

# Audited Results

31<sup>st</sup> March 2024

David Hallas CEO, Chris Wilks CFO

July 2024

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“These results show ECO Animal Health continues to maintain a robust market leading position with **Aivlosin**<sup>®</sup> while at the same time positioning itself well for future growth with a launch of its first product in the **ECOVAXXIN**<sup>®</sup>, poultry vaccine portfolio, with a broader portfolio of next-generation animal health products being rolled out in future years.”

David Hallas,  
CEO of ECO Animal Health Group plc

Revenue and EBITDA above expectation; improved cash position

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Double digit revenue growth in North America and Latin America

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Disposal of non-core assets to streamline operating structure

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Maintained strong investment into R&D to drive future growth of the business

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Launch of first **ECOVAXXIN**<sup>®</sup> product expected in 2025

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## Financial highlights: revenue & adjusted EBITDA ahead



### Group sales increased

**+5% to £89.4m**

Driven primarily by growth in revenues from North America and Latin America  
Despite currency headwinds

### Lower reliance on China and Japan sales

**28% of group sales**

(2023: 31%), declined by 6%

### Rest of world sales increased +10%

### On constant currency basis sales increased

**+11% to £94.5m**

## Financial highlights

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**Gross margin** **42%**

(2023: 45%)

Currency  
headwinds  
in H1

**Adjusted  
EBITDA**

(2023: £7.2m)

**↑ £8.0m**

**Adjusted  
EBITDA  
Margin**

(2023: 8.5%)

**↑ 9.0%**

**Earnings per  
share** **↑ 1.55p**

(2023: 1.49p)

**Net cash**

Reinforcing the  
Group's strong balance  
sheet (2023: £21.7m)

**36%** outside China  
(2023: 19%)

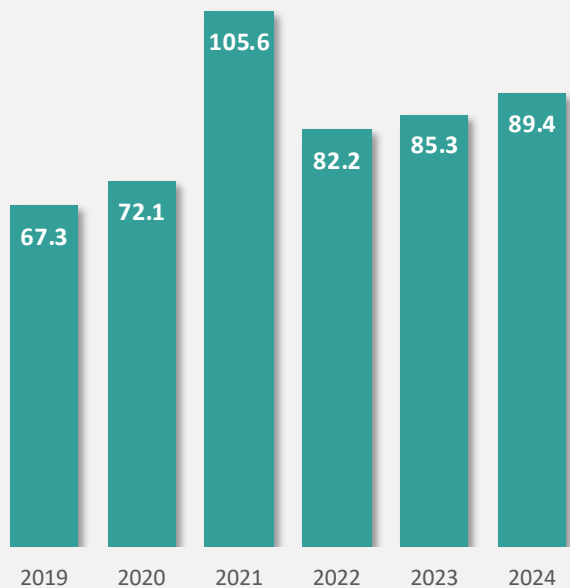
**£22.4m**

**New product  
development  
expenditure**

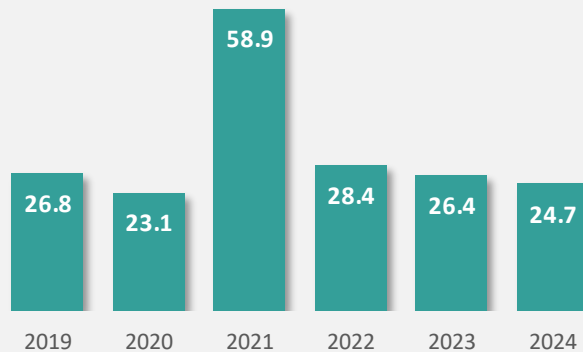
as planned (2023:  
£8.3m)

**£8.3m**

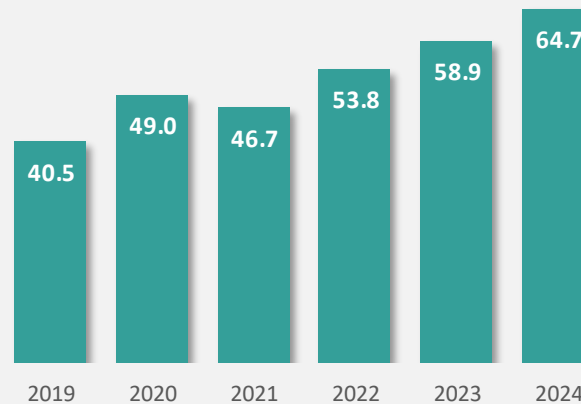
### Group revenue (£'m)



### China and Japan revenue (£'m)



### Rest of World revenue (excluding China and Japan) (£'m)





Live hog price averaged around 15RMB/kg for 2023-24, below cost of production for almost the entire year

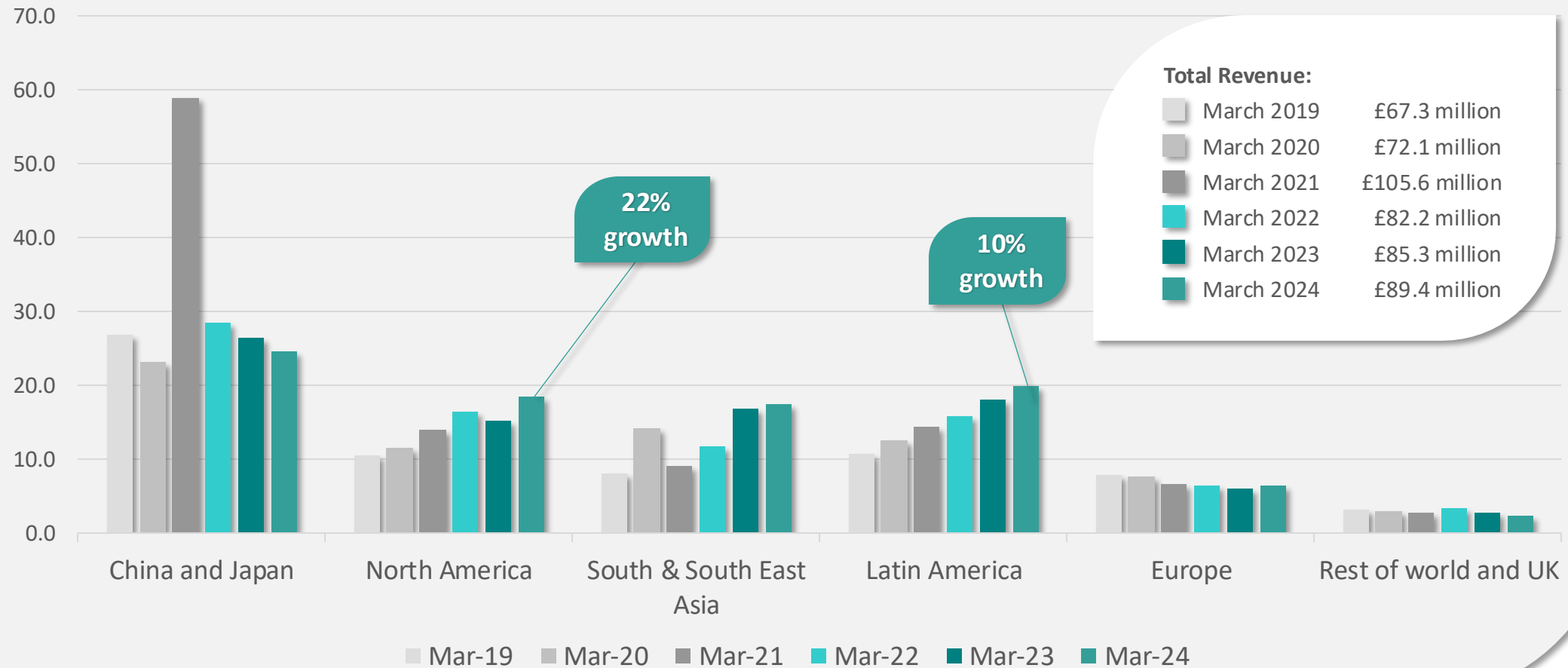
Pork demand was down driven by a weaker economy

Aivlosin poultry trials underway to drive new business

New fill and finish production plant now operating at or above efficiency of old plant

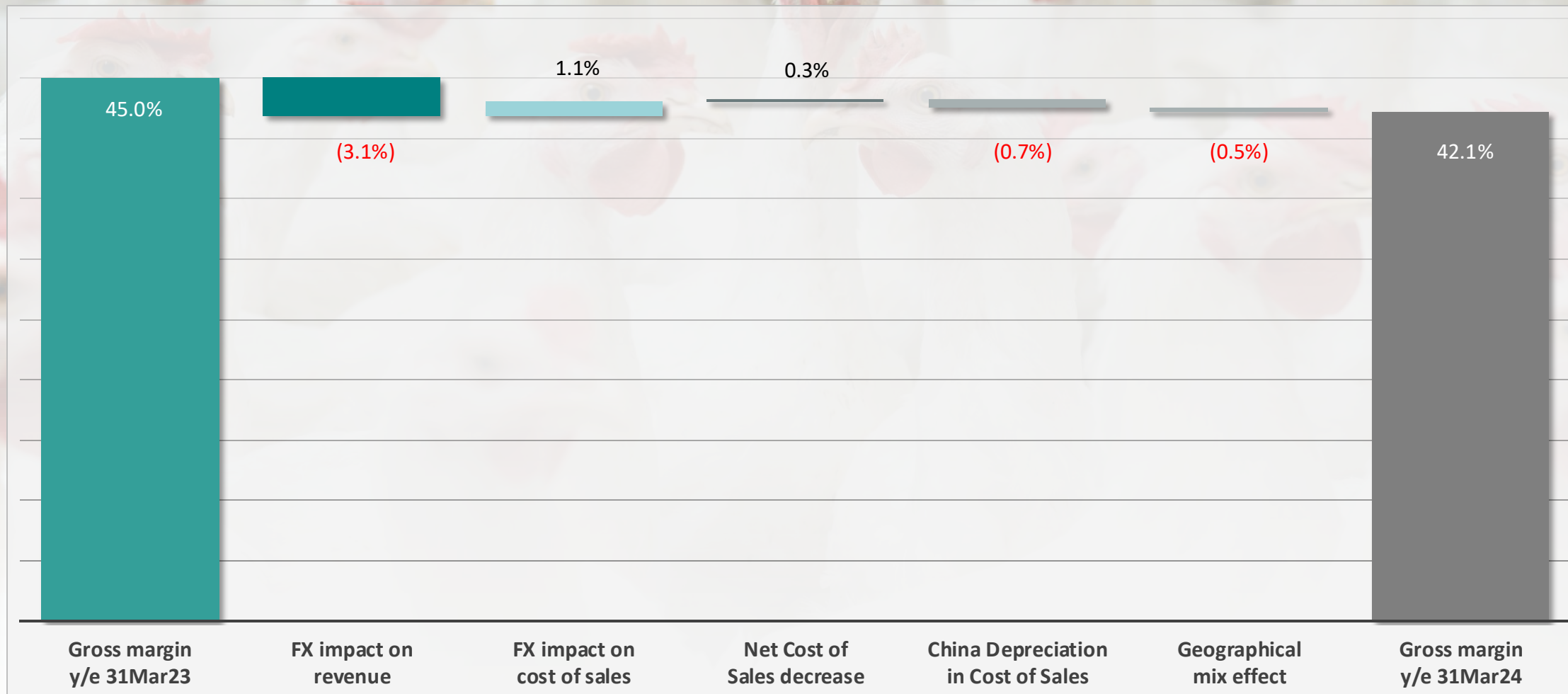
Successful repatriation of dividends from JV and WOFE by June 2024

## Revenue by geography (£'m)

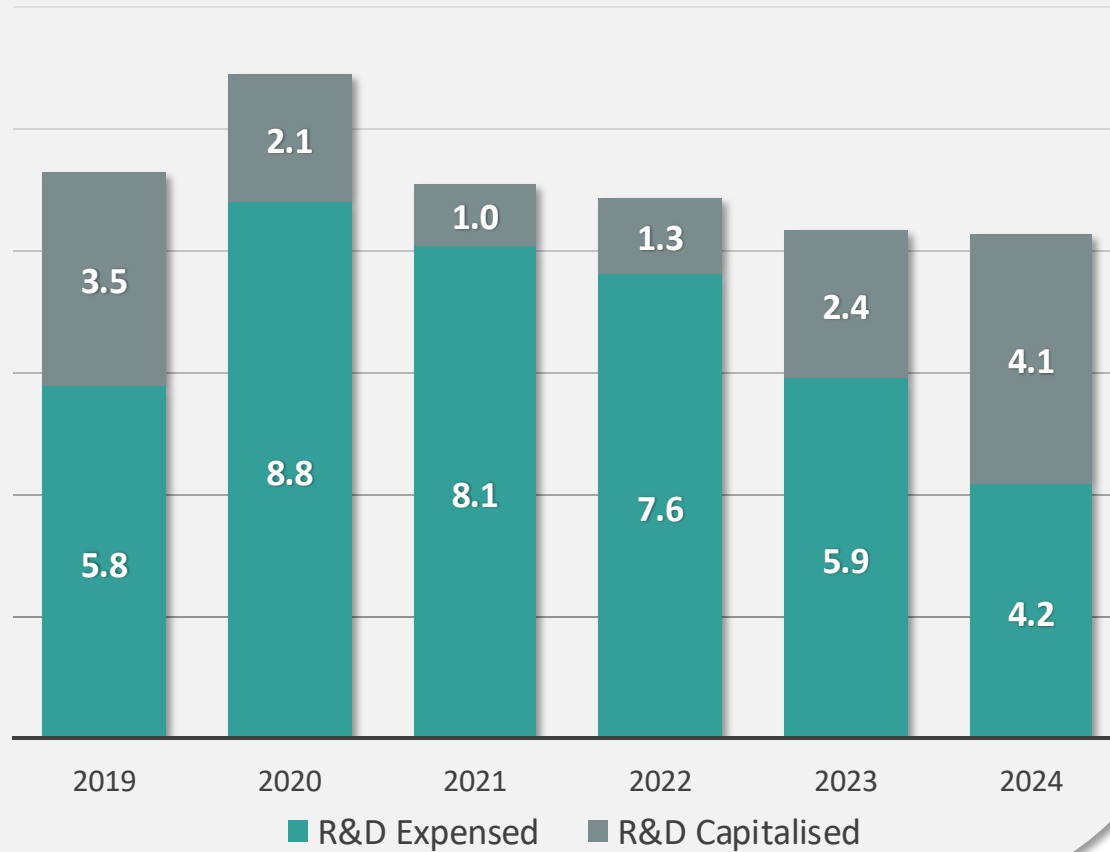




# Gross margin % bridge



### R&D expenditure (£'m)

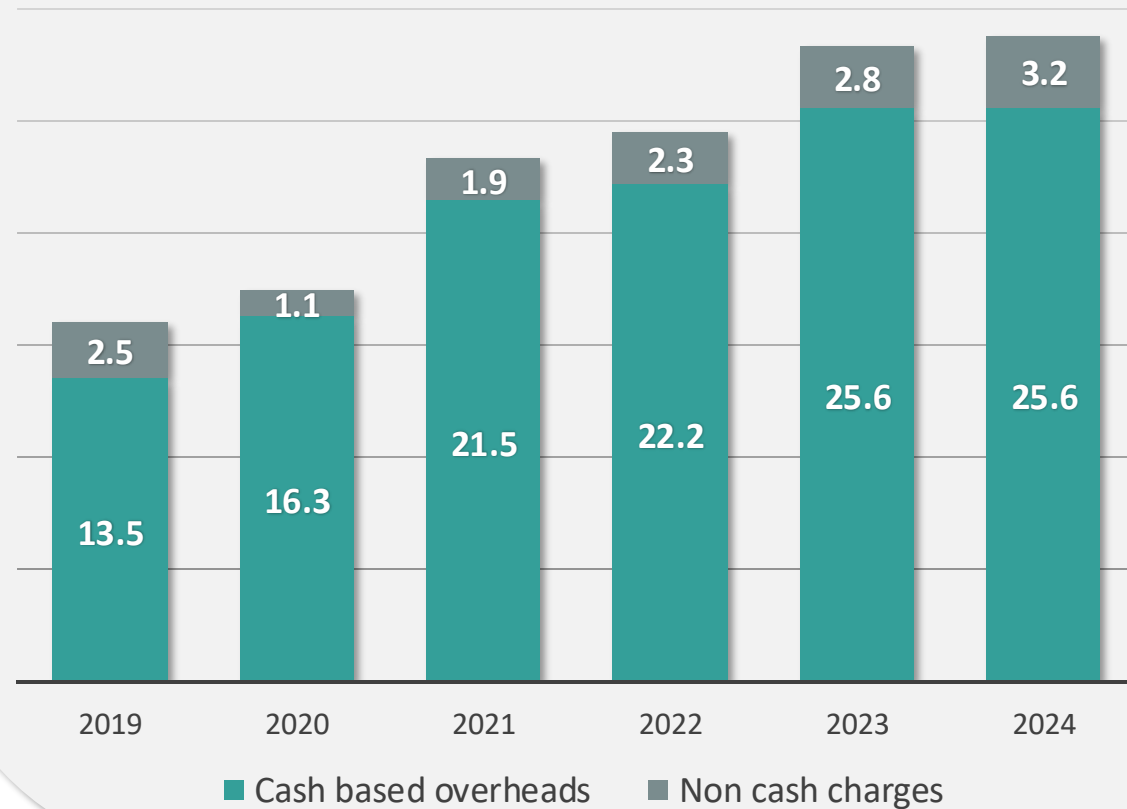


Capitalised R&D consists of late stage Poultry Mycoplasma vaccine projects and injectable florfenicol treatment for swine

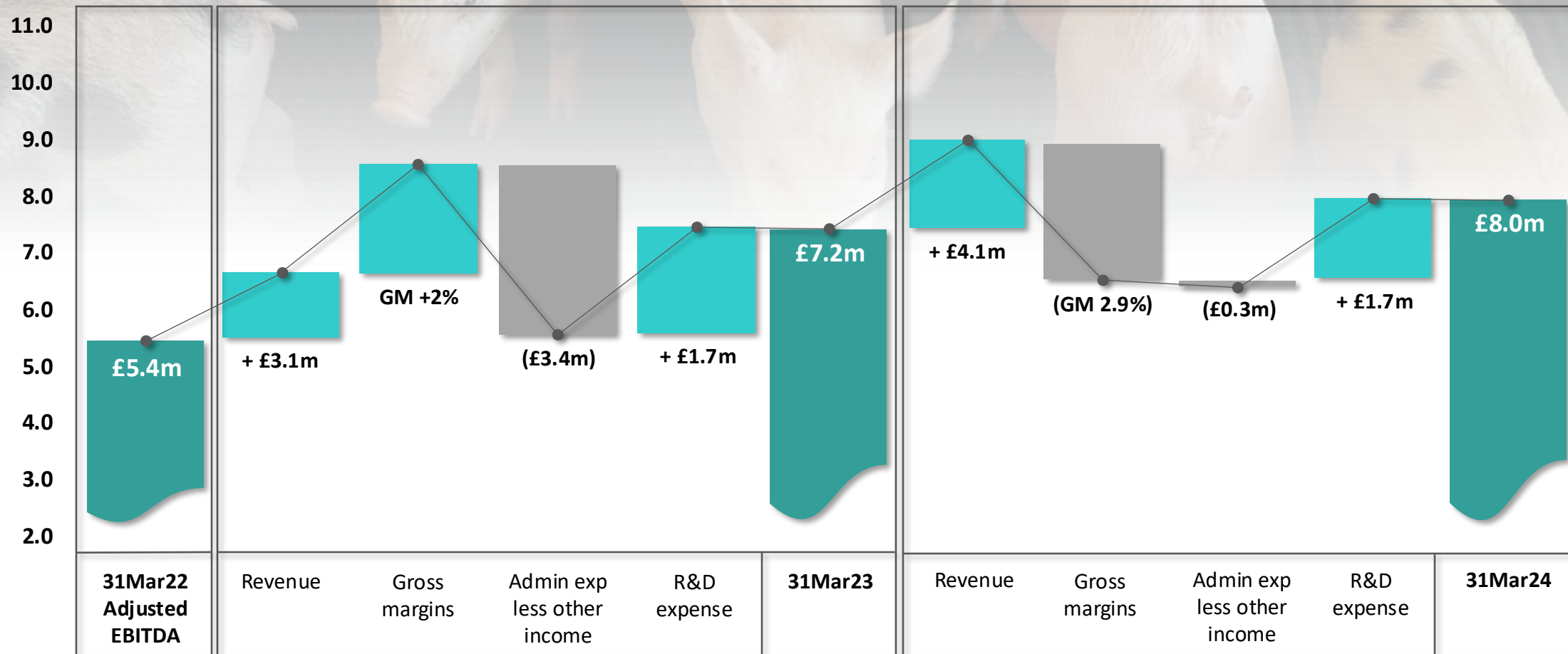


Personnel and marketing costs offset by savings in legal audit and professional

### Admin expenses excluding F/X (£'m)



# EBITDA bridge



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31-Mar-19 £'m	As at 31-Mar-20 £'m	As at 31-Mar-21 £'m	As at 31-Mar-22 £'m	As at 31-Mar-23 £'m	As at 31-Mar-24 £'m
<b>Non current assets</b>						
Intangible assets incl. deferred tax	35.2	36.2	36.3	35.0	36.4	38.8
Tangible assets	2.3	2.7	2.5	3.7	6.1	4.8
Right of use assets - IFRS 16 leases	1.7	1.7	1.4	1.8	4.3	3.7
	39.2	40.6	40.2	40.5	46.8	47.3
<b>Current assets</b>						
Inventories	19.5	17.3	20.5	30.1	22.4	17.0
Trade and other receivables	23.3	28.4	32.5	26.0	26.9	32.2
Income tax and other taxes recoverable	1.2	1.8	4.0	2.7	3.5	3.1
Cash and cash equivalents	16.9	11.9	19.5	14.3	21.7	22.4
	60.9	59.4	76.5	73.1	74.5	74.7
<b>Total assets</b>	100.1	100.0	116.7	113.6	121.3	122.0
<b>Current liabilities</b>						
Trade and other payables	(13.4)	(14.5)	(14.5)	(13.0)	(14.5)	(17.4)
Overdraft		(2.0)				
Income tax, other taxes	(1.4)	(1.0)	(3.6)	(0.5)	(1.5)	(1.3)
Amounts due under leases - IFRS 16	(0.3)	(0.4)	(0.4)	(0.4)	(0.9)	(0.6)
Provisions			(1.5)	(3.9)	(5.2)	(5.9)
	(15.1)	(17.9)	(20.0)	(17.8)	(22.1)	(25.2)
<b>Total assets less current liabilities</b>	85.0	82.1	96.7	95.8	99.2	96.8
<b>Non current liabilities</b>						
Deferred tax		(0.3)				
Amounts due under leases IFRS16	(1.4)	(1.4)	(1.2)	(1.5)	(3.6)	(3.4)
<b>Total assets less total liabilities</b>	83.6	80.4	95.5	94.3	95.6	93.4

	FY19	FY20	FY21	FY22	FY23	FY24
Stock days	201	163	142	233	174	120
Debtor days	126	144	112	115	115	131

	FY19	FY20	FY21	FY22	FY23	FY24
Cash excl. minority int	14.9	9.3	12.8	11.3	14.4	16.6

Overdraft at 31Mar20, repaid

Personnel related litigation and overseas tax liability



## CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 31-Mar-19	Year ended 31-Mar-20	Year ended 31-Mar-21	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-24
	£'m	£'m	£'m	£'m	£'m	£'m
Profit before income tax	11.0	6.1	19.3	1.4	4.4	3.0
Adjustment for non-cash items in the income statement	1.5	1.7	2.6	3.5	2.8	5.0
<b>Operating cash flow before movement in working capital</b>	<b>12.5</b>	<b>7.8</b>	<b>21.9</b>	<b>4.9</b>	<b>7.2</b>	<b>8.0</b>
Change in inventories	(0.8)	2.2	(3.7)	(8.5)	7.8	4.7
Change in receivables	(7.4)	(5.2)	(4.0)	7.6	(1.8)	(5.3)
Change in payables	2.8	0.6	0.8	(2.9)	3.8	2.5
Movement in provisions			0.9	1.4	1.4	0.6
<b>Cash generated from operations</b>	<b>7.1</b>	<b>5.4</b>	<b>15.9</b>	<b>2.5</b>	<b>18.4</b>	<b>10.5</b>
Income tax and finance costs	(0.8)	(1.1)	(3.8)	(3.0)	(2.5)	(1.1)
<b>Net cash from operating activities</b>	<b>6.3</b>	<b>4.3</b>	<b>12.1</b>	<b>(0.5)</b>	<b>15.9</b>	<b>9.4</b>
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment	(0.6)	(0.8)	(0.2)	(1.6)	(3.6)	(0.5)
Proceeds from sale of properties						1.1
Purchase of intangibles	(3.1)	(2.1)	(0.9)	(1.3)	(2.4)	(4.1)
Finance income	0.1	0.1	0.1	0.2	0.1	0.1
<b>Net cash (used in) investing activities</b>	<b>(3.6)</b>	<b>(2.8)</b>	<b>(1.0)</b>	<b>(2.7)</b>	<b>(5.9)</b>	<b>(3.4)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of share capital	3.9	0.2	0.4	0.1		
Finance lease borrowings and repayments	(0.5)	(0.4)	(0.5)	(0.5)	(0.6)	(0.9)
Dividends paid	(10.1)	(8.4)	(0.6)	(2.9)	(1.8)	(2.8)
<b>Net cash (used in) financing activities</b>	<b>(6.7)</b>	<b>(8.6)</b>	<b>(0.7)</b>	<b>(3.3)</b>	<b>(2.4)</b>	<b>(3.7)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4.0)</b>	<b>(7.1)</b>	<b>10.4</b>	<b>(6.5)</b>	<b>7.6</b>	<b>2.3</b>
Foreign exchange movements	0.5	-	(0.7)	1.3	(0.2)	(1.6)
Balance at the beginning of the period	20.4	16.9	9.8	19.5	14.3	21.7
<b>Balance at the end of the period</b>	<b>16.9</b>	<b>9.8</b>	<b>19.5</b>	<b>14.3</b>	<b>21.7</b>	<b>22.4</b>

Phasing of sales at year end

New China factory

China dividend to minority

## ECO intends to continue our focus on the environment and diversity, equity and inclusion

We aim to be carbon neutral by at least 2045. This will be achieved by implementing a variety of initiatives in the UK and the wider global business

We aim to achieve excellence in diversity, focusing on gender parity and ethnic diversity that reflects the regions we work in

Second internal engagement survey completed providing very strong results & direction for improvements

Energy use at UK offices 100% green in 2024. Elimination by sale of one office reduced energy use by 60%

Significant reduction in energy consumption >40% by largest supplier during 2020-23 via solar & biogas usage

First sustainability report published

## Positive engagement scores

### Engagement Survey

Overall the results were very encouraging

**94%** I feel the work I do is important and has purpose.

**93%** I would recommend ECO Animal Health as a good place to work.

**89%** I have autonomy (the freedom to work in a way that suits you) in my role

**88%** Employees treat each other with respect

**86%** My line manager and I have a good working relationship

**82%** I have the materials & equipment to do a good job

### Manufacturing for first poultry vaccines progressed

- CDMO partner produced test batches for new vaccines
- US Regulatory approval of site on track (expected 1Q'25)

### Pivotal studies for late-stage poultry vaccines on-going

- Key safety technical sections approved by USDA
- Lab efficacy technical section submitted to USDA
- **ECOVAXXIN® MS**: final US regulatory submission by 1Q'25 and product approval by 3Q'25

### Pipeline

- 9 products expected to reach US & EU approval in next 5-6 years
- Attrition remains low (one project terminated this year)

### Innovation level within pipeline is high

- Mid-stage PRRSV mAb showed robust efficacy in new US study confirming unique multi-strain cross-protection vs. commercial vaccines
- Capital markets day estimates significant value creation (~£200M revenue £90M EBITDA)

Note: US registration allows subsequent access to many LATAM and SE Asia markets

### US lab established

- Provides internal flexibility & reduces reliance on CDMO



### US vaccine release facility established

- Future ability to QA release in US & own marketing authorisation







**Aivlosin**<sup>®</sup> continues to perform robustly and to take market share in key territories particularly North America, Latin America and India, which are ahead of expectations and where we expect to continue to increase our market share in the coming months.

ECO Animal Health continues to build a strong R&D pipeline from which we see the potential to deliver medium and long-term growth. We expect the **ECOVAXXIN**<sup>®</sup> pipeline to generate multiple product launches from 2025.

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Revenue and adjusted EBITDA ahead of market expectations

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Double digit revenue growth in key regions: North America and Latin America

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Positive progress with **ECOVAXXIN**<sup>®</sup>, on track for first launch in 2025

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**Aivlosin**<sup>®</sup> demand continues to be robust in key markets

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