



Friday, 31 March 2017

**Dechra® Pharmaceuticals PLC**  
(Dechra or the Company)

Licensing Agreement with Animal Ethics Pty Ltd and Share Acquisition

The Board of Dechra is pleased to announce it has entered a long term Intellectual Property Licensing Agreement (the Agreement) with Animal Ethics Pty Ltd (Animal Ethics), an Australia-based company focused on developing ethical pain relief products in animal health. The Agreement gives Dechra the rights to sell and market Animal Ethics' product Tri-Solfen® (Tri-Solfen) for all animal species in all international markets, excluding Australia and New Zealand. Under the terms of the Agreement Dechra has agreed to make milestone payments on signing, upon the first and second anniversaries of the Agreement and on the first two major species approvals in markets with significant potential. Additionally a royalty will be paid on all net sales.

Separately, Dechra has acquired 33.0% of the issued share capital of Medical Ethics Pty Ltd (Medical Ethics), the parent company of Animal Ethics (which is its only principal subsidiary), for a total consideration of c.AUD\$18.0 million (£11.1 million). The c.AUD\$18.0 million will be split as to AUD\$9.0 million of new equity to provide funding to Animal Ethics and the balance to acquire existing shares from the current shareholders. Under the terms of the Agreement, Dechra will have a seat on the Medical Ethics' Board and minority shareholder rights.

Animal Ethics is an Australian business that was incorporated in 2005. The three founders and partners had the idea to improve animal welfare by reducing pain in farm animals during routine treatments such as castration, tail docking, debudding and dehorning, in multiple species. Animal Ethics has successfully developed a topical product that is sprayed on to a wound which simultaneously anaesthetises, relieves pain, controls bleeding and protects against infection. Tri-Solfen has 35 patents granted across the majority of the world's major animal health markets. Its primary use and area for initial development and regulatory focus is in sheep, pigs and cattle; however, other opportunities have been identified in horses and companion animals. The product has already been successfully registered for sheep in Australia and is marketed by a global animal health company with current annualised sales for this one application achieving AUD\$4.0 million per annum. The development process is underway to register the product in global markets, with initial focus being for pigs in Europe and pigs and cattle in the US; the first registrations are targeted for approval in 2020. The global market potential is conservatively estimated to be c.AUD\$300.0 million; however, with the increasing focus on the ethical treatment of farm animals, this target could be exceeded once multi-species approval is achieved in the major markets. The reduced infection risk, improved wound healing and lower level of animal stress that result from Tri-Solfen use, combined with the low cost per dose, make a strong economic case for market adoption.

Animal welfare is becoming a major commercial and political issue for livestock industries. Prior to the introduction of Tri-Solfen, the Australian wool industry was facing international wool boycotts and the EU and US pig and cattle industries are now facing similar conflicts from welfare advocacy groups, consumer groups and retailers, with the consequential legislative pressure to ban procedures without the use of anaesthetic. The European Commission is currently undertaking a review with a view to creating an industry welfare quality standard for utilisation on product labelling. Tri-Solfen provides a simple, affordable, safe, practical and efficient product that will address many animal welfare concerns. In addition to the ethical advantages that Tri-Solfen offers, the relatively low cost of the require dosage drives a strong economic argument for usage.

Commenting on the Agreement and the share acquisition, Dechra's Chief Executive Officer, Ian Page said:

*"Having been in dialogue with Animal Ethics for a number of years, I am delighted to have secured this long term relationship. Once approved for major markets, Tri-Solfen significantly strengthens our FAP portfolio, will further our geographical expansion strategy and will enhance Dechra's reputation of providing clinically necessary, high quality, ethical veterinary pharmaceuticals".*

Adding to Mr Page's comments, Allan Giffard, Managing Director of Medical Ethics, says:

*"The investment by Dechra will accelerate Animal Ethics' programme to develop urgently needed pain relief products for livestock animals globally. The partnership creates a wonderful opportunity for our company to pursue its mission to develop and deliver products that alleviate pain and minimise suffering associated with wounds and surgical procedures in livestock and companion animals and to progress Medical Ethics' opportunity in humans".*

**Enquiries:**

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**About Dechra**

Dechra is an international specialist veterinary pharmaceuticals and related products business. Our expertise is in the development, manufacture, and sales and marketing of high quality products exclusively for veterinarians worldwide. The majority of Dechra's products are focused on key therapeutic categories where we have leading market positions, and many of our products are used to treat medical conditions for which there is no other effective solution or have a clinical or dosing advantage over competitor products. For more information, please visit: [www.dechra.com](http://www.dechra.com).

Stock Code: Full Listing (Pharmaceuticals): DPH

**About Medical Ethics Pty Ltd**

Medical Ethics Pty Ltd is an Australian privately owned research and development company, specialising in the development of pain relief and wound care products for livestock, companion animals and humans.

**Trademarks**

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**Forward Looking Statement**

This document may contain certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involve a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.