



Q1 Report

JANUARY - MARCH 2024

with

Håkan Lagerberg, CEO

Jenny Graflind, CFO

Geoff Granger, CEO NaturVet





Q1 2024 Highlights

Acquisition of Rileys completed Jan 2nd – Treats as new product category

Outperforming the market with double digit organic growth (12%) & stronger margins

New sales strategy for NaturVet – CEO Geoff Granger to present

Business development; Group opportunities, Product launches & Expos

Adding industry champions to the group

Initial and increasing M&A activity

Key performance indicators

Q1 2024

Net revenue
597.4 MSEK

Change in
net revenue

14% Organic
12%

Operational gross margin
57.7%

Operational EBITDA
138.8 MSEK

Margin
23.2%

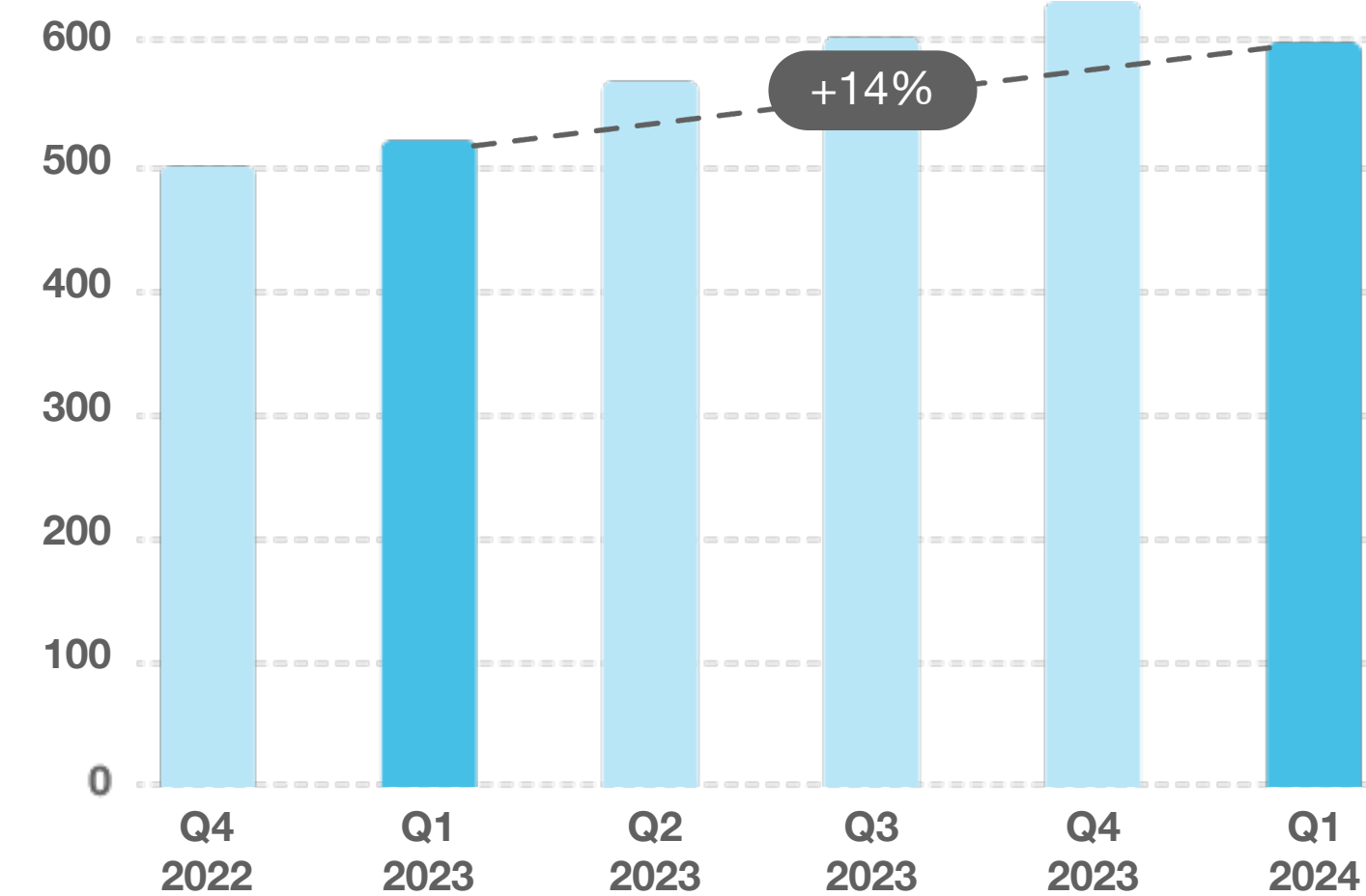
Net debt/EBITDA
2.43

Operational cash flow
70.6 MSEK

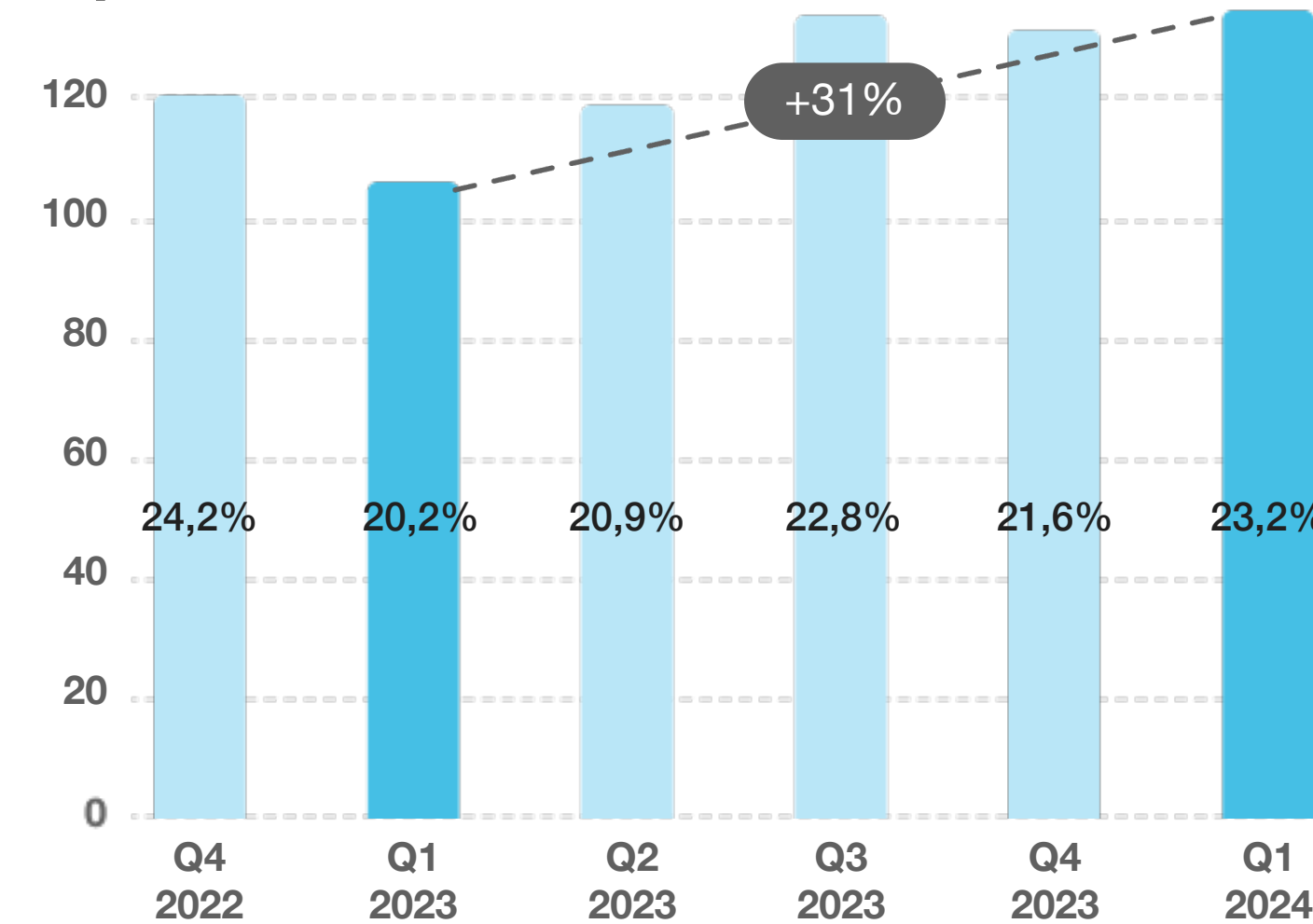
Cash
224.3 MSEK

Financial Highlights Q1 2024

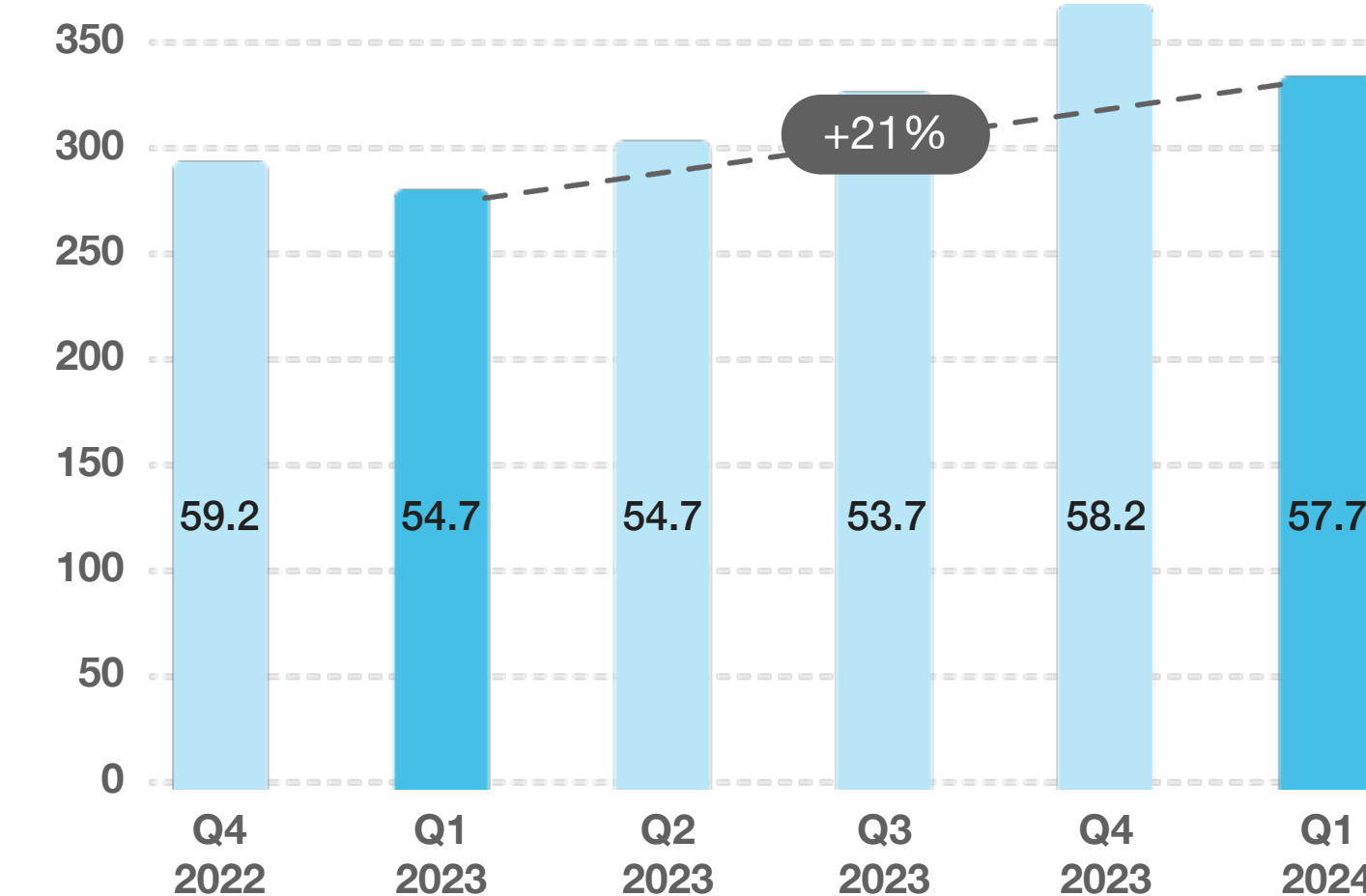
Net Revenue



Operational EBITDA



Operational Gross Margin



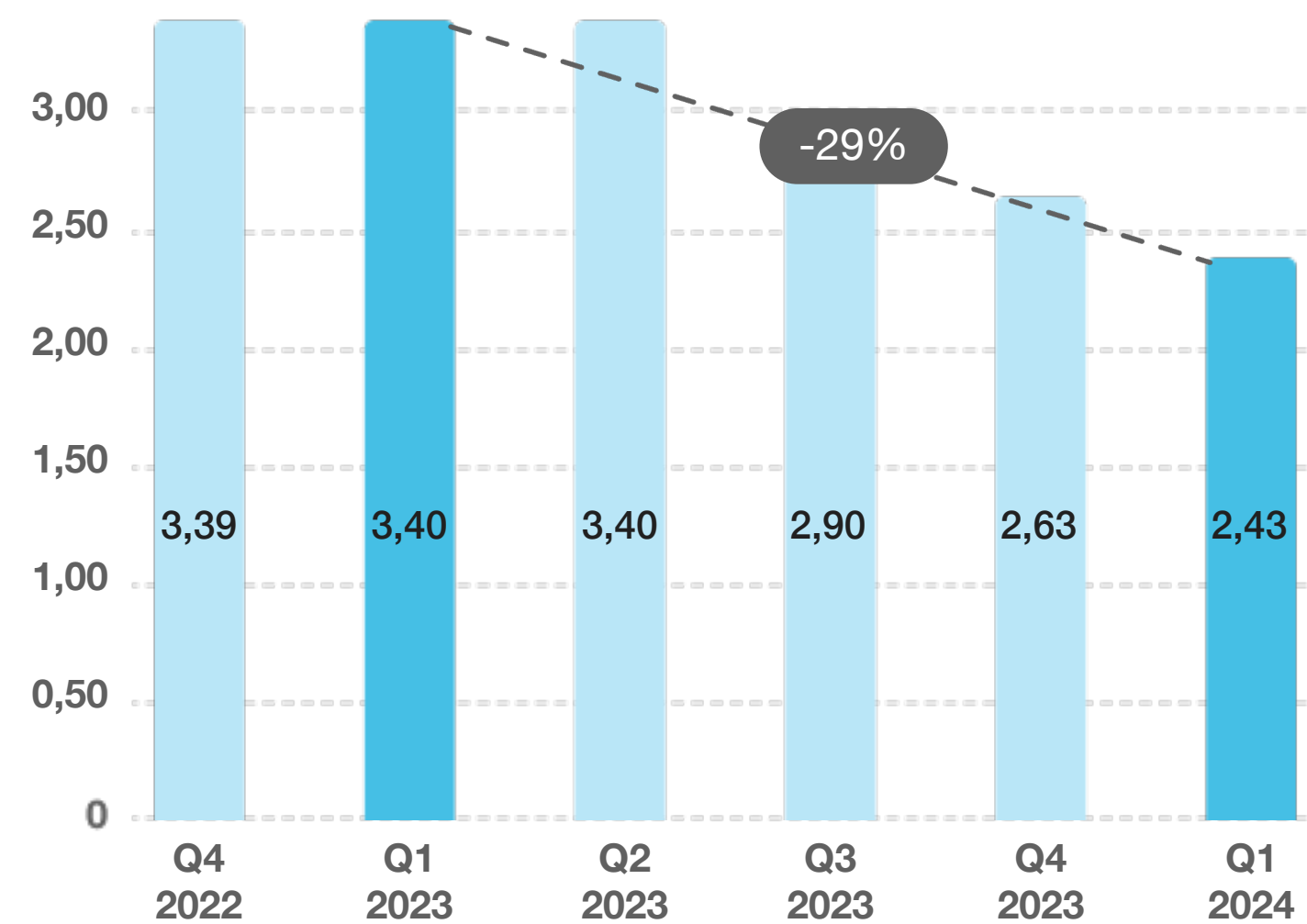
Comments

- 14% growth divided into 12% organic growth and 2% currency impact
- Revenue
 - Growth in all segments and geographic markets except
 - Move of UK Amazon in-house
 - Lack of component
 - Limited capacity for Soft Chews
 - Strong online and lower Pharma
- Op. Gross Margin
 - Q4 23 was impacted by reclass & inv. writedown (56,9%)
- Op. EBITDA
 - Leverage of ext. costs – lowest since Q1 2023
 - Lower interest costs

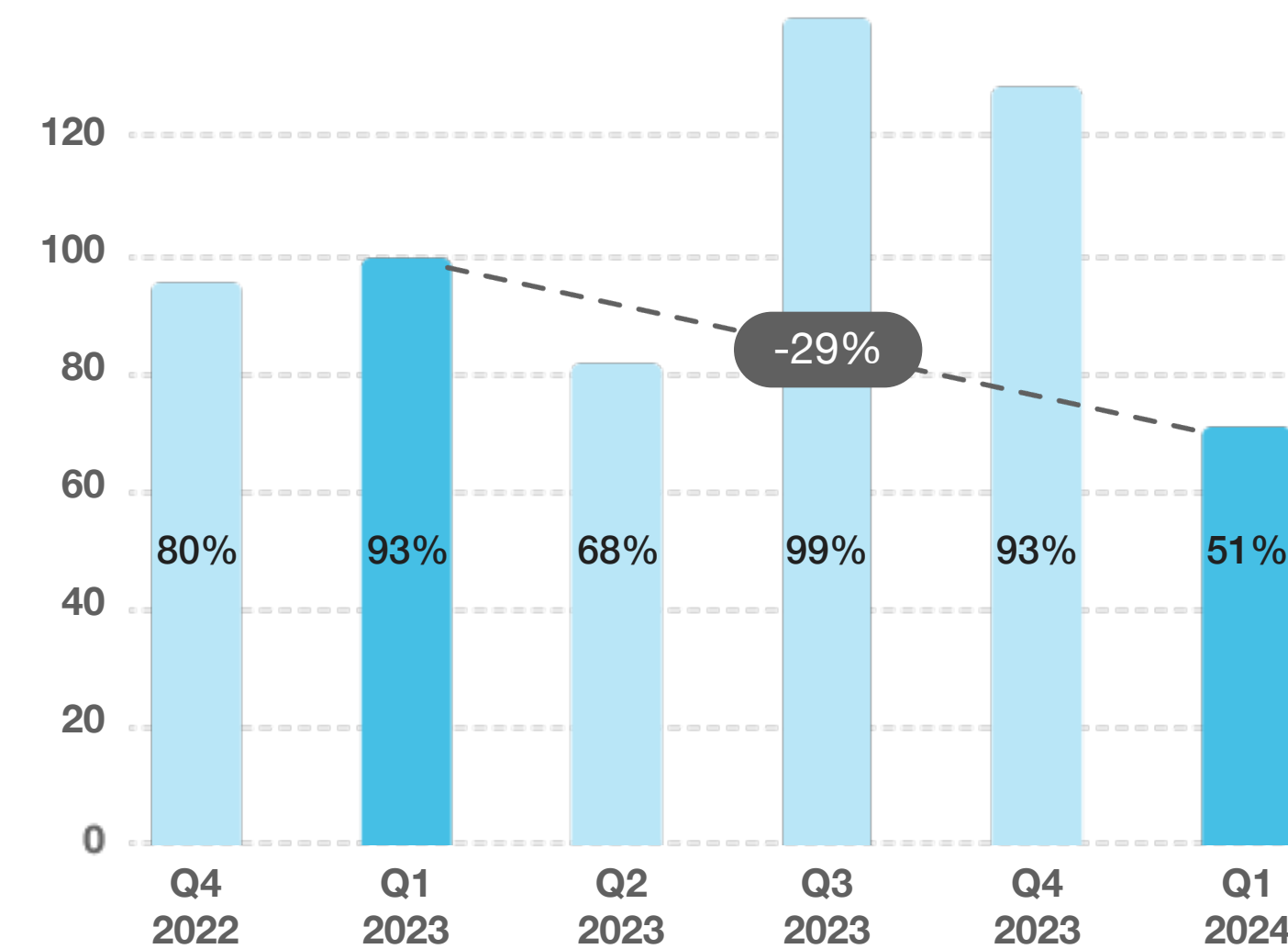
Financial Highlights Q1 2024

Comments

Net Debt/Proforma EBITDA

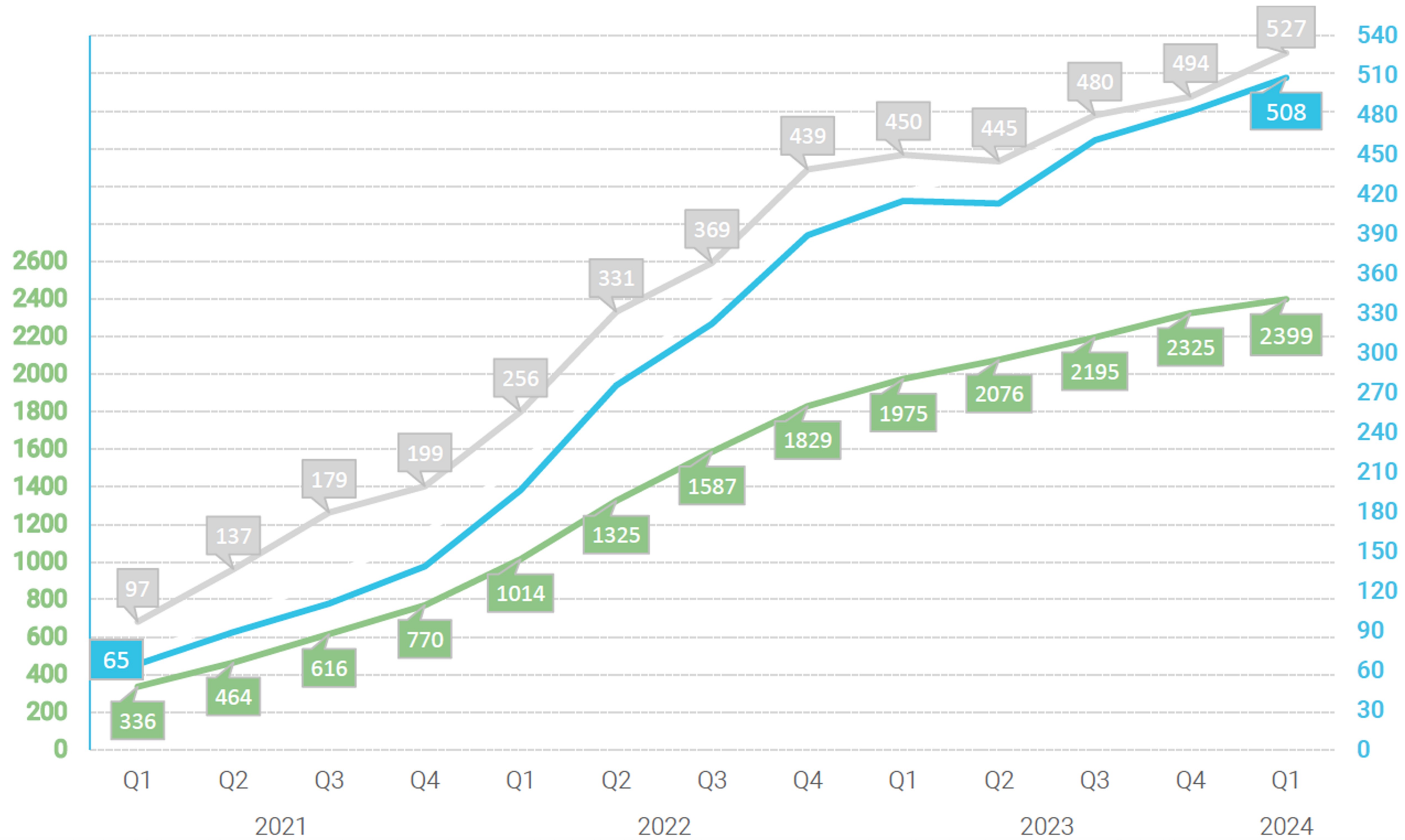


Op. cash flow & Cash conversion

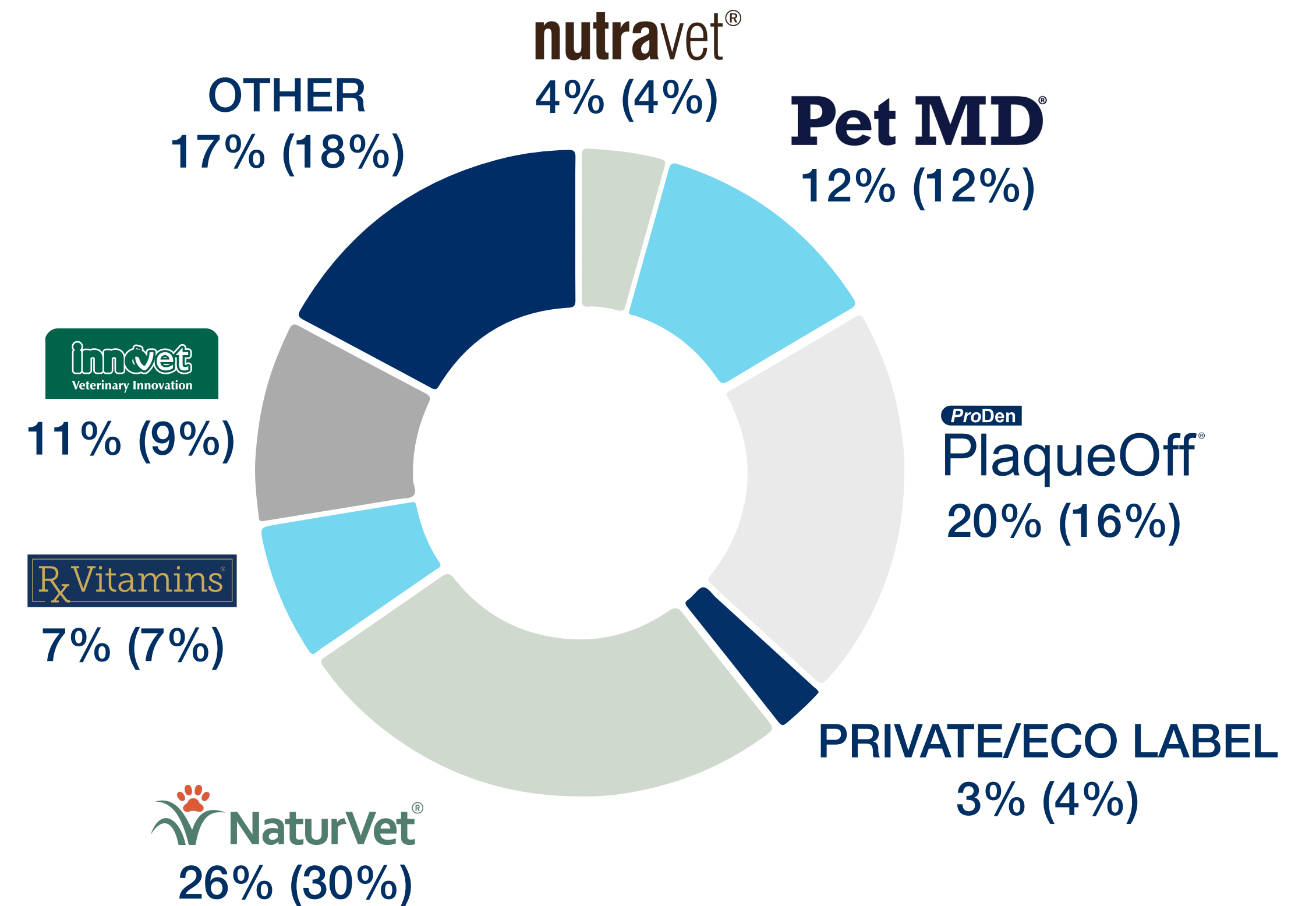
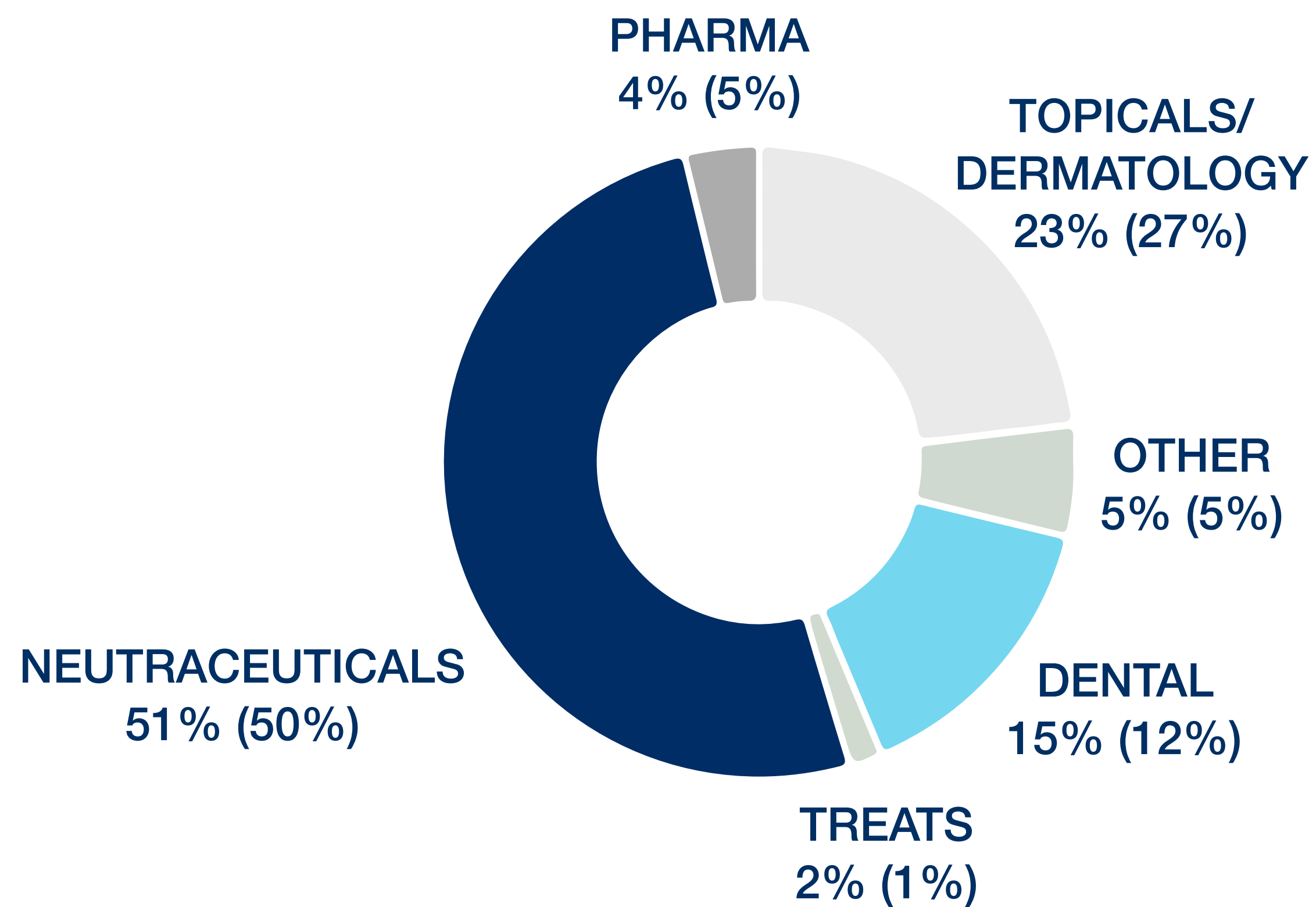


- Negative change in WC
 - Higher inventory
 - Higher receivables
- Acquisition of Rileys® of 53 MSEK
- 25 MSEK amortized on debt
- Capex 8,6 MSEK/1,4% of Net sales

Rolling 4 quarters

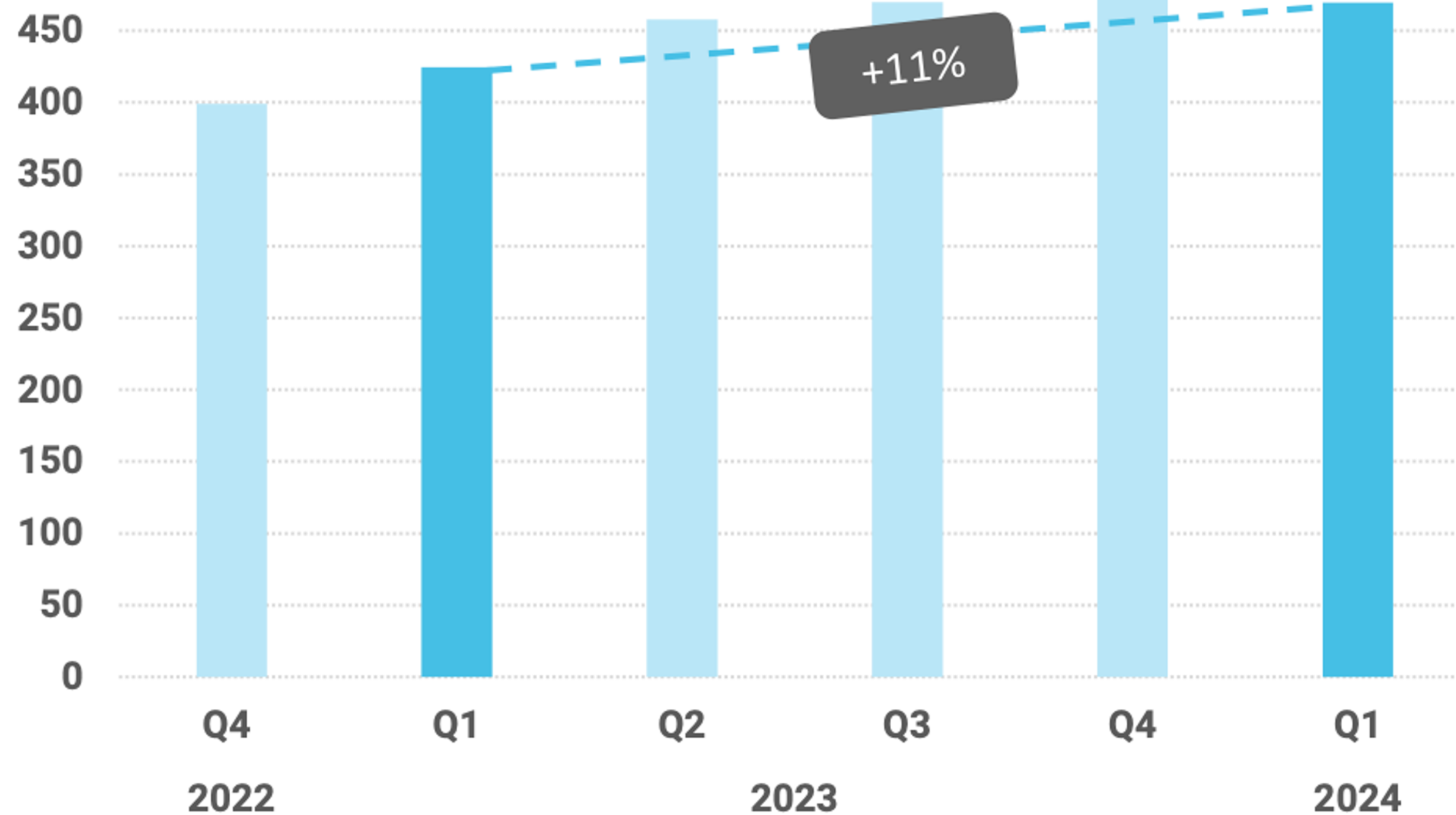


Product- and brandsplit



Net sales North America 469.5 MSEK, 11% growth

79%
of total net revenue

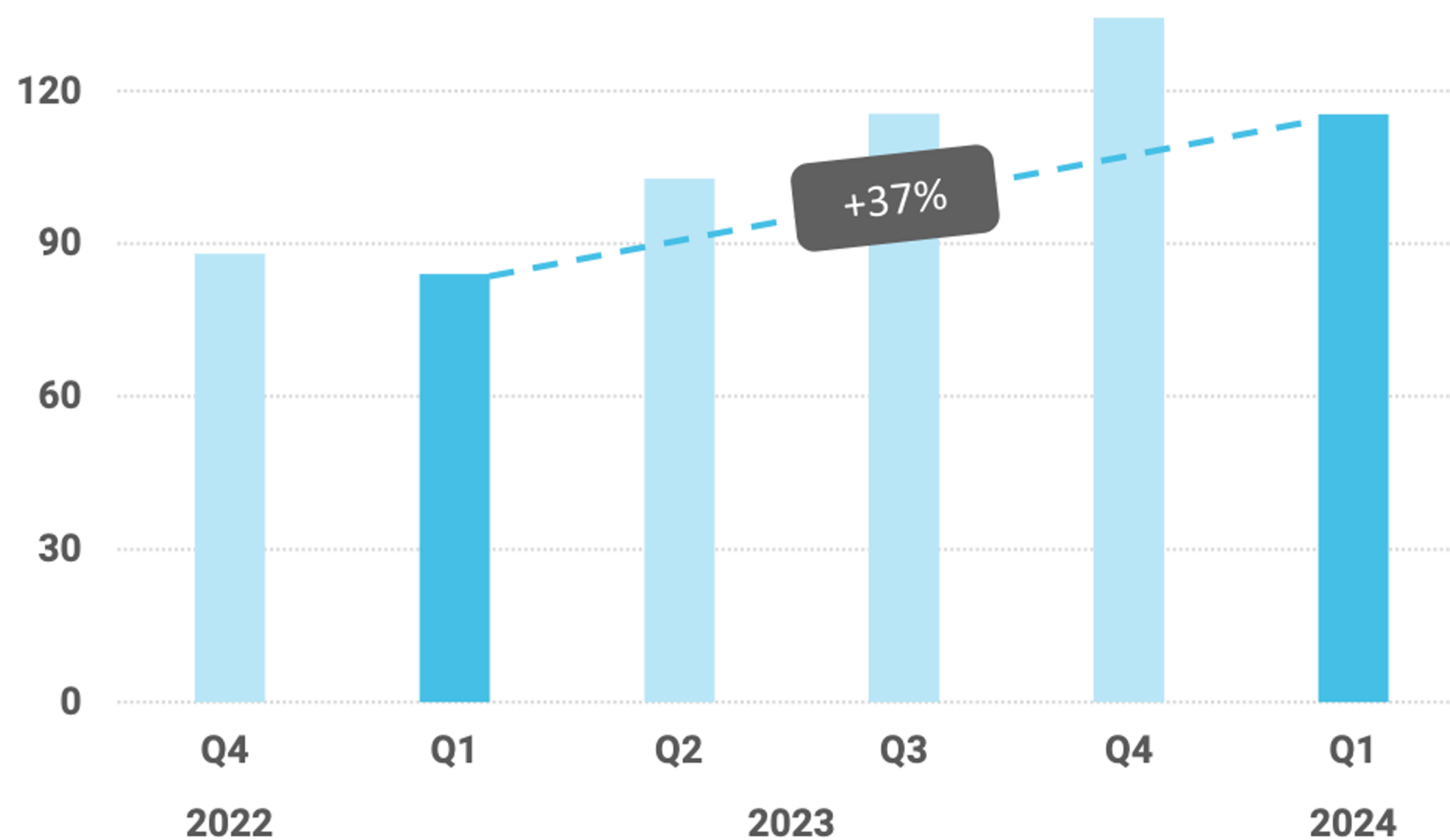


- Strong Online & Pet Retail with product launches presented end Q
- Vet sales were affected by component shortage but picking up Q2
- Lower Pharma dev., as planned, increase in manufacturing and product sales (FlavorPal®), signed new product suite dev agreement
- Production in US for Europe due to capacity limitation
- Expanding co-op with major distributors including new brands

Net sales Europe

115,4 MSEK, 37% growth

19%
of total net revenue

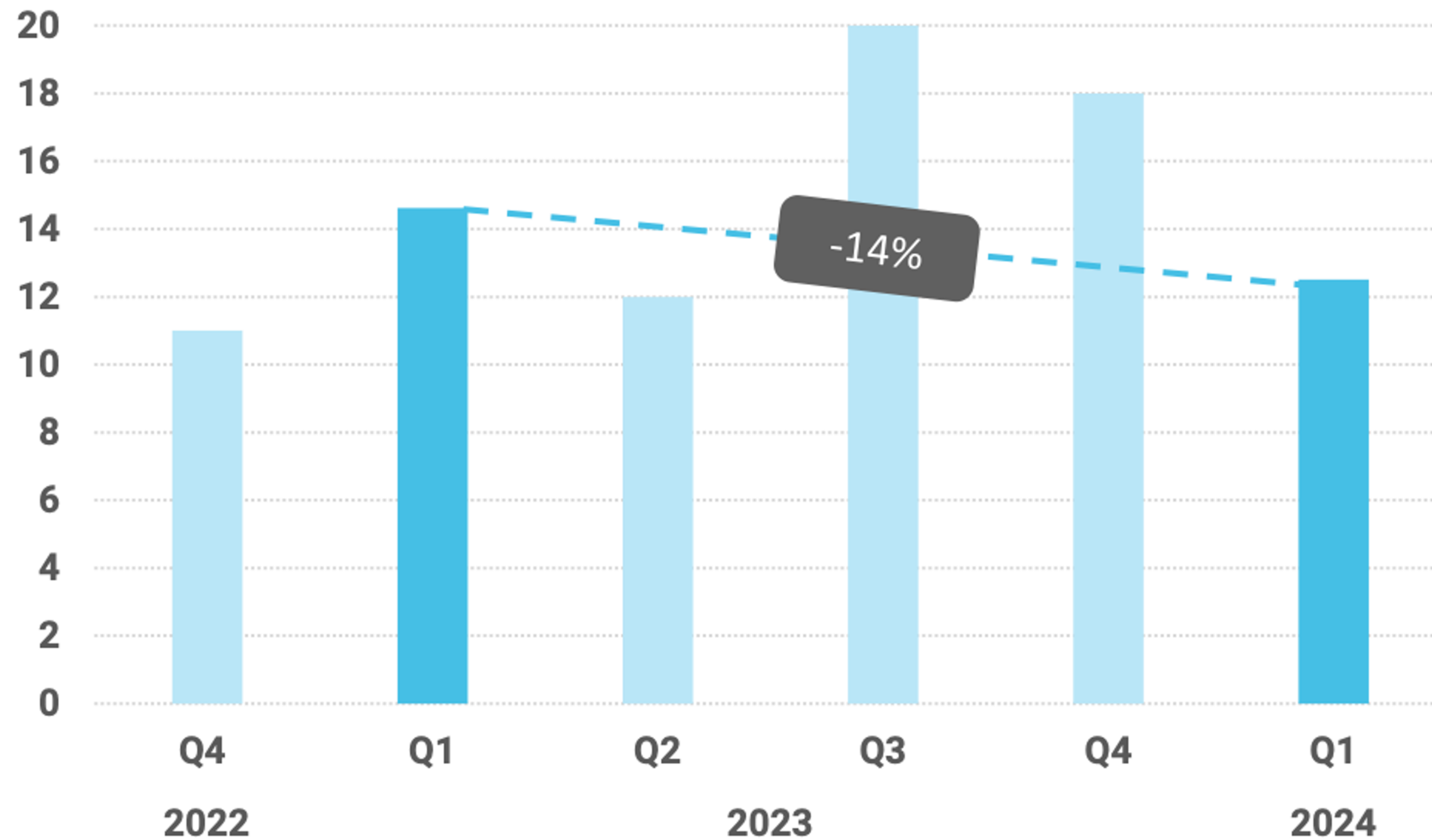


- All except SwedencareUK (AZN change) and France
- Despite a decline in Italian Pet Market, Innovet had a record quarter
- Strong growth with soft chews despite capacity limitation
- Launch of WelliChews, nutravet Pet Choice, PO Soft Chews, prepare for NaturVet by Swedencare
- 3-year exclusive agreement for manufacturing for major customer

Net sales RoW

12,5 MSEK, down 14%

2%
of total net revenue



- A solid quarter with South Korea, Japan, South America, and Australia
- China is still slow but signs of come back
- Pet food co-op's continue to grow, delivered to all 4 partners and 1 major new global customer signed with deliveries in Q2
- Petco Mexico will launch PO in all stores in Q2



Priorities 2024

Growth and profitability and lowering debt level

Deliver on strong pipeline

Continued move from external to internal

Product launches and development

Solidifying and developing relationships with major customers

Co-op and M&A opportunities



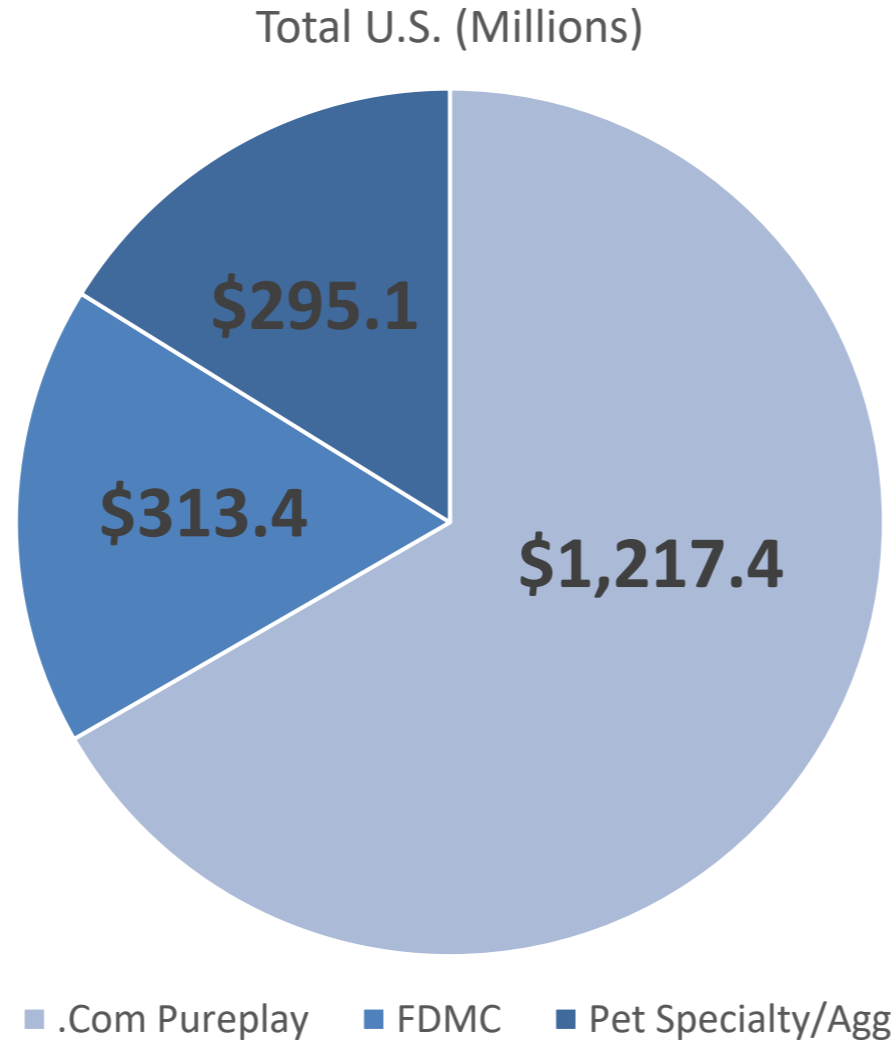
Pet Supplements U.S. Market Dynamics + Channel Strategy Overview

4/25/2024



Pet Supplements rapidly approaching \$2B in annual sales

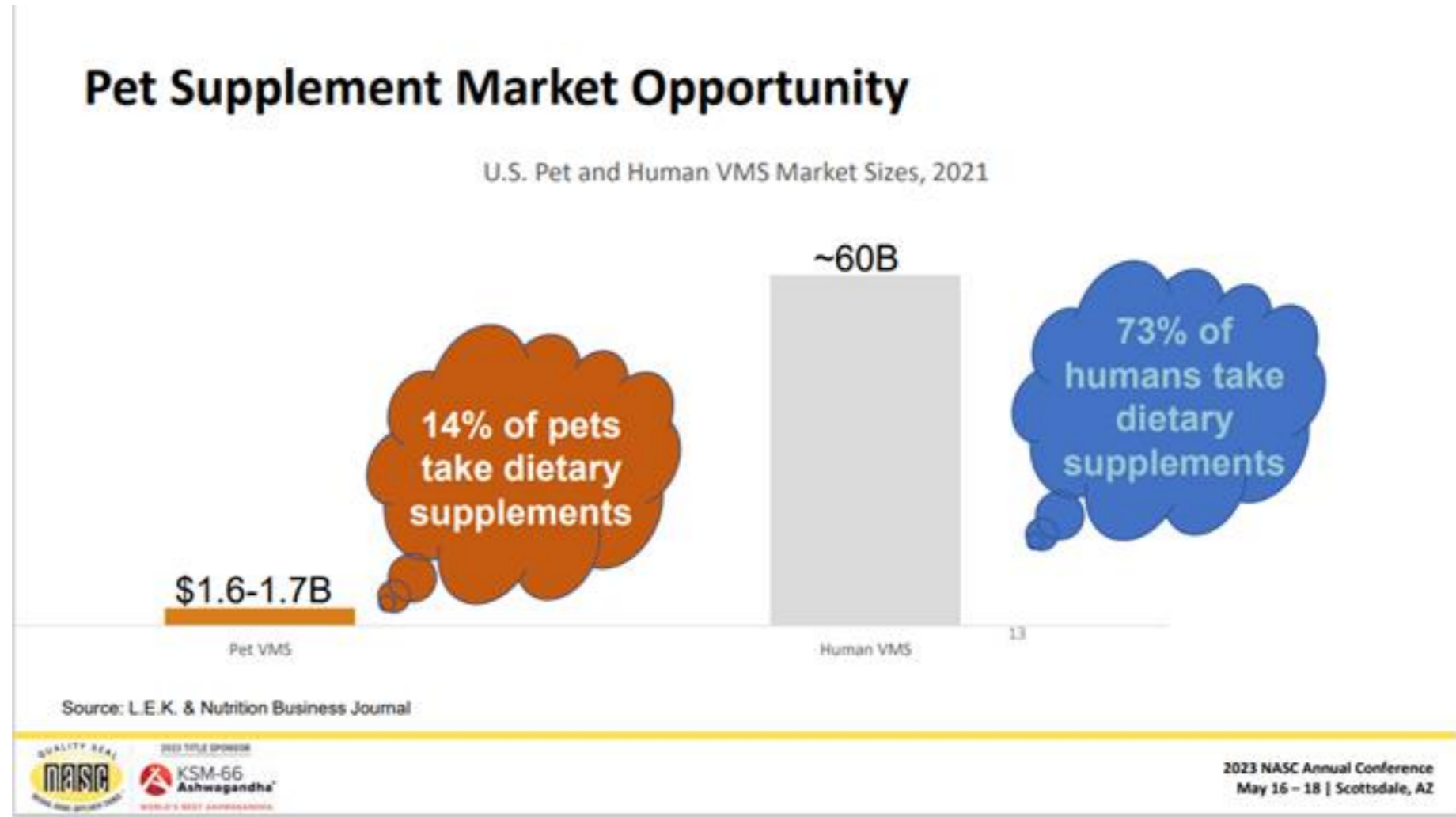
- eCommerce Pureplay channel driving 2/3 of U.S. volume
- FDMC primed for growth as traditional retailers lean into category



Channel	\$ Share
.Com Pureplay	66.7%
FDMC	17.2%
Pet Specialty/Ag	16.2%
Grand Total	

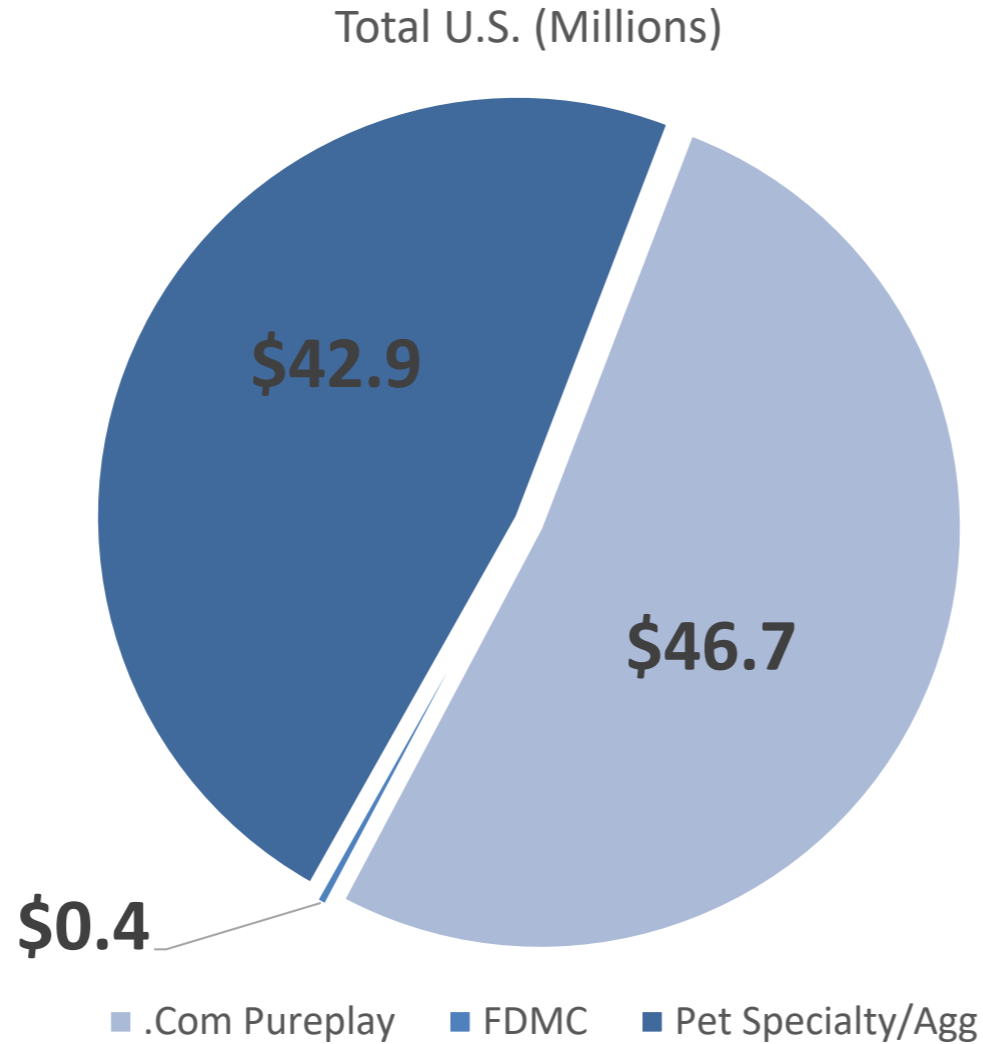
But ... Pet Supplements is still an emerging category

- ~60 percentage point gap between pets being administered Supplements and human usage
- Drivers of gap are overall category confusion, belief that diet is enough and “reactive” approach to pet health



NaturVet growth opportunity in FDMC + .com pureplay

- NaturVet focus has been on Pet Specialty/Ag, ~3X penetration of market
- Food, Drug, Mass & Club unexplored to-date

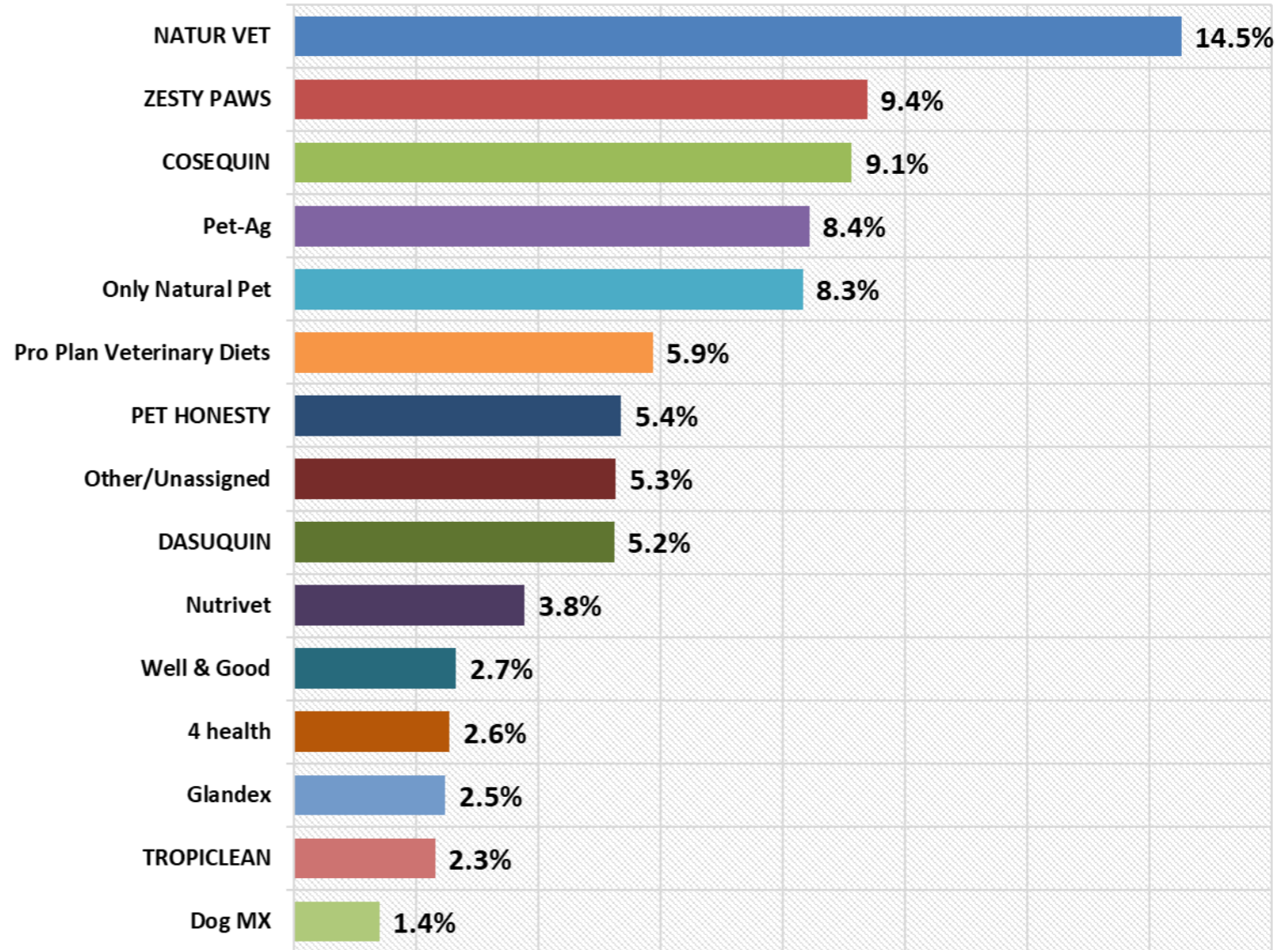


Channel	\$ Share Of NaturVet
.Com Pureplay	51.9%
FDMC	0.4%
Pet Specialty/Agg	47.7%

NaturVet #1 in channels where we have chosen to focus

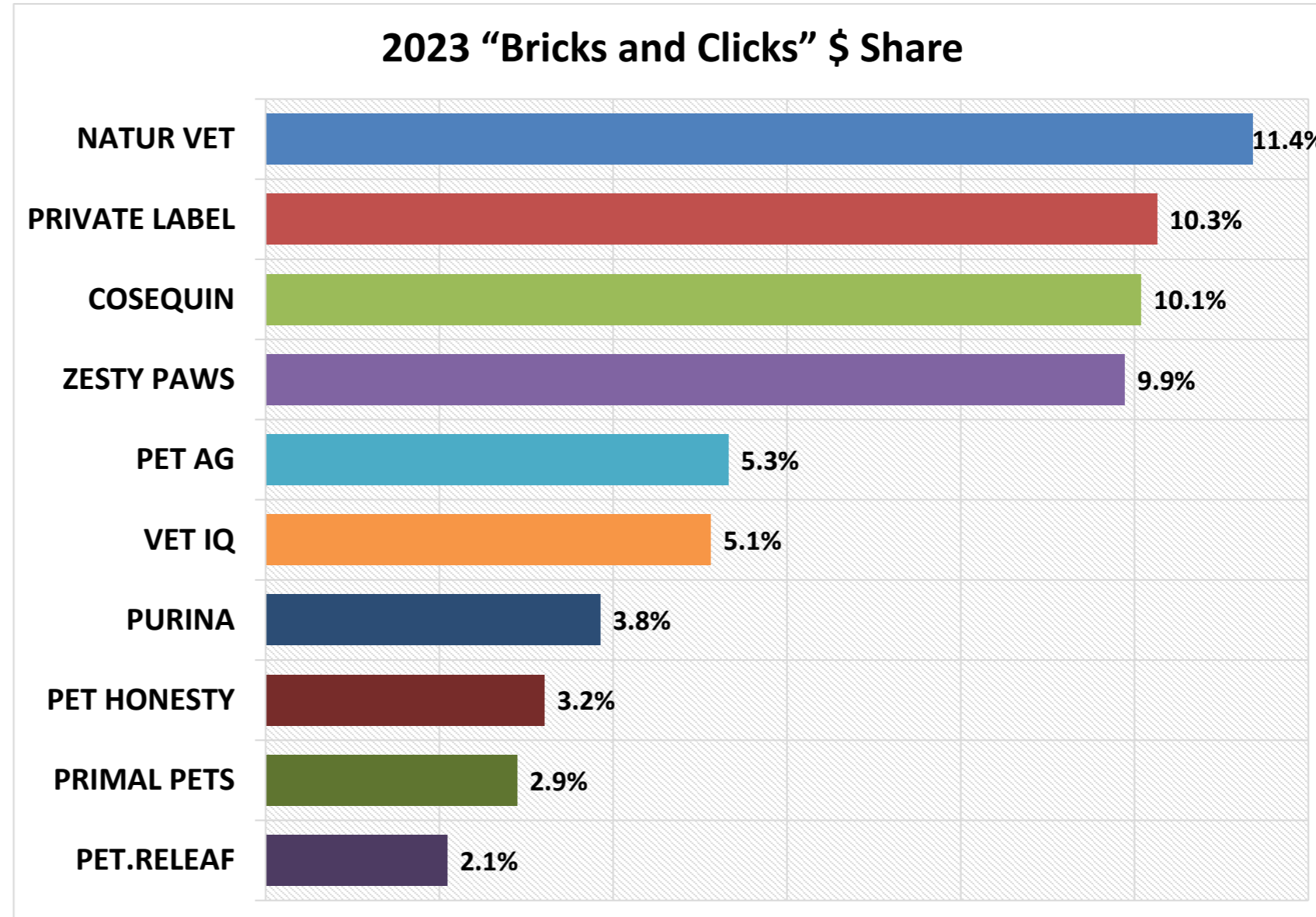
- Naturvet remains #1 volume in Pet Specialty + Ag channel even without full distribution and emerging competition

2023 Pet Specialty/Ag – Top Brands \$ Share



NaturVet also #1 in expanded “bricks & clicks” segment

- Naturvet remains #1 volume in “Bricks and Clicks” segment even w/ inclusion of FDM (i.e. Walmart) + emerging competition
- Competition is closing in fast
- “Bricks and Clicks” defined as retailers w/ storefronts excluding Costco + their applicable eCom volume



Emerging Brands driving growth and further confusion

- Pet parents and retailers are seeking out strategic partners to help them navigate the space
- The strength of the Naturvet brand gives us license to play in FDMC and get more credit in .com pureplay
- Naturvet has a unique proposition that the others don't have ... "We care enough to make it ourselves"

.Com Pureplay	2023 \$'s	\$'s % Chg v LY
ZESTY PAWS	\$ 123,198,555	0.0%
PET HONESTY	\$ 70,450,470	2.7%
PETLAB CO.	\$ 40,301,112	40.2%
NATIVE PET	\$ 13,826,160	82.6%

FDMC	2023 \$'s	\$'s % Chg v LY
ZESTY PAWS	\$ 56,863,951	110.7%
NATIVE PET	\$ 2,260,888	178.5%

Pet Specialty/ AG	2023 \$'s	\$'s % Chg v LY
ZESTY PAWS	\$ 52,088,405	22.4%
PET HONESTY	\$ 29,843,408	421.9%



We are well positioned to be the strategic partner and trusted advisor of choice

Organizational Infrastructure

- New CCO (1/15)
- New COO (4/15)
- New Director of Product Development (4/15)
- Sales team rebuild (5/1), inclusive of Channel Directors for FDMC and eCommerce
- New Director of Customer Marketing (5/1)

Category Thought Leader

- Partner w/ 3rd party data/analytics resource (4/1)
- Engage retailers through thought leadership built on ...
 - Shopper insights
 - Data analytics
 - Financial discipline

Marketing

- Meet the consumer where they choose to be engaged ...
 - Social media
 - Digital media
 - Influencer partners

Innovation

- Delight through differentiated insight-based innovation ...
 - Simplified solutions
 - Multi-year pipeline



Thank you for
participating!

Q&A

Coming Guest speaker for upcoming webinars:

Q2 – Laszlo Varga, COO Europe

Q3 – John Kane, Production Director

Q4 – Brian Nugent, COO North America

