

# Swedencare acquires US-based Vetio 1 July 2021

Expanding Swedencare's reach in the  
dynamic Animal Health (AH) market

# Vetio Animal Health: North America's premiere CDMO dedicated exclusively to the global Animal Health industry

Vetio's Vision is to become the leading global CDMO in Animal Health

Staying true to our Mission

**Vetio's Mission**  
The development and manufacturing of products that improve the lives of animals, while ensuring the safety, quality, and compliance of the products to the highest industry standards.

Delivering our Value Proposition

**Actualizing Animal Health**  
As a Contract Development and Manufacturing Organization (CDMO) dedicated to Animal Health, we integrate product development with full-scale manufacturing through a Quality by Design-based process. Vetio is your single-source partner for successful product approval, commercialization, and ongoing supply.

Four pillars of service from pre-formulation through commercial manufacturing

Product Development

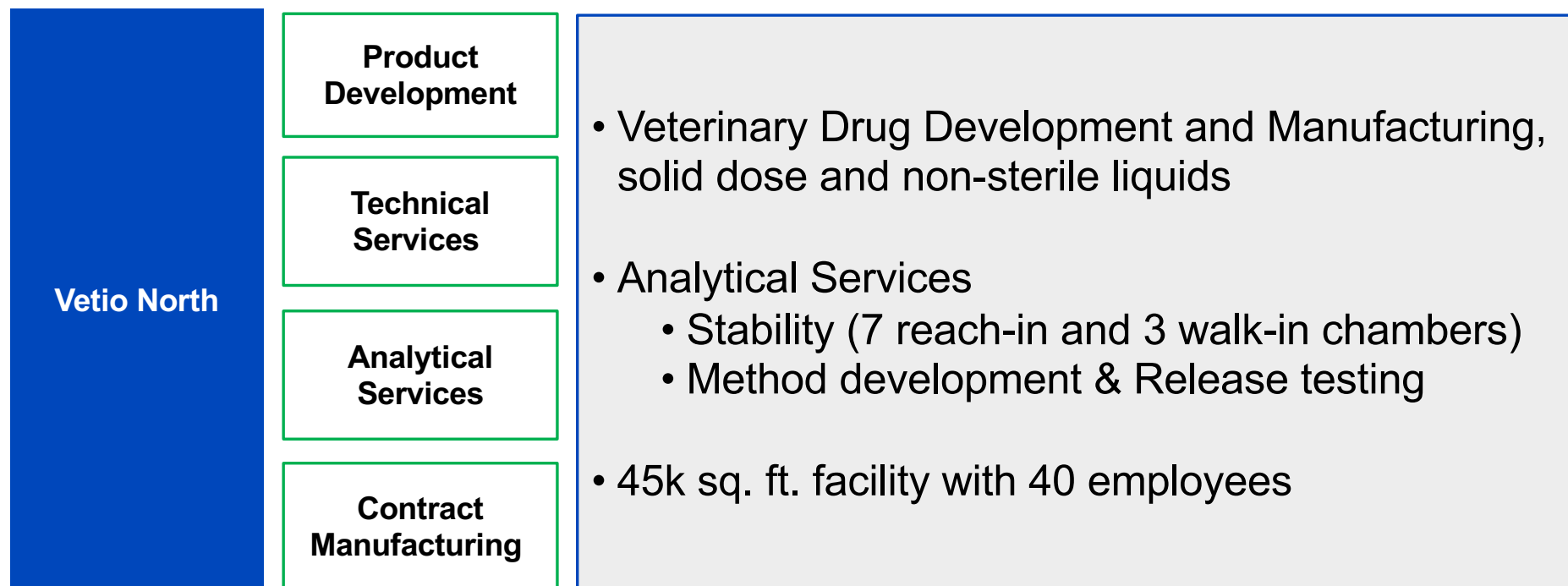
Technical Services

Analytical Services

Contract Manufacturing

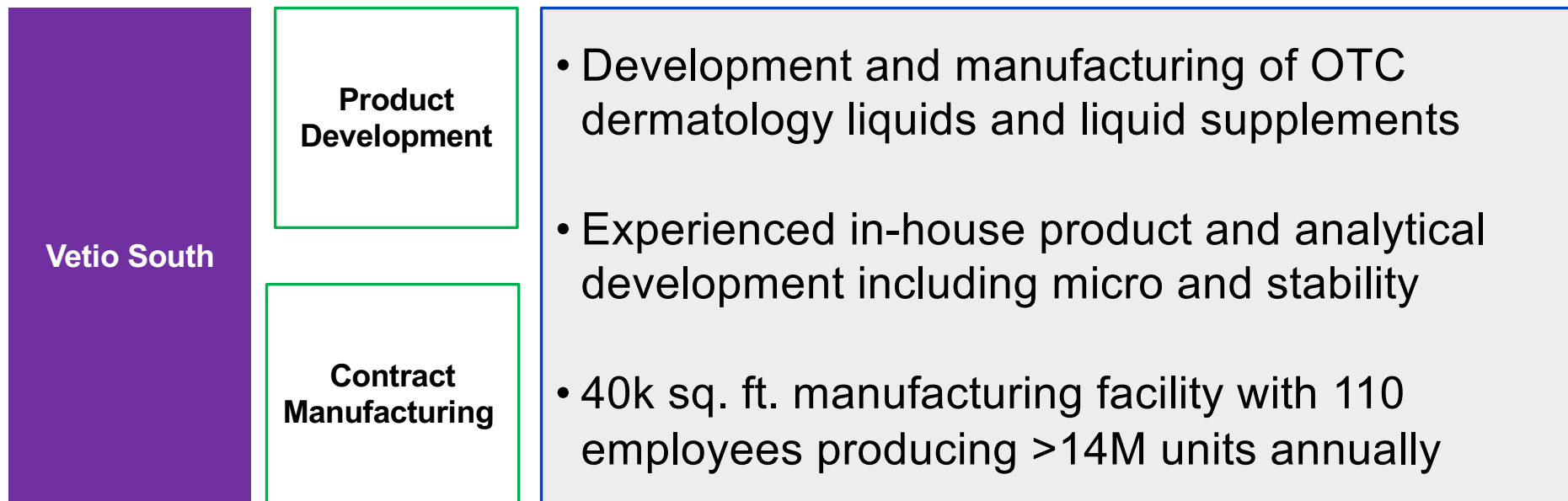


# Pharmaceutical Development & Manufacturing Montreal, QC, Canada



# Global Leader in OTC Liquid Topicals

## Jupiter, FL, USA



# Favorable industry dynamics creating increased demand for Animal Health Drug Development & Manufacturing

## Favorable Tailwinds

- Increased # of pet adoptions and continued pet humanization trend
- Top 20 Animal Health firms CAGRs 5-10%
- Growth across all channels (Vet clinics and Online/DTC)
- Relatively low market share of generic drugs
- M&A leading to reshuffling of product portfolios

## Greater R&D Spending

- R&D spending as much as 10% of sales at several Animal Health firms
- Attractive returns on investment to build files
  - Both pioneer and generic drugs
  - Dry Powder available for investors to enter the market
- Unmet therapeutic needs (often where there is a human drug for cross-over)

## Why Vetio

- Outsourcing Trend to CDMOs
- Established track record of developing both innovative & generic drugs through agency approval
- One of the only true CDMOs dedicated to Animal Health
- Capabilities, Compliance, and Concentration on Animal Health

# Vetio is well positioned in the market

- AH-specific APIs are Vetio's sweet spot (i.e. parasiticides)
- Delivery form as soft chew where we have IP
- Vetio is well-positioned to take advantage of many market trends and business dynamics

## BUSINESS Focus

More external innovation

Start-up & Large AH pharmco partners

Online & Vet channel

## CATEGORIES

Rx, OTC, supplement

Generic versus Pioneer

# CDMO Trends (1) – Vetio a pure AH CDMO play

Vetio's competition is one of the following:

- Human CMO/CDMO with some AH
- AH company that mostly markets its own products/files

*“We have most of the resources/expertise of a larger company, but nimble as a small partner. We have 40 scientists/engineers, so we can support both large AH pharma and also start-ups building files for license or sale. With our mfg. expansion in Montreal, we created a lot of capacity for growth in a facility where no human products are made. As a stand-alone AH CDMO, we are the largest in NA and we expect to outpace the growth of our human CDMO competitors over the next few years”*

Our AH-specific expertise:

- Palatability
- CVM drug approval process
- Working with AH CROs
- Dosage form IP like soft chew
- Facility and equipment are not competing for priority, nor is there a concern about cross-contamination
- We have credibility, helping customers achieve over 25 approvals over the years

## CDMO Trends (2) - Changing AH Manufacturing Landscape

- Large AH companies can have ~150-200 CMO relationships, with up to ~40% of revenue coming through contract manufacturing. There is a strong desire to consolidate the CMO base to achieve efficiencies and address problem suppliers
- While many 3rd party organizations self-identify as CDMOs, most focuses predominantly on either manufacturing or development
- True CDMOs predominantly are very large human-health focused companies (e.g., Patheon, Catalent), rather than animal-health focused
- Beyond the few large players, most CMOs focuses on a specific niche (e.g., specific APIs or API by TA) or regional/local (e.g., for local production requirements)
- In soft chews, several CMOs exist, but these produce soft chew non-pharma supplements
- Given increasing concerns about contamination between animal and human production lines, and associated regulation, many companies with human and animal pharmaceutical products are separating the development and manufacturing of human vs. animal products



# Why the acquisition of Vetio?

Swedencare to become top 30 leading Animal Health player with world-wide reach

Comprehensive product capacity and variety of strong brands (including soft chew platform with IP which provides biggest growth potential)

State-of-the-art product development & regulatory competence

Access to broad distribution network, being a preferred supplier for several private label opportunities and veterinary chains

Secure product supply to the group companies which is vital to be able to grow at +20% and to further be able to strengthen Key position online with multiple brands

Strong management addition

## Why the acquisition of Vetio? (2)

- Most attractive CDMO in the world – enhancing our production site in Europe, Swedencare Ireland, with know-How
- Nearly complete product/production capability – PREFERRED SUPPLIER for several Private Label opportunities, Distributors/Vet(drug) companies/Chains
- Launch several of group brands in own and export markets
- Adding new offerings like Palatants and CBD

# Financials - Vetio

(in \$ million)	Full Year 2020	TTM April 2020- mars 2021	TTM June 2020 - May 2021
<b>Sales</b>	<b>32,3</b>	<b>35</b>	<b>37,9</b>
Gross Margin	13,6	15	16,1
GM%	42%	43%	42%
<b>Adj EBITDA</b>	<b>6,5</b>	<b>7,6</b>	<b>8,6</b>
Adj EBITDA %	20%	22%	23%
<i>Dep.</i>	<i>0,9</i>	<i>0,9</i>	<i>0,9</i>

# Financials – Proforma Swedencare TTM April 2020 – March 2021

	Swedencare	Proforma–inc. acquisitions last12 months	Vetio	Eliminations	Consolidated
<b>Sales</b>	<b>337</b>	<b>297</b>	<b>294</b>	<b>-61,7</b>	<b>865</b>
GM	210	149	126		485
GM%	62%	50%	43%		56%
<b>EBITDA</b>	<b>96</b>	<b>61</b>	<b>64</b>		<b>221</b>
EBITDA%	28%	21%	22%		26%

# Transaction

Directed share issue to two strategic partners, **Symrise AG** the worlds leading ingredient and flavor company with a strong division in Pet Food and a Swedish based financial investor that will add M&A competence as well as business development to Swedencare

## SEK

<b>Purchase Price (181,5 MUSD)</b>	<b>1 547</b>
Inv A - Symrise	575
Inv B - Fin Investor	575
Swedencare Shares to Mgmt	19
Own funds/Bank Credit	378