

Strategy in Action



Strategic Growth Driver:

Pipeline Delivery

Development of an anaesthesia product

In February 2019, Dechra executed an exclusive license and distribution agreement with Vetcare Oy of Finland for the sales and marketing of an innovative combination sedative and analgesic for dogs, *Zenalpha*. Vetcare had early research on the combination from the University of Helsinki Veterinary School and knew they wanted to bring the drug to the market, but they needed to collaborate with a global animal health company to capitalise on the drug's market potential fully. Dechra's Business Development team successfully won the bid to be Vetcare's partner and then, throughout the drug's further development, clinical testing and registration, the Business Development team was advising Vetcare as needed on regulatory, manufacturing and commercial strategies. The joint research team has also conducted work on additional indications and additional species and built relationships with Key Opinion Leaders in anaesthesia and sedation.

Zenalpha (medetomidine and vatinoxan hydrochlorides injection) has been approved by the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA) and will be fully launched in the US, UK and EU in the 2023 financial year by Dechra (with the exceptions of Finland, Latvia, Estonia and Lithuania where commercialisation will be Vetcare's responsibility).

Dechra has developed the commercial launch materials and plans for *Zenalpha* and will introduce the drug to veterinarians and veterinary nurses as a drug that improves the cardiovascular function, as compared to medetomidine alone, while the dog is sedated. Vatinoxan decreases the negative cardiovascular effects of medetomidine because it keeps the heart rate closer to normal. Medetomidine is a widely used drug in the EU; however safety concerns, which *Zenalpha* addresses, have limited the sales in the USA. Thus the combination of drugs found in *Zenalpha* improve upon the safety profile of medetomidine.

Zenalpha represents another great collaboration with a business development partner to deliver an innovative drug to the market that answers a need in veterinary practices globally. Dechra and Vetcare have worked together for the last three and a half years to deliver the long term commercial success of *Zenalpha*.





Strategic Growth Driver:
Acquisition

Acquisition of worldwide rights to Laverdia®



Acquisition and Transition of Laverdia-CA1

On 10 January 2022, Dechra acquired the worldwide rights to *Laverdia-CA1* from Anivive Life Sciences, Inc. *Laverdia-CA1* is an oral treatment for canine lymphoma and the first small-molecule selective inhibitor of nuclear export (SINE) drug designed specifically for veterinary use. This is a strategic acquisition which expands Dechra's niche therapy portfolio and fills an unmet market need for a convenient, low-cost alternative to traditional cancer therapies.

Laverdia-CA1 is currently conditionally approved and commercially available in the United States and is at various stages of regulatory approval globally. Due to the conditional approval status, the team faced challenges to transition that we have not experienced previously. Whilst Dechra took on all commercial and customer facing responsibilities, Anivive had to retain accountability for all quality and regulatory aspects of the product. Dechra's established approach of forming a cross-functional core transition team with a dedicated Transition Lead has enabled the successful management of this novel complexity and the team to address the challenges quickly. Anivive and Dechra were able to work collaboratively to create procedures clarifying each company's ongoing roles and responsibilities under the conditional approval and beyond. We chose to take a multi-phased approach to cover the short, medium and long term requirements of the project.

The first phase of transition focused on the immediate activities required in the USA post-close. As the product was already commercialised there, it was crucial to facilitate a seamless transfer to Dechra. To achieve this, weekly meetings were held with Anivive to identify and action critical path items, create a platform for troubleshooting, and to maintain team alignment and momentum. This joint team first prioritised transfer of tasks focused on customer support, compliance, and securing product supply. We aligned on cooperative processes for handling pharmacovigilance and product quality complaint calls, analysis, and reporting. The team agreed on quality and manufacturing roles and responsibilities under the conditional approval. Next, we coordinated intensive training for Tech Services and Sales Teams on the mechanism of action, safety, efficacy, and dosing plans for *Laverdia-CA1*. Marketing, training, and sales materials were developed and deployed. The final priority for the first phase was for the External Manufacturing and Supply Chain teams

to build relationships with the external suppliers and to communicate our forecast. Inventory purchase and transfer from Anivive was completed in March, and Dechra successfully launched the product in mid-April with a secure supply chain.

The next phase of the transition plan focuses on gaining full regulatory approval for *Laverdia-CA1* in the USA, UK, EU, Brazil, Australia, Japan, and Canada. Managing the continued and timely development through to approval in these markets is critical; to facilitate this, a joint council of subject matter experts from Anivive and Dechra has been formed. This joint council will maintain alignment with the Transition Lead on the status of registration progress globally. As we approach additional approvals, the Transition Lead will re-form the core team to ensure Dechra is able to leverage each asset to the fullest extent quickly.

The purchase of *Laverdia-CA1* is an example of a highly complex product acquisition where Dechra acted with agility to take advantage of a unique opportunity successfully. The collaborative effort between the Dechra core transition team and Anivive allowed us to tackle immediate actions efficiently and quickly move into the routine course of business. Furthermore, we developed a healthy working relationship with Anivive, critical to the ongoing collaboration on global approvals over the upcoming years. Dechra is proactively applying the learnings from this transition process and others to hone and optimise our approach to product acquisitions further.



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Strategic Growth Driver:

Geographical Expansion

South Korean sales and marketing organisation

South Korea, where we are establishing our latest sales and marketing organisation, has been one of the most challenging projects for the International business unit to date. The practicalities of language, culture and the time difference all created complexity; however, the need to complete the task in only four months to ensure continuity of supply increased the challenge still further.

The Rationale

We are constantly reviewing opportunities to deliver on our strategic goal of geographical expansion. South Korea, as our largest distribution market, was an obvious choice to establish the next Dechra sales and marketing organisation. The companion animal market of 6.3 million dogs and 2.4 million cats, makes this the world's eighth largest CAP market at €2.4 billion and is projected to grow to €4.4 billion by 2027. Research data also suggests that on average owners spend €1,240 per year on their pets with 50% of this being on pet food and snacks and a further 14% on medications for their pet's health and welfare. We believe that setting up a Dechra company will be the next step to deliver growth utilising the strength of the Dechra brand to introduce more products and to provide an enhanced technical service to support this market, which is hungry for knowledge and development. Setting up this Asian hub also provides a convenient location for collaboration with, and management of, neighbouring markets which may be suitable for future development.

Key Considerations

The four key steps for success of this project have been professional support, people engagement, product focus and customer communication.

The professional support has been managed by our internal team with the collaboration of local lawyers. The first and most critical step has been to set up a legal entity as rapidly as possible because without this, we had no rights to trade, no status for retaining licenses, were unable to import products, were unable to set up an office or a bank account nor could we offer people employment contracts. Once we had decided on using a contractual service to provide an office and registered address, this process took around six weeks, and represented a key step.

In all projects people engagement is clearly important. The key being to find like-minded, energetic and knowledgeable people, starting at the top. In South Korea we were fortunate to work with somebody whom we had known for several years and who had all the right credentials and connections in the market. Quickly establishing our values and expectations meant that the new employees were given the freedom to take ownership and execute the plan. Once again, legal and HR guidance meant we could formulate service and contract agreements, leaving the project team to focus on the establishment of the business.

Without products to sell, we have no business, we have no margin to self-fund the infrastructure and no rationale for existence. Once we had established the legal entity we could hold the necessary marketing authorisations and obtain our import permit. These activities all take time and have a process to follow that adds time to a tight schedule. Without a clear understanding of this process, it is difficult to communicate to the customer as to when products will be available.

This leads to the final and most important piece of the process, the customers. At every step of establishing our entity, it was important to keep the customer informed. The objective is to deliver high quality products that support their business by delivering high quality health and welfare services to an increasingly demanding population of South Korean pet owners.

Next Steps

We hope to be in a position to begin marketing and distributing some of our products in South Korea by the end of the calendar year.



Strategic Enabler:

Technology

Implementing an Electronic Quality Management System

As reported in the 2021 Annual Report, the Board approved the implementation of an Electronic Quality Management System, which will provide an integrated system for the information and processes in the life cycle of our products.

Why do we need a new system?

Currently our manufacturing, product development, regulatory and quality functions operate on independent and non-integrated systems which are largely manual and therefore lead to inefficiencies and a higher risk profile in critical business processes.

What are we doing?

We have selected Veeva which offers a high specification, cloud based application tailored for specific sectors, including the pharmaceutical and veterinarian pharmaceutical sectors. The application provides a system of best practice processes largely pre-configured but also, to some extent, configurable to flex to the needs of Dechra's requirement.

Dechra will utilise specific modules of the platform relating to:

- QDocs – Quality document management and approval system.
- eQMS – an Electronic Quality Management System which manages key documents within a quality management system such as Deviations, Change controls, and corrective and preventive actions (CAPAs).
- Submissions – manages the regulatory submissions electronically for all documents becoming the single authoritative source.
- Registrations – provides a global application for planning and tracking of new product submissions.

What are the benefits?

In summary, the benefits that are to be realised are significant. The realisation of these benefits will be critical in:

- reducing the overall risk around product supply and compliance;
- faster and more accurate submissions;
- enabling quicker product launch times, and supporting ongoing growth and acquisition;
- harmonising and optimising our business processes; and
- integrating different divisions and functions, allowing one version of a document available to all.

One of the key advantages to a cloud-based system versus on premises hosted application is that the system functionality is constantly being upgraded to meet the changing regulatory and quality developments as well as general system improvements and enhancements.

How long will it take?

Development and implementation of the Veeva platform is being executed in a phased approach and the initial phase is expected to take three years. A dedicated Dechra team supported by the software provider and an experienced installation partner throughout the initial phase will implement the system.

The QDocs module has been the main focus of the project so far with a successful configuration, and testing of the system now complete. In quarter three of 2022 the system will be trained and deployed in Skipton to over 200 users, with a roll out plan to the other manufacturing sites and logistic sites in the remainder of 2022 and 2023. Work is continuing on the submissions module, with configuration in the final stages and master data and meta data being aligned across PDRA and Quality. It is anticipated that the roll out will be in quarter three of 2023 and done on a product by product basis.

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Strategic Enabler:

People

Future Facing Leaders

Future Facing Leaders Programme

As we continue to grow our organisation and our successful track record of internal promotion and effective succession planning, a key focus continues to be developing our internal talent to create a sustainable pipeline for our future growth and driving engagement. We are pleased that in January we launched our first global Future Facing leaders programme.

We aim to build:

- strength in our leadership pipeline to support succession;
- agile, future facing, leadership skills;
- strategic and executional excellence;
- an inclusive leadership style that is inspiring and culturally aware;
- consistency in understanding of our business; and
- capacity to build and support high performing teams.

The concept of the programme first started in 2020 when initial scoping of leaders' skill sets for the future in Dechra were defined and identified. Talent and succession planning discussions which have been undertaken since then led to a fair, inclusive group being selected to support the growth requirements needed to continue the ongoing sustainable talent pipeline within the business.

The current cohort has 24 attendees from all parts of the Dechra business both geographically and in specialist and leadership areas. The length of service of this group varies from recently joined up to nearly twenty years' service and a gender split which represents the business demographics.

This is a two year tailor made programme which is utilising a balance of virtual events to ensure frequency of learning and connection with the attendees, and live events to facilitate greater relationships and cultural experiential learning opportunities. The business needs have been identified and this programme is customised to meet these, along with personalised elements of assessments to gain greater depth of personal understanding to support the individuals in their own development journeys. Working across the globe this balance of self-learning, team coaching and personalised strategic assessment has proven a solid platform which has enabled the live learning to create synergy across the wider business groups within this programme.

Guest speakers have been well received in sharing their experiences, providing an in depth view of their own career journeys, challenges and the behaviours that have enabled them to drive their careers to be effective leaders.

There is a great understanding of the importance of recovery being vital to sustainable performance. New habit formation to build resilience, and brain and body fitness have been key to continue to drive the development of these individuals. Self-care has been key to support a growth mindset and leverage this opportunity for personal and professional growth.

The first live event was held at Holly Bush Farm in the Peak District, where having no phone signal proved helpful to ensure engagement with each other.

The engagement in person, which has been missed over the past few years, has provided a greater understanding across the business for all participants. There was much discussion about how this team can provide a conduit between their parts of the business and the Senior Executives to drive greater engagement, and delivery of an aligned business strategy to continue driving growth.

The team coaching and virtual events since this live event have had an even higher level of honesty and ambition and plans for the commencement of the second cohort are beginning, for 2023.

