PRESS
RELEASE

Lure
September 15th, 2022

2022 HALF YEAR RESULTS

Sales: €271m (up 6.0% as reported)
Essentials sales: €154m (up 9.8% as reported)
EBIT before depreciation of acquired assets: €52m (19.0% of sales)
Net income - Group share: €21m (7.9% of sales)
EBITDA: €62m (22.9% of sales)

Matthieu Frechin, CEO of Vetoquinol, said: *"In an uncertain environment (Russian-Ukrainian conflict, rising inflation and a slowdown in the global animal health market), our laboratory continues to grow, driven by the momentum of our Essential products. Our new strategic plan "Ambition 2026" continues and reinforces the changes made over the last 10 years. It is based on 3 pillars: accentuating our focus (species, segments and markets), reinforcing our customer orientation in all decisions and initiatives taken internally, and enhancing our cultural difference as a family-owned, international animal health laboratory*."

At its meeting on September 13th, 2022, the Vetoquinol S.A. Board of Directors reviewed the Group results and approved the 2022 Half Year financial statements.

Over the first half of the year, Vetoquinol recorded sales of €271m, up 6.0% on a reported basis and 2.0% on a like-for-like basis. The laboratory recorded a positive currency impact of €11m (+4.1%), mainly due to the appreciation of the US dollar against the euro.

At 30 June 2022, all strategic territories grew on a reported basis, +0.9% in Europe, +12.9% in the Americas and +9.3% in Asia/Pacific, and on a like-for-like basis, +0.4% in Europe, +2.7% in the Americas and +5.4% in Asia/Pacific.

The performance of the first six months of 2022 is the result of the continued growth of Essential products, the driving force of the laboratory's strategy, which grew by 9.8% on a reported basis and 6.8% on a like-for-like basis. They represent 56.8% of the laboratory's sales in the first half of 2022, compared with 54.9% in the first half of 2021.

Sales of companion animal products (€183m) accounted for 67.5% of total sales, up 9.8% on a reported basis and 5.7% on a like-for-like basis. Sales to farm animals amounted to € 88 million, down 0.8% on a reported basis and down 5.1% on a like-for-like basis, in line with the dynamics observed in each of these market segments (source: Vetoquinol).

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Gross margin was 72.1%, stable compared to the first half of 2021 (72.0%) and slightly up by 0.8 point compared to the year 2021 (71.3%). It benefited from an improvement in the product mix and more particularly from the growth of Essential products. Stockpiled production rose sharply by €5.7 million (H1 2022 vs H1 2021), reflecting our commitment to continuous customer service in a volatile environment and the anticipation of a phase of modernisation work on the main injectable production line at the Lure site.

Other purchases and external expenses increased by €11.3 million in the first half of the year, mainly due to an increase in marketing and advertising costs related to the launch of new Essential products, including Felpreva®, and an increase in travel and entertainment expenses following two years of restrictions related to Covid-19.

Personnel costs increased by 8.0%, due to the scope effect (full-year integration of the reinforcement of the teams in connection with the Drontal® and Profender® activities) and the increase in salaries.

EBIT before depreciation of acquired intangible assets amounted to €51.5 million (19.0% of sales), down on the same period last year. Amortisation of assets from acquisitions amounted to -€7.1m compared to -€6.5m at the end of June 2021.

Group EBIT was €44.4m (16.4% of sales), compared with €50.4m for the first half of the financial year 2021.

In a contracted and uncertain economic environment in Brazil, a goodwill impairment charge of €9.3m was recognised. This non-recurring and non-cash charge does not call into question the Group's confidence in its ability to align the performance of its Brazilian subsidiary with that of the laboratory over the long term.

The apparent tax rate is 38.0% (vs 28.3% at the end of June 2021). Adjusted for the impairment of goodwill in Brazil, it was 30.0%.

The laboratory's EBITDA at 30 June 2022 was €62.0m (22.9% of sales).

Vetoquinol's Net income was €21.4m compared to €36.2m for the first 6 months of 2021.

At the end of June 2022, Vetoquinol had a positive net cash position of €23.7m (after taking into account IFRS 16) compared to €53.6m at 31 December 2021. This decrease in cash position is the result of a sharp increase in the first half of 2022 in working capital due to the impacts of the main items (inventories, customers and suppliers).

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Russian-Ukrainian conflict and health situation

Vetoquinol is not directly present in Ukraine and Russia, but remains exposed to the consequences of the economic tensions of this conflict and in particular to the sharp increases in the cost of certain raw materials, energy and logistics.

The laboratory also remains attentive and vigilant to the evolution of the health crisis in the countries where it sells its products and purchases goods and services. It continues to do its utmost to guarantee the health and safety of its employees, while respecting its commitments to its customers and stakeholders.

Next update: Q3 2022 sales, October 12th, 2022 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. Vetoquinol employed 2,621 people as of June 30th, 2022.

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.

ANNEX

SALES

€m	2022	2021	*Change (reported data)*	*Change (constant exchange rates)*
Q1 Sales	**135**	**128**	*+5.5%*	*+2.2%*
Q2 Sales	**136**	**127**	*+6.7%*	*+1.8%*
First semester Sales	**271**	**255**	*+6.0%*	*+2.0%*

SUMMARY INCOME STATEMENT

€m	06/30/2022	06/30/2021	*Change*
Total sales	**270.8**	**255.3**	*+6.0%*
of which Essentials	*153.9*	*140.2*	*+9.8%*
EBIT before depreciation of acquired assets	**51.5**	**56.9**	*-5.3%*
% of total sales	*19.0*	*22.3*	
Net income Group share	**21.4**	**36.2**	*-14.8%*
% of total sales	*7.9*	*14.2*	
EBITDA	**62.0**	**67.5**	*-5.5%*
% of total sales	*22.9*	*26.4*	

CALCULATION OF EBITDA

€m	06/30/2022	06/30/2021
Net income before equity method	**21.4**	**36.2**
Income tax expense	**13.1**	14.4
Net financial income/expense	**0.6**	(0.3)
Provisions recorded under non-recurring operating income and expenses	**9.1**	0.1
Provisions and write-backs	**1.8**	0.7
Depreciation and amortization	**13.2**	13.9
Depreciation and amortization – IFRS 16	**2.7**	2.6
EBITDA	**62.0**	**67.5**

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, including impact of IFRS 16 compliance.

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