

2023 ANNUAL RESULTS

Annual sales: €529 million (stable at constant exchange rates)

Essentials sales: €313m (+4.5% at constant exchange rates)

Net income - Group share: €56m (10.5% of sales)

EBITDA: €113m (21.3% of sales)

Free Cash flow: €89 m

Matthieu Frechin, Chairman and CEO of Vetoquinol, commented: *"In 2023, Essentials and the USA, our growth engines, recorded a tenth consecutive year of progression, thanks to a good 2nd half-year. This momentum has enabled us to deliver again a solid operating profitability in 2023, and to improve our cashflow generation. We intend to pursue this strategy with determination, intensifying the development of our Essentials portfolio and their territory extensions, particularly in the United States."*

FOR FURTHER INFORMATION
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The Board of Directors of Vetoquinol SA met on March 19, 2024 to review business activity and approve the financial statements for the year ended December 31, 2023. The audit procedures are currently being finalized by the Statutory Auditors.

Vetoquinol sales for FY 2023 were €529 million, stable at constant exchange rates and down -1.9% on a reported basis. Foreign exchange had a negative impact of €10 million, linked to the Americas and Asia-Pacific/Rest of World territories. Rationalization of the complementary products had a negative impact of around -11 M€ on annual sales. The good level of sales in 2023 2nd half-year, up +4.5% at constant exchange rates, offset a first half disrupted by cyclical phenomena, notably the impact of the ERP changeover in the second quarter.

Sales growth was driven by the performance of Essentials and the USA which over the past 10 years grew in average by more than 10% and today account for more than 70% of Vetoquinol Group sales.



At December 31, 2023, sales of Essentials totaled €313 million, up +4.5% at constant exchange rates and +2.9% on a reported basis.

By the end of December 2023, sales of Essentials represented over 59% of the laboratory's sales, compared with 56% for the same period in 2022.

The second half of the year was particularly buoyant, with organic growth of +10% for Essentials, which benefited from the successful launches of Felpreva[®], an anti-parasite for cats in Europe, and Simplera[®], a drug indicated for the treatment of otitis in dogs in the United States.

The strong performance of Essentials in the United States in 2023 has enabled our total US sales to exceed €120M (2023 published data), up over 10% (at constant exchange rate) on the previous year, and consolidate its position as the Group's 1st market. Developed as a strategic market by Vetoquinol since 2014, business in the United States has more than doubled in 10 years.

Over the full 12 months of 2023 and at constant exchange rates, the European territory was stable at -0.3% (vs. -5.5% in H1 2023), the Americas territory grew by +5.1% (vs. +2.3% in H1 2023) and the Asia-Pacific/Rest of World territory declined by -10.0% (vs. -16.3% in H1 2023), mainly due to the distributor business.

Sales of products for companion animals (€372m) rose by +3.6% at constant exchange rates (vs. -0.4% in H1 2023) and accounted for 70.2% of the laboratory's total sales; these sales were up by +7.5% in the 2nd half-year. Sales to farm animals came to €157m, down -7.6% at constant exchange rates (vs. -13.8% in H1 2023); these sales were down slightly by -1.7% in the 2nd half-year.

The gross margin on purchases is stable at 70.6% compared with the same period in fiscal year 2022, with significant disparities recorded in fiscal year 2023; margin gains linked to currency impacts for 7 M€ vs. a loss of 16 M€ in 2022, higher sales prices, lower volumes and the positive impact of inventory reduction resulting in a -10 M€ drop in inventoried production.

The results for the year 2023 are also impacted by a production activity lower than the laboratory's so-called normal activity. Also, the product mix by plant was different from 2022.

Other purchases and external charges were down slightly (-1.5%), by €1.6 million, mainly due to lower sales despite the inflationary context.

Personnel costs rose by +3.2%, or +4.9 M€ compared with 2022, and represented 29.7% of 2023 sales. This increase is mainly due to salary increases implemented by the Group in 2023.

Depreciation and amortization charges resulting from the application of IFRS 16 generated a depreciation expense of €5.9m, compared with €5.7m at the end of December 2022.

EBIT before amortization of intangible assets acquired amounted to €85.0m, for the year ended December 31, 2023, or 16.1% of 2023 sales. (2022: €98.6M, 18.3% of sales)

Depreciation and amortization of assets acquired amounted to +€13.4m, vs. +€14.1m at the end of December 2022. These mainly comprise depreciation of assets linked to the Drontal® and Profender® products.

Group EBIT stood at €71.6m (13.5% of sales), compared with €84.6m for fiscal 2022.

Group operating income for 2023 was €74.3m (14.0%), compared with €74m in 2022.

R&D expenditure recorded in 2023 amounted to €40.1m, or 7.6% of sales vs. 6.0% in 2022. This increase reflects the Group's determination to sustainably increase investment to support innovation.

The apparent tax rate was 27.7% (vs. 34.0% at end December 2022). Adjusted for non-recurring items, the apparent tax rate was 28.7%.

EBITDA stood at €113.0 million at December 31, 2023, or 21.3% of sales. It takes into account the outcome of the renegotiation of the final acquisition price of Clarion in Brazil, with a gain of +€6.1 million (1.2pt).

Net income for the Vetoquinol laboratory came to €55.6 million, or 10.5% of 2023 sales, after taking into account non-recurring items of €2.6 million and financial income of €2.6 million.

At the end of December 2023, the Vetoquinol Group had an overall net cash position of €130.0 million (including IFRS 16), up €53.6 million on the end of 2022.

Vetoquinol has a solid financial structure to pursue its growth strategy, which is based on two pillars: the development of Essential products (new product launches, ramp-ups and geographic extensions) and the continued strengthening of the laboratory in the United States. It also has the means to finance its external growth ambitions.

The Board of Directors will propose a dividend of €0.85 per share at the Annual General Meeting on May 28, 2024.

The 2023 Annual Results presentation is available on the laboratory's website: <https://www.vetoquinol.com/en/investors>

Next publication: sales 1st quarter 2024, April 29, 2024 after market close

ABOUT VETOQUINOL

Vetoquinol is a leading global animal health company that supplies drugs and non-medicinal products for the farm animals (cattle and pigs) and pet (dogs and cats) markets. As an independent pure player, Vetoquinol designs, develops and sells veterinary drugs and non-medicinal products in Europe, the Americas and the Asia Pacific region. Since its foundation in 1933, Vetoquinol has pursued a strategy combining innovation with geographical diversification. The Group's hybrid growth is driven by the reinforcement of its product portfolio coupled with acquisitions in high potential growth markets. At December 31, 2023, Vetoquinol employed 2,483 people.

Vetoquinol has been listed on Euronext Paris since 2006 (symbol: VETO). The Vetoquinol share is eligible for the French PEA and PEA-PME personal equity plans.

APPENDIX

SALES

<i>In millions of euros</i>	2023	2022	<i>Change on a reported basis</i>	<i>Change at constant exchange rates</i>
Sales 1 ^{er} quarter	145,4	135,0	+7,7%	+7,2%
Sales 2 ^e quarter	110,8	135,8	-18,3%	-16,3%
Sales 3 ^e quarter	135,8	134,1	+1,3%	+5,1%
Sales 4 ^e quarter	137,3	134,9	+1,7%	+3,9%
Annual sales	529,3	539,8	-1,9%	-0,1%

SIMPLIFIED INCOME STATEMENT

<i>In millions of euros</i>	31/12/2023	31/12/2022	Variation
Total sales	529,3	539,8	-1,9%
<i>of which Essentials</i>	313,0	304,2	+2,9%
EBIT before amortization of acquired assets	85,0	98,6	-13,7%
<i>in % of total sales</i>	16,1	18,3	
Net income, Group share	55,6	48,0	+15,7%
<i>in % of total sales</i>	10,5	8,9	
EBITDA	113,0	118,0	-4,3%
<i>in % of total sales</i>	21,3	21,9	

EBITDA RECONCILIATION

<i>In millions of euros</i>	31/12/2023	31/12/2022
Net income before equity method	55,6	48,0
Income tax expense	21,6	24,7
Net financial income	(2,6)	1,3
Provisions recognized in other operating income and expenses	3,6	10,4
Charges to and reversals of provisions	3,5	2,1
Depreciation and amortization (including IFRS 16)	31,6	31,5
EBITDA	113,0	118,0

ALTERNATIVE PERFORMANCE INDICATORS

Vetoquinol Group management considers that these indicators, which are not defined by IFRS, provide additional information that is relevant for shareholders seeking to analyze underlying trends and Group performance and financial position. They are used by management for performance analysis.

Essentials products: The products referred to as “Essentials” comprise veterinary drugs and non-medical products sold by the Vetoquinol Group. They are existing or potential market-leading products designed to meet the daily requirements of vets in the companion animal or livestock sector. They are intended for sale worldwide and their scale effect improves their economic performance.

Constant exchange rates: Application of the previous period’s exchange rates to the current financial year, all other things remaining equal.

Like-for-like (LFL) growth: Year-on-year sales growth in terms of volume and/or price at constant consolidation scope and exchange rates.

EBIT before amortization of acquired assets: This KPI isolates the non-cash impact of depreciation charges on intangible assets arising from mergers and acquisitions.

Net cash: Cash and cash equivalents less bank overdrafts and borrowings, pursuant to IFRS 16.