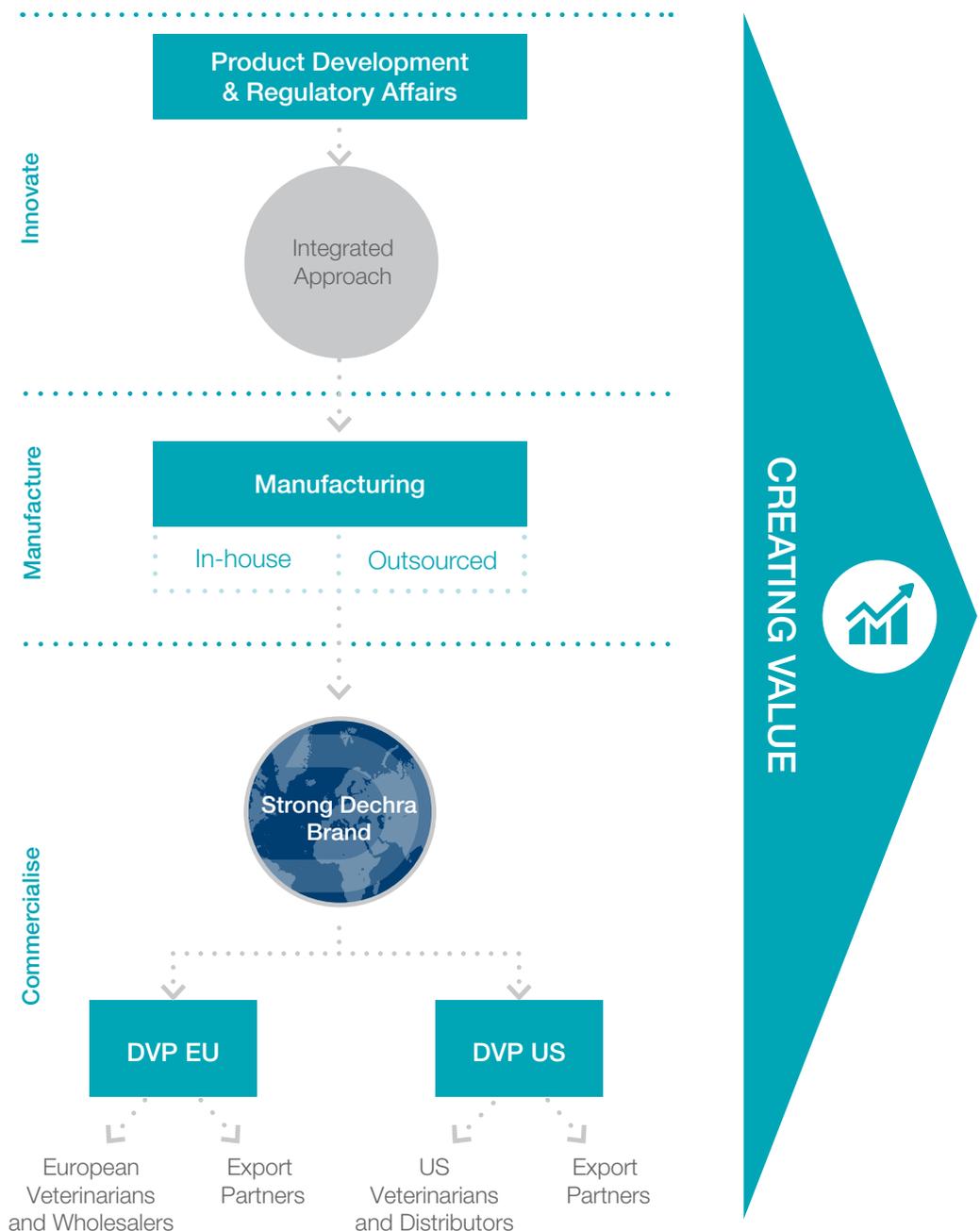


## Our Business Model

Dechra has a clear business model for delivering value to all our stakeholders:

- Our market knowledge, regulatory expertise, strong reputation and management experience help us identify potential product development targets, in-licensing deals and acquisition opportunities.
- Our skilled Product Development and Regulatory team develops new products to meet customers' needs and achieves international approvals and registrations.
- Manufacturing, which plays an integral part in the development of the formulation and dosage form, manufactures products as effectively and efficiently as possible to the highest standards of quality.
- Following registration and manufacture of our products, experienced sales and marketing teams in the EU and US market our products directly to veterinary practices and indirectly through export partners.
- This integrated approach of development, manufacturing and sales and marketing creates value for the business and its stakeholders.



## Our Business Model Explained

### Product Development and Regulatory Affairs

Our integrated and entrepreneurial approach to product development delivers new products successfully and efficiently in the shortest practical time frame.

#### A Skilled Team

The PDRA team includes skilled people with expertise and the experience to navigate the hurdles of the development process. Across the four locations, project teams operate to manage the wide range of projects. Investment in state-of-the-art laboratories in Bladel and Skipton, each with their respective dosage form expertise, provides the resources required to develop novel and generic formulations cost effectively.

#### Delivering the Pipeline

Our product pipeline is critical to our future success. Our novel and generics projects are very diverse, with the majority building on our key therapy areas. We invest when we can identify growth opportunities with a clear financial return and competitive advantage, focusing on novel therapies to treat unmet needs with intellectual property protection. Our approach aims to ensure we create sustainable growth throughout our targeted global markets.



Find out more about **Product Pipeline** on page 25.

### Manufacturing

Our manufacturing facilities provide a wide range of services which delivers the flexibility that the veterinary market requires. It also provides a complete range of products and services (i.e. a one-stop shop) for its external customers.

#### One-Stop Shop

DPM offers an end-to-end service: formulation, method validation, stability testing, licensing support, flexibility in scale of production and packaging options to take products to market. The supply chain for the majority of products is short and we offer reliable high service levels. Our objective is to deliver exceptional quality control throughout.

important for the production of veterinary products where our licensed portfolio comes in many dosage formats and in various batch sizes. Relative to human pharmaceuticals, veterinary batch runs are often very small. A number of our licensed branded minor products are of such a small scale that it would be difficult to find a third party manufacturer to produce them at a competitive price if we were unable to perform the function in-house.

#### Production Capabilities

DPM has a wide range of capabilities in terms of dosage form, packaging capabilities and production scale. We can produce low, medium and high volumes of almost all dosage forms to high quality and safety standards. We have great flexibility in producing to demand. Dosage forms include: tablets, capsules, creams, ointments, gels, sterile injectables, low and high volume powders and pre-medicated feeds. We can pack into sachets, tubs, bags, blister packs, tubes, bottles and jars. These capabilities are very

#### Product Development

The Pharmaceutical Development Laboratory is integrated with our production capabilities. The primary objective is to formulate and validate products for our in-house pipeline, which is a major benefit to the Group in order to shorten the time to get a product to market. Our technical expertise and development capabilities are also outsourced to third party customers which helps to secure new business.

### Regulatory Environment

Our Regulatory team understands the different regulatory environments in which we operate, namely the US, Europe and all other international regulators. The regulatory hurdles are increasing and we aim to ensure that our staff are updated and have detailed knowledge of current legislation. We strive to anticipate regulatory requirements to avoid delays to product launches or disruption to production.

### Contract Manufacturing

In addition to manufacturing our own products, both Skipton and Bladel generate income through contract manufacturing. Although the clear focus is on Group manufacturing, contract manufacturing adds value by making full use of our unique capabilities and our installed capacity. Currently approximately 46% of output by volume is contract manufacturing.

The external offering includes product development, formulation, trial manufacturing, validation, production and packaging for both human and veterinary pharmaceuticals.

### • → DVP EU

Across all territories DVP EU is committed to marketing new products and services that support the work of veterinarians.

We are expanding the Dechra brand through newly established subsidiaries within the EU and we will continue to develop our international presence through strong relationships with key partners.

#### Our Expertise

We have identified eight core therapeutic sectors where we leverage our expertise: dermatology, ophthalmology, equine medicine, anaesthesia and analgesia, endocrinology, cardiovascular disease, food producing animal antimicrobials and pet diets.

As well as pharmaceuticals and related products, DVP EU sells specialist, therapeutic and maintenance pet diets branded, *Specific*.

In order to forge relationships with customers, technical meetings and seminars are held to provide a face-to-face programme to educate veterinarians on our key therapeutic sectors. Key opinion leaders, at both local and international levels, are recruited for seminars and presentations; additionally, webinars and online interactive educational tools are available on the DVP EU website.

### • → DVP US

DVP US markets Dechra products for the companion animal and equine segments that solve clinical problems and help veterinarians treat medical conditions.

#### Our Expertise

Our Dechra brand has gained momentum in the US, building on our strong reputation for customer service, the quality of an expanding product portfolio, further education programmes on our key areas of specialisation and high quality technical support.

### Routes to Market

Our customers are principally veterinarians; however, in most territories the route to market is through wholesalers and pharmacies. Our products are distributed through a mixture of our own direct sales, wholesalers and national distributor channels.

### Routes to Market

Our customers are primarily small animal and equine veterinarians, of which there are approximately 90,000, working in 26,000 clinics across the country.

In the US, veterinarians and clinics are primarily supplied through distributors. Our sales representatives promote and sell products directly, but also network and visit clinics together with these distributors.

## Creating Value by:

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01

### Clear Strategic Focus

We have a clearly defined strategy focused on four main drivers: portfolio focus, geographical expansion, product pipeline delivery and targeted acquisition.

02

### Development Pipeline

We have a strong pipeline of novel pharmaceuticals, generic pharmaceuticals and specialist pet diets and a track record of pipeline delivery. We are proactive in recognising and bringing new development opportunities into the portfolio.

03

### Entrepreneurial and Innovative

Dechra encourages an entrepreneurial and innovative approach from its management team which is underpinned by appropriate internal controls and robust systems and procedures.

04

### Manufacturing Flexibility

Our manufacturing sites offer a wide range of dosage forms and packaging capabilities which can be produced in small to large scale production batches. This flexibility is a key requirement in production of our varied product portfolio.

05

### Growing Animal Health Market

The global animal health market continues to demonstrate growth. This is driven in developed countries by increased medical and surgical capabilities for companion animals. In developing countries the increased demand for high quality meat protein drives the FAP market.

06

### Focused Portfolio

We have a clear portfolio focus and hold strong market positions in a number of our key therapeutic sectors such as endocrinology, dermatology, anaesthesia and analgesics.

07

### Recognised Brand

Dechra is recognised today as a major global animal healthcare company with a strong and growing reputation as a provider of high quality, specialist veterinary medicines and related products.

08

### Expanding International Focus

In line with our strategy we are focused on extending the Dechra brand into new countries. We are also increasing distribution of our products on a global basis with selected partners, currently into over 40 countries.

09

### People and Expertise

We have attracted and retained a qualified and skilled workforce throughout the organisation. This stable and motivated team has many years' experience within the markets we serve. Our people strategy is underpinned by the Dechra Values.

10

### Strong Balance Sheet

The Group maintains a prudent management of its balance sheet and achieves strong cash flows. This position provides flexibility to invest in drivers for long term growth.

