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Animalcare Group PLC
26 January 2023

ANIMALCARE GROUP PLC

(the "Company" or the "Group")

Trading Update and Notice of 2022 Full Year Results

26 January 2023. Animalcare Group plc (AIM: ANCR), the international animal health business, provides the following unaudited trading update for the year ended 31 December 2022. Full year results are due to be published on 28 March 2023.

Performance highlights

- Underlying EBITDA anticipated to be approximately in line with market expectations
- Revenue c£71.6 million (2021: £74.0 million)
- Improved cash conversion drives second half reduction in net debt and continuing balance sheet strength
- Daxocox on track; now a top 10 selling Animalcare product

Trading overview

Trading activity in 2022 reflected the continued moderation of market growth across Europe from the exceptionally high levels of post pandemic-related demand in 2021. Full year revenues are expected to be c£71.6 million (2021: £74.0 million), a decline of c3% at CER and AER. Revenues generated by Companion Animals were also impacted by conclusion of distribution agreements while sales in the Production Animals segment, as previously reported, reflected the application of EU laws in Spain designed to further reduce the widespread use of antibiotics.

The Group anticipates that underlying EBITDA, which includes investment in Orthros-related R&D, will be approximately in line with market expectations. Signed in March 2022, the agreement with Orthros Medical secured a global licence for innovative early-stage VHH antibody candidates, initially addressing canine osteoarthritis. Underlying EBITDA margins are expected to be broadly at the same level as the prior year, driven by a strong increase in gross margins and disciplined management of SG&A costs.

Rationalisation of the portfolio, which has concentrated the Group's attention on higher quality, larger selling products, is materially complete and continued to benefit sales mix and gross margins. Notably, Daxocox is now comfortably a top 10 selling Animalcare product while our oral antibiofilm Plaqtiv+ range made a positive contribution following its launch during the year. In addition, Identicare Ltd, the Group's UK-based pet microchipping and consumer-focused services business delivered double-digit revenue growth over the period.

Strong cash conversion in the second half helped maintain the Group's healthy balance sheet with net debt standing at c£5.4 million at year end (2021: £5.3 million), well below the target range of one to two times underlying EBITDA. This solid financial platform provides the flexibility and firepower to continue pursuit of opportunities that support the Group's long-term growth strategy.

Jenny Winter, Chief Executive Officer commented: "We remain confident in the resilience of the Group and the animal health sector despite the impact of exceptional macroeconomic challenges on our markets over the course of 2022. I am particularly pleased that our ongoing focus on improving margins delivered for our business across the year. Benefiting from our strong financial platform, we will continue to grow our business through investment in our people, our pipeline and external business development opportunities."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

About Animalcare

Animalcare Group plc is a UK AIM-listed international veterinary sales and marketing organisation. Animalcare operates in seven countries and exports to approximately 40 countries in Europe and worldwide. The Group is focused on bringing new and innovative products to market through its own development pipeline, partnerships and via acquisition.

For more information about Animalcare, please visit www.animalcaregroup.com or contact:

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