

OUR STRATEGY

Animalcare will continue to focus on delivering growth both organically and through selective acquisitions to accelerate its overarching strategy of becoming a leader in the European animal health market.

The Group's core areas of strategic focus will be on:

| STRATEGIC OBJECTIVE | DESCRIPTION | PERFORMANCE | FOCUS AND GOALS FOR 2018 |
|--|--|---|---|
| <p>1</p> <p>Initiating cross-selling</p> | <ul style="list-style-type: none"> ○ Initiate opportunities to cross-sell both Animalcare's and Ecuphar's products across existing customers and distribution channels | <ul style="list-style-type: none"> □ Ecuphar UK Sales transferred to Animalcare UK team □ Contracts terminated with former Animalcare Distribution Partners in Germany, Spain, Portugal and Italy to allow direct sales through Ecuphar sales teams □ Full portfolio of 50 licensed drugs, eight vaccines and over 100 care and nutraceuticals to be sold direct in seven countries and exported to 50 markets globally □ Fully utilise 100 sales representatives and 28 agents across Europe □ New distribution partners in NZ and Taiwan established in 2017 | <ul style="list-style-type: none"> ▷ Impact of successful cross-selling strategy to be seen in Q4 2018, with a meaningful impact on profit margins in 2019 ▷ Ramp up sales of full portfolio with new distribution partners in NZ and Taiwan, including Aquapharm and Isocare which have just gained regulatory approvals ▷ Seeking additional regulatory approvals for our existing products in new territories ▷ Appointed new distribution partners for territories not currently covered ▷ Roll-out of Companion Animal Identification products beyond the UK |
| <p>2</p> <p>Implementing effective business integration</p> | <ul style="list-style-type: none"> ○ Combining product development activities, providing the technology and systems to drive product quality improvement programmes and by optimising the Enlarged Group's supply chain | <ul style="list-style-type: none"> □ In-house product development pipeline projects to prioritise 17 projects to maximise return on investment □ R&D Group consolidated with full audit of the regulatory, quality, technical support and product development □ Focus on supply change management and the opportunity to leverage larger critical mass □ Introduction of a scalable and cost-effective finance structure □ Consolidation of export markets, through cancellation of former Animalcare distribution contracts in regions where the enlarged group sell directly | <ul style="list-style-type: none"> ▷ R&D consolidation to be completed and synergies delivered ▷ Finalisation of new product development for launch in 2019 ▷ Group-wide introduction of common supply chain management systems to best manage stock and working capital ▷ New finance structure to optimise tax efficiency and fulfil governance requirements ▷ Further consolidation of distributors, suppliers and centralised export back office functions ▷ Introduction of Group-wide communications and IT platforms ▷ Align sales and marketing areas of excellence focusing on higher margin products |
| <p>3</p> <p>Developing relationships</p> | <ul style="list-style-type: none"> ○ Developing the Enlarged Group's wider network of partnerships and strategic alliances in order to increase its exposure, as licensor and licensee, to global animal health leaders | <ul style="list-style-type: none"> □ The Enlarged group has a well-established footprint that will prove attractive to US / Asia companies seeking European market entry □ First licensing agreement signed with US-based Nutramax □ Distribution of <i>Cosequin</i>, a nutritional supplement for canine joint health | <ul style="list-style-type: none"> ▷ Four major projects are expected to be licensed-in for distribution ▷ Further development of licensing partnerships to provide further growth |
| <p>4</p> <p>Identifying acquisitions</p> | <ul style="list-style-type: none"> ○ Leveraging its platform by identifying selective value-accretive acquisitions that can broaden the pan-European sales, marketing and distribution platform of the Enlarged Group | <ul style="list-style-type: none"> □ Acquisition of Ecuphar NV by Animalcare Group plc constituting a reverse takeover □ Acquisition provides direct access to UK markets for the first time, in addition to Belgium, Spain, Portugal, Italy, Germany, and the Netherlands | <ul style="list-style-type: none"> ▷ Acquisitions pipeline identified ▷ Currently looking at a number of opportunities although focus is on current integration ▷ Areas of interest would include France, Ireland and Scandinavia ▷ Acquisitions should have their own direct sales and own products to cross-sell, a pipeline of new products and be profitable and immediately earnings enhancing |



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| <p>5</p> <p>Diversifying the Enlarged Group's portfolio</p> | <ul style="list-style-type: none"> Diversifying the Enlarged Group's portfolio of products into additional therapeutic areas within the companion animal, as well as production animal and equine, markets | <ul style="list-style-type: none"> Product portfolio expanded to over 300 products including pharmaceuticals, vaccines, biocides and nutraceuticals New products launched during 2017, including Acecare and Enrocare The Group has a well-established development pipeline for new veterinary pharmaceutical products One centralised registration was submitted in 2017 | <ul style="list-style-type: none"> Further progress of the pipeline to continue Continued registration of relevant new products through 2018 Expected launch of new products where registration has already been submitted Ongoing progress with product improvement and maintenance projects New registrations and launches for existing products in new territories Focus on new areas such as surgery, pain relief, anti-inflammatories and vaccines |
| <p>6</p> <p>Broaden the Enlarged Group's pipeline innovations</p> | <ul style="list-style-type: none"> Continuing the shift towards broadening the Enlarged Group's pipeline innovations to include novel therapies | <ul style="list-style-type: none"> We have reviewed and prioritised the pipeline on current development projects which will allow us to focus on novel developments in the future. | <ul style="list-style-type: none"> Further progress to broaden the product development pipeline to include novel therapies |

OUR OBJECTIVES IN THE SHORT, MEDIUM AND LONG-TERM

