NEW PRODUCT DEVELOPMENT

- Pre-clinical and clinical studies ongoing with VHH antibodies
- Expanding indications and territories for our key products, Daxocox and Plaqtiv+
- Launch preparation of two new products in 2025



Strong finances:

- Balance sheet transformed by disposals; supporting pursuit of growth opportunities

People:

- Resources allocated to drive pursuit of M&A, BD and new product development
- Ed Torr appointed Non-Executive Chair at AGM

Operational Excellence:

- Continuing to build and enhance commercial capabilities

Dynamic, growing animal health market

Competitive sector with attractive long-term fundamentals

- Average c5% sales growth reported by top 10 animal health companies in H1 2024 (H1 2023: c4%)
- Companion Animals sector remains 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 H1 performance; FY24 in line with market expectations

Revenue

↑5.0% (↑7% CER)

£36.9m



Gross margin

↑0.5%

56.5%



Underlying cash conversion

78.3%



Underlying¹ EBITDA

↑2.5%

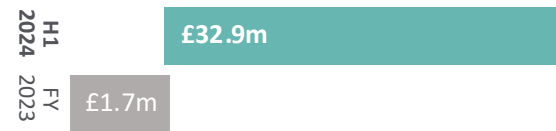
£6.6m



Underlying EBITDA margin **18.0%** (H1 2023: 18.4%)

Net cash²

£32.9m



Underlying EPS

↓4.9%

5.8p



Underlying ETR 27% - estimate for full year

Notes:

Revenue, gross margin, underlying EBITDA and underlying EPS are based on continuing operations (excluding Identicare); 2023 comparatives are restated

1. Earnings before interest, tax, depreciation, amortisation excluding non-underlying items
2. Excluding IFRS 16 leases



Growth in revenues and EBITDA



<i>Six months to 30 June</i>	2024	2023	Change at AER
Revenue	£36.9m	£35.2m	5.0%
Gross profit	£20.9m	£19.7m	6.0%
<i>Gross margin %</i>	56.5%	56.0%	0.5%
Underlying EBITDA	£6.6m	£6.5m	2.5%
Underlying EBITDA margin %	18.0%	18.4%	(0.4%)

Underlying financial results

Revenue increase of 5.0% (7% at CER)

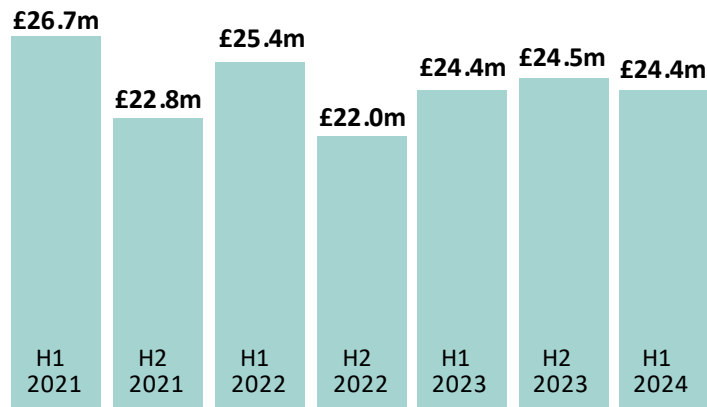
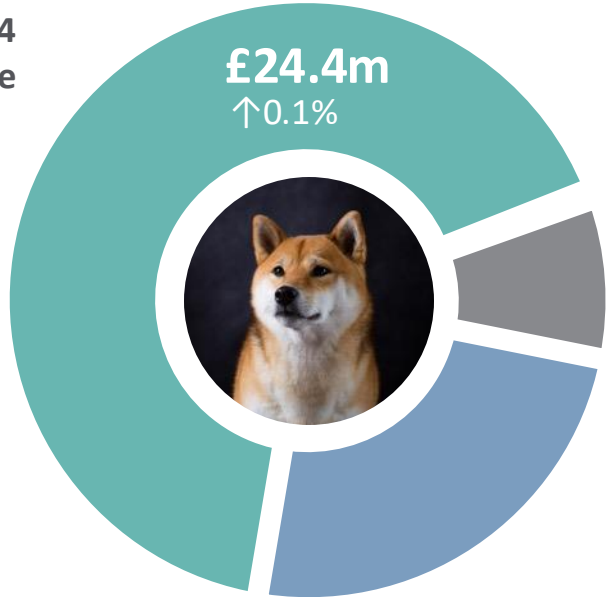
- Revenue profile remains weighted towards Companion Animals
- Growth generated by Production Animals and Equine segments; Companion Animals expected to return to growth during H2

Underlying EBITDA of £6.6m, increase of 2.5%

- Reflects increase in gross margins (+50bps) and c8% increase in SG&A – primarily in people and marketing

Companion Animals: long-term growth fundamentals

H1 2024
revenue



Evolution of revenue (continuing operations)

Companion Animals: H1 performance summary

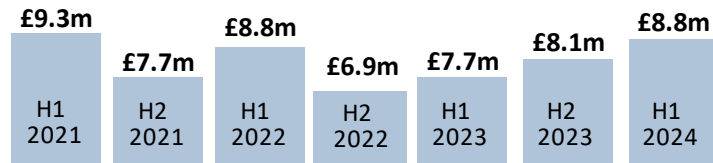
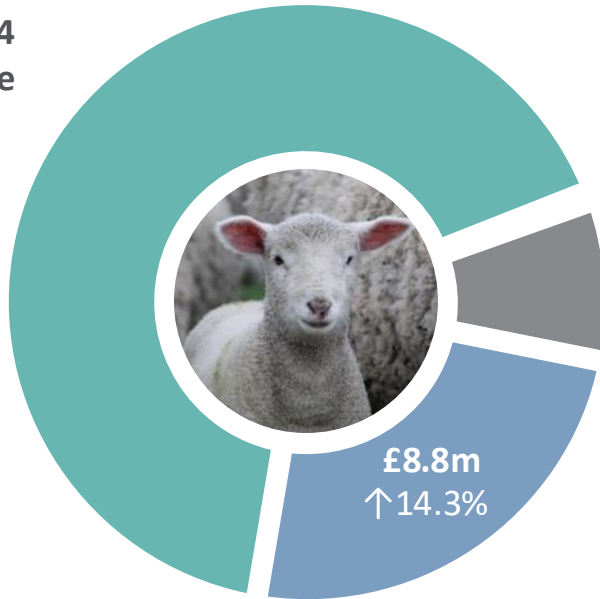
- Revenues in line with prior period
- Strong double-digit growth from Plaqtiv+ dental range (up 36%) and Daxocox (up 41%) benefiting from prior year organisational changes and associated focus and investment driving sales and marketing excellence
- Revenue positives offset by a combination of sales phasing within export network (International Partners), delays to new product launches and some continuing disruption in supply of certain brands
- Effect of these headwinds expected to ease in second half

How we see the segment

- Competitive and dynamic market
- Expected to be key driver of future growth in animal health sector as pet ownership rates remain high
- New and novel products driving revenue growth and higher margins
- Capital allocation across all three strategic priorities; Group reviewing a number of M&A, R&D and licencing opportunities

Production Animals: strong H1 performance

H1 2024 revenue



Evolution of revenue 2021-2024

Production Animals: H1 performance summary

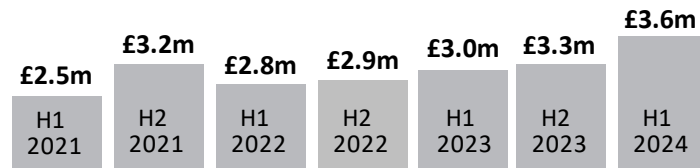
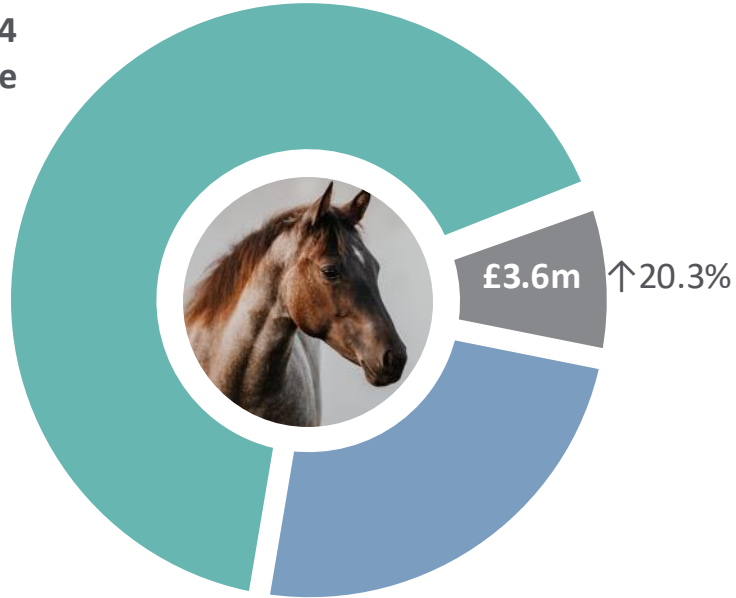
- Revenues, chiefly generated by our Southern European and International Partners operations, up 14.3% for the period
- Strong performance reflected growth in certain larger selling brands, order phasing and one-off out of stock with a competitor

How we see the segment

- Growing market globally, driven by increased demand for protein
- Lower growth than Companion Animal sector as regulations to limit use of antibiotics are enforced
- Largely price sensitive, generic markets
- Group exploring opportunities to build on sales expertise and existing footprint to grow important part of our business

Equine: attractive growing market

H1 2024
revenue



Evolution of revenue 2021-2024

Equine: H1 performance summary

- Sales increased by 20.3% to £3.6m, benefiting from continued momentum of Danilon within the UK market and growth across other equine products
- During the period, the Group received approval for a number of territory expansions for Danilon; commercial launches are expected during 2025

How we see the segment

- Global equine healthcare market forecast to grow at a CAGR of 8.3% from 2024 to 2032¹
- Attractive marketplace requires experienced sales and marketing employees
- Owners demand increasingly specialised services
- Group reviewing growth opportunities in equine including M&A and R&D

Notes:

1. Equine Healthcare Market Size and trends 2024 – 2030, Grandview research

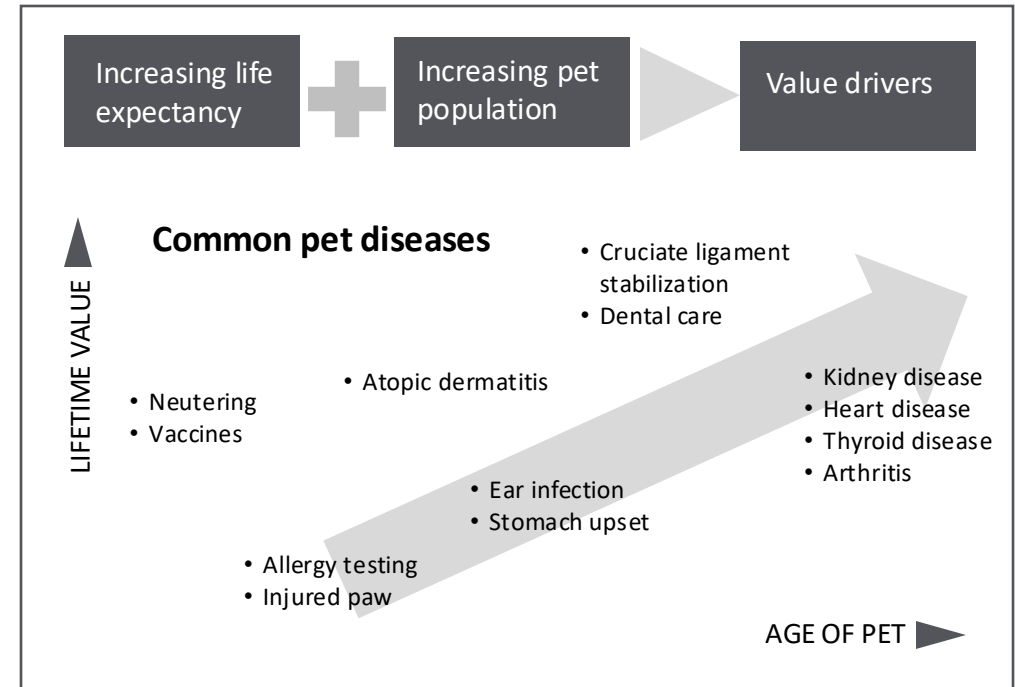
Key brands in growing markets

Delivering sustainable future growth



- Animalcare made around 120 regulatory submissions and received 61 approvals in the first half

CA portfolio across lifetime stages of pet



Product categories are crystallising:

- Volume growth driven by generics
- Value growth driven by innovative and novel medicines

Organic growth: new products helping drive revenues



Daxocox: 41% revenue growth in competitive market

Growth factors:

- Increasing size of elderly dog population
- Prevalence of osteoarthritis increasing (>10% in EU)
- New indications on track for 2025 submission
- Further opportunities to expand the range of indications under discussion
- Two new tablet strengths added to the range
- Regulatory process for expanding into more countries is in progress



Plaqtiv+: 36% sales increase over the period

Growth factors:

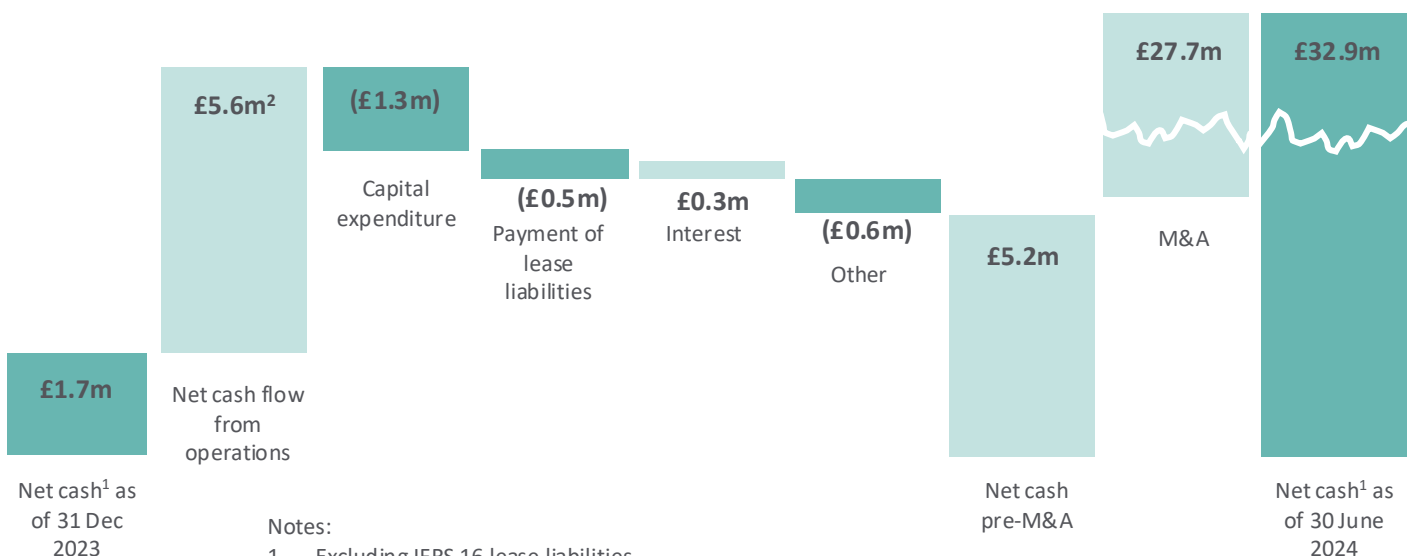
- Dental disease a growing segment; forecast >6% to 2031
- New product development progressing to add to the range and increase competitiveness
- Global distribution agreements in progress to maximize rest of world opportunity with partners
- Licence and Distribution Agreement extended to allow Animalcare access to all sales channels in Europe and UK and work ongoing to maximise this exciting opportunity

Divestments significantly strengthen deal firepower

Transformed balance sheet supports pursuit of growth opportunities

- **Cash conversion rate improved to 78.3%**
- Figure reflects £1.2m increase in working capital principally as a result of expected expansion of inventory from the low base in FY23
- **Revolving credit facilities renewed and increased (to €44m) post period end**

	H1 2024	H1 2023
Underlying EBITDA (cont. & discontinued)	£6.9m	£7.2m
Net working capital movement	(£1.2m)	(£3.4m)
Other (tax and other adjusting items)	(£0.1m)	(£0.2m)
Non-underlying items	(£0.2m)	£0.3m
Underlying net cashflow from operations	£5.4m	£3.8m
Cash conversion %	78.3%	52.5%

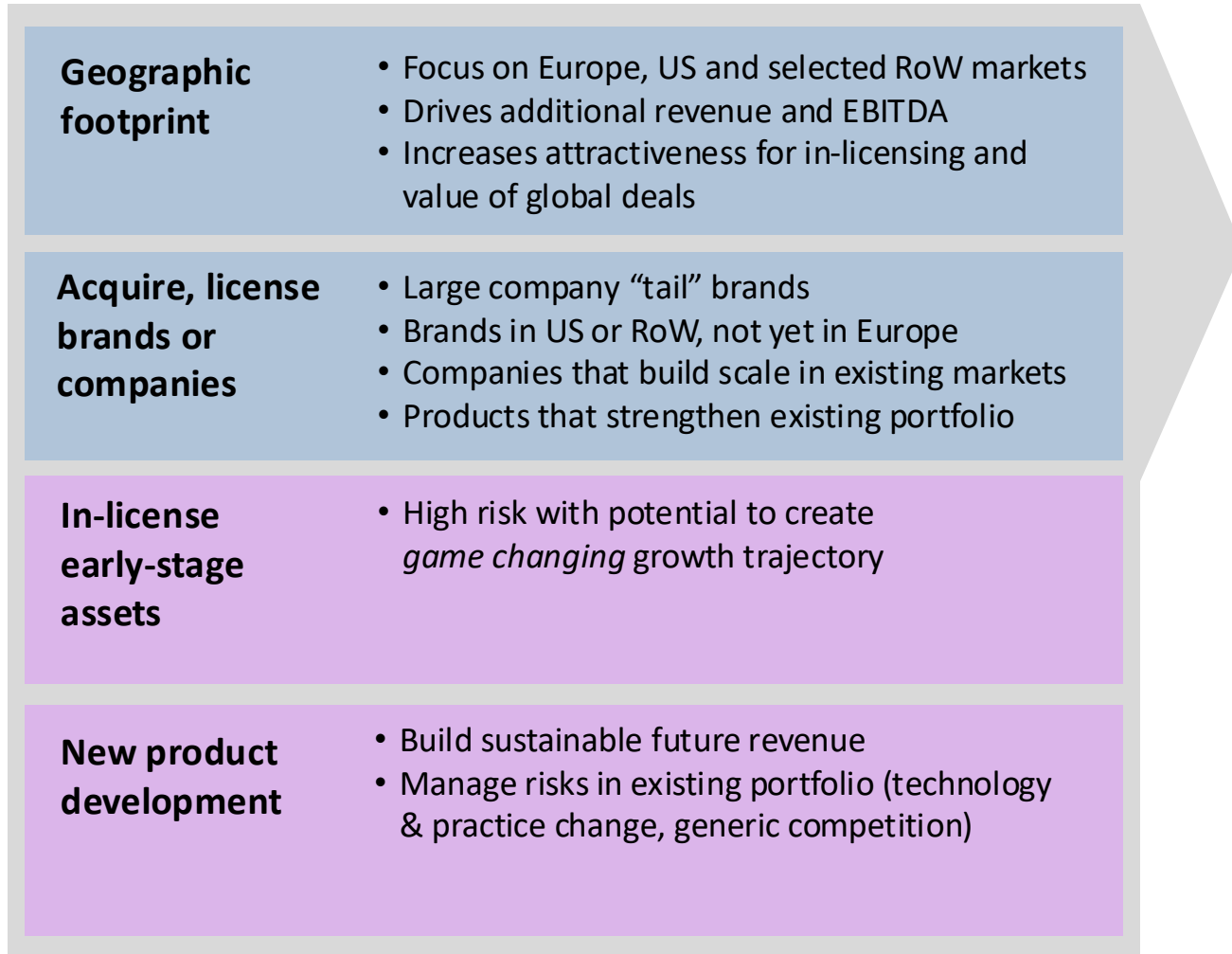


Notes:

1. Excluding IFRS 16 lease liabilities
2. Including non-underlying items

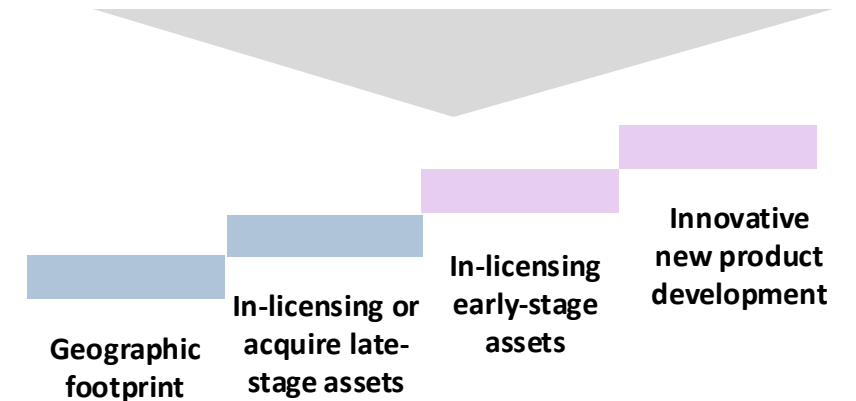
- **Net cash position (excluding IFRS 16) of £32.9m** after disposal of Identicare and STEM
- **£3.8m free cash flow** in H1 2024 (H1 2023: £1.7m)
- FY23 final dividend of £1.8m paid July

Future growth strategy driven by M&A, BD and NPD



Opportunity assessment: active and disciplined

	Geography	Companies /brands	Early assets	NPD
Launch planning				6
NBO	1			
In-depth discussion		6	1	
Early discussion	3	1	8	4



Continuing to build a balanced pipeline for the future

Increasing investment in R&D to deliver future growth and greater novelty

Focused on products meeting unmet clinical need, of commercial value, technically feasible, providing a strong return on investment

Extension of existing products to add indications or formulations that expand usage

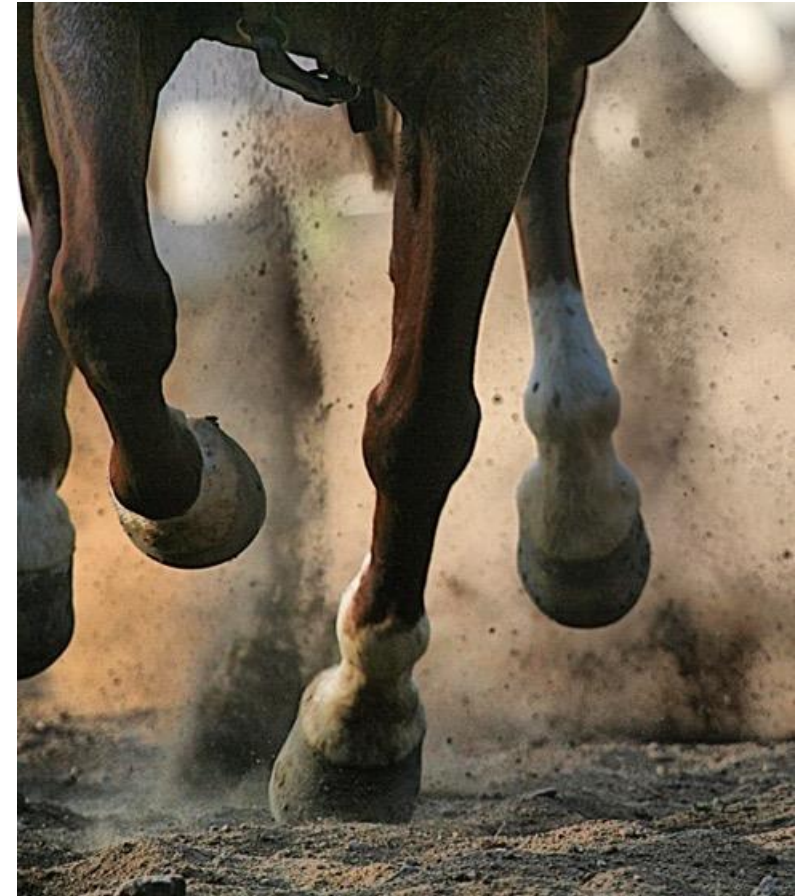
New products that meet a need in an established market with a high probability of success

Novel products that address an unmet need in the market that are potentially game changing



VHH antibody-based development programme progressing

- Pre-clinical and clinical studies are progressing
- Short term clinical focus on the use of VHH antibodies in equine indications
- Further development planning for the use of VHH antibodies in additional indications and species ongoing



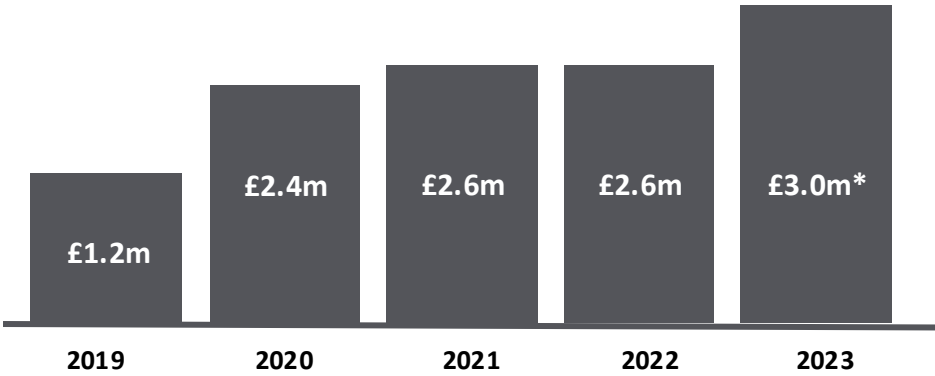
Capital allocation aligned to our strategic priorities

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 Board declares interim dividend of 2.0p

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



* Including final dividend of 3.0p paid July 2024

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

Summary and outlook



- Group delivers revenue growth from continuing operations, notably in Production Animals and Equine
- Strong double-digit growth of Daxocox and Plaqtiv+; key products benefiting from focus on sales and marketing excellence
- Increase in underlying EBITDA reflects improved gross margins and targeted SG&A investment
- Disposal of Identicare and STEM transforms financial position and increases deal-making capacity
- VHH antibody development progresses while life cycle management including territory expansion strengthen key products in portfolio
- **Encouraging first half performance and positive start to second half provides confidence that full year results will be in line with market expectations**

INVESTOR PRESENTATION

Interim results 2024

APPENDIX

Condensed consolidated income statement (unaudited)

For six months ended 30 June

	Underlying 2024 £'000	Non-Underlying 2024 £'000	Total 2024 £'000	Underlying 2023 £'000	Non-Underlying 2023 £'000	Total 2023 £'000
Revenue	36,915	–	36,915	35,170	–	35,170
Cost of sales	(16,044)	–	(16,044)	(15,486)	–	(15,486)
Gross profit	20,871	–	20,871	19,684	–	19,684
Research and development expenses	(1,197)	(320)	(1,517)	(1,099)	(304)	(1,403)
Selling and marketing expenses	(6,240)	–	(6,240)	(6,314)	–	(6,314)
General and administrative expenses	(8,356)	(1,760)	(10,116)	(7,181)	(1,769)	(8,950)
Net other operating income / (expenses)	18	3,290	3,308	(2)	(242)	(244)
Operating profit/(loss)	5,096	1,210	6,306	5,088	(2,315)	2,773
Finance expenses	(1,051)	–	(1,051)	(648)	–	(648)
Finance income	737	–	737	379	–	379
Finance cost net	(314)	–	(314)	(269)	–	(269)
Share of net profit/(loss) of joint venture accounted for using the equity method	31	–	31	(107)	–	(107)
Profit/(loss) before tax	4,813	1,210	6,023	4,712	(2,315)	2,397
Income tax (expense)/income	(1,301)	379	(922)	(1,056)	333	(723)
Net profit/(loss) for the period from continuing operations	3,512	1,589	5,101	3,656	(1,982)	1,674
Profit/(loss) for the period from discontinued operations	48	13,629	13,677	239	(307)	(68)
Profit/(loss) for the period	3,560	15,218	18,778	3,895	(2,289)	1,606
Total profit/(loss) for the period						
Basic earnings per share	5.9p		31.2p	6.5p		2.7p
Diluted earnings per share	5.9p		31.0p	6.4p		2.6p
Continuing underlying profit for the period						
Basic earnings per share	5.8p		8.5p	6.1p		2.8p
Diluted earnings per share	5.8p		8.4p	6.0p		2.8p

Consolidated cash flow (unaudited)

For six months ended 30 June

	2024	2023
	£'000	£'000
Operating activities		
Profit before tax from continuing operations	6,023	2,397
Profit/(loss) before tax from discontinued operations	13,685	(16)
Profit before tax	19,708	2,381
<i>Non-cash and operational adjustments:</i>		
Share in net result of joint venture	(31)	106
Depreciation of property, plant and equipment	564	541
Amortisation of intangible assets	3,207	3,210
Share-based payment expense	410	558
Non-cash movement in provisions	11	(8)
Gain on sale of discontinued operation, net of tax	(13,723)	-
Movement in allowance for bad debt and inventories	155	339
Finance income	(744)	(235)
Finance expense	484	654
Impact of foreign currencies	605	(88)
Gain from sale of joint venture and release of associated liabilities, net of tax	(3,375)	-
Other	2	(22)
Movements in working capital		
Increase in trade receivables	(284)	(1,003)
(Increase)/decrease in inventories	(1,723)	1,212
Decrease/(increase) in payables	776	(3,610)
Income tax paid	(490)	(553)
Net cash flow from operating activities	5,552	3,482

	2024	2023
	£'000	£'000
Investing activities		
Purchase of property, plant and equipment	(58)	(225)
Purchase of intangible assets	(1,238)	(1,090)
Proceeds from sale of property, plant and equipment (net)	-	11
Proceeds from the sale of joint venture	3,780	-
Loans given	(300)	-
Proceeds from sale of subsidiary, net of cash disposed	23,888	-
Net cash flow used in investing activities	26,072	(1,304)
Financing activities		
Repayment of loans and borrowings	(958)	(863)
Repayment of FRS16 lease liability	(486)	(477)
Exercise of share options	53	-
Interest paid	(235)	(297)
Other finance income/(expense)	496	(123)
Net cash flow used in financing activities	(1,130)	(1,760)
Net increase in cash and cash equivalents	30,494	418
Cash and cash equivalents at beginning of period	4,642	6,035
Exchange rate differences on cash and cash equivalents	(313)	156
Cash and cash equivalents at end of period	34,823	6,609
Reconciliation of net cash flow to movement in net funds/(debt)		
Net increase in cash and cash equivalents in the period	30,494	418
Cash flow from decrease in debt financing	958	863
Foreign exchange differences on cash and borrowings	(242)	416
Movement in net funds/(debt) in the period	31,210	1,697
Net funds/(debt) at the start of the period	(1,234)	(5,402)
Movement in lease liabilities during the period	524	(76)
Net funds/(debt) at the end of the period	30,500	(3,781)

Pro-forma income statement (unaudited)
For year ended 31 December 2023

	Underlying 2023 £'000	Non-Underlying 2023 £'000	Total 2023 £'000
Revenue	70,733	–	70,733
Cost of sales	(30,566)	–	(30,566)
Gross profit	40,147	–	40,147
SG&A expenses	(31,358)	(4,784)	(36,142)
Operating profit/(loss)	8,789	(4,784)	4,005
Finance expenses	(1,254)	–	(1,254)
Finance income	675	–	675
Share of net profit/(loss) of joint venture	(142)	–	(142)
Profit/(loss) before tax	8,068	(4,784)	3,284
Income tax (expense)/income	(2,096)	(92)	(2,188)
Net profit/(loss) from continuing operations	5,972	(4,876)	1,096
Profit/(loss) for the period from discontinued operations	570	(470)	100
Profit/(loss) for the period	6,542	(5,346)	1,196
Basic earnings per share – total	10.9p		2.0p
Basic earnings per share – continuing operations	9.9p		1.8p
Underlying EBITDA – total	13,327		
Underlying EBITDA – continuing	11,610		