



INVESTOR PRESENTATION

Q1 FY25

SEQUENT SCIENTIFIC LIMITED

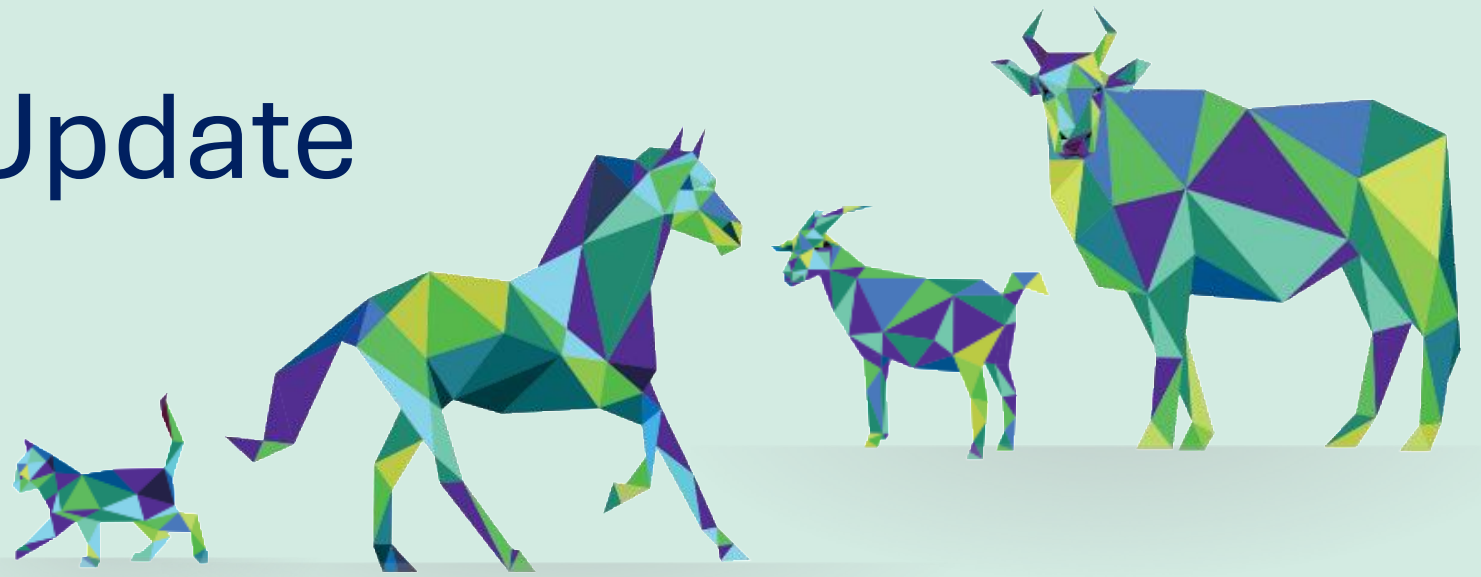
16th August 2024

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Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



Q1 FY25 Performance Update



Sequent Q1 FY25 – Earnings Release

I am glad to share that the new financial year has started well for the company, and we continue to strengthen our performance, on the back of the transformation program which has been rolled out late last year. Our business has become more competitive as a result of a better product mix, new introductions, operational efficiencies and increasing investment on R&D capabilities and talent. In Q1 FY25, the company recorded EBITDA (pre-ESOP costs) of INR 483 mn which is the highest recorded quarterly EBITDA in the last 3 years. The EBITDA (pre-ESOP) margin at 12.4 % shows an increasing trend, in line with our target to reach high teens in the next 3 years. The company recorded revenues of Rs 3902 mn during the quarter, delivering a strong revenue growth of 17.1 % in comparison to Q1 FY 24, supported by accelerated sales in Europe, Turkey and the API business.

API revenues for the quarter grew at 14.4 % in comparison to Q1 FY 24, with sustained margins, as we continued to absorb the benefits from the operational excellence initiatives undertaken under Project Pragati. Sales from regulated markets remain strong while the demand for anthelmintic drugs showed signs of revival. The Vizag facility has received a positive USFDA Establishment Inspection Report (EIR), which further strengthens our preparedness for new opportunities.

The Formulation business saw strong growth of 21.1% vs Q1 FY 24, with strong growth in Europe and Turkey. In Europe we were supported by new partnerships and agile responses to disease outbreaks in the region. The environment in Turkey is moving towards more predictability enabling our company to manage pricing, launch new products and accelerate exports to other emerging markets. In line with our goal to grow in India, we have expanded our sales team and begun operationalizing the plan to grow the formulations portfolio in India.

We are now poised for accelerated growth while improving margins. We will also continue to evaluate opportunities for strategic partnerships / inorganic actions in formulations and APIs. The increasing interest in Animal health across the world reaffirms our belief that the company is operating in an attractive market, and is well positioned for a larger play in the sector. We remain focused and confident that our actions and plans will deliver consistent, profitable and sustainable growth in the coming years.

Rajaram Narayanan
Managing Director & CEO



Strong business performance – revenue and profit growth

Revenues



₹3,902
Million

↑ 17.1%
YoY

↑ 8.0%
QoQ

EBITDA (Pre ESOP)



₹483
Million

↑ 418.6%
YoY

↑ 17.6%
QoQ

PAT



₹91
Million

↑ 126.0%
YoY

↑ 607.1%
QoQ

All values in ₹ Mn

The results include provision for a non recurring one off claim of Rs 86 mn. Excl this one off , EBITDA for the quarter would have been INR 569 mn



Q1 FY25: Revenue Performance – breakup

All values in ₹ Mn

Revenue Distribution	Q1 FY25	Q4 FY24	QnQ Gr%	QnQ Gr% (In cc)	Q1 FY24	YoY Gr%	YoY Gr% (In cc)
Formulations	3,002	2,476	21.3%	19.4%	2,478	21.1%	30.8%
Europe	1,571	1,236	27.0%	27.5%	1,172	34.1%	33.6%
Emerging Markets	1,187	1,007	17.9%	12.8%	1,052	12.8%	36.0%
India	244	232	5.0%	5.0%	254	(3.9%)	(3.9%)
APIs	924	959	(3.7%)	(4.0%)	807	14.4%	13.2%
Other Sales	41	37	10.4%	10.4%	35	17.5%	17.5%
Global Sales	3,967	3,472	14.3%	12.8%	3,320	19.5%	26.3%
One Offs #	(86)						
Adjustment* - Ind AS 29*	21	140			12		
Reported Sales	3,902	3,612	8.0%	7.6%	3,332	17.1%	26.8%

- **Europe:** Volume growth in overall European market , new partnerships and disease outbreak
- **Emerging Markets:** : Pricing measures in Turkey , Stable currency conditions and exports to neighbouring regions..
- **India:** QnQ growth driven by expanded field force for better geographic coverage. YoY impact on account of discontinued product by distributor. (~14% growth excluding the discontinued business)
- **API:** Strong y-o-y revenue growth on back of growth in our deworming portfolio. Substantial improvement in product supply OTIF measures

Provision for non recurring one off claim raised on prior year sales

*Adjustment on account of hyperinflation in Turkey as per Ind AS 29



Formulations : Accelerating partnerships and launches

Highlights

- **New Product Launches:** Introduction of *Dogstem* in Sweden and *Flortekxin* in Spain, focusing on innovative healthcare solutions.
- **Increased Vaccine Sales:** Strong growth in vaccine sales for Syvazul in Belgium and the Netherlands.
- **Price increases** in Turkey, and strong demand in neighbouring exports markets of MENA
- **Expansion of Sales Team:** Addition of ~ 40 new positions to the field force in India, enhancing our formulation capabilities and market presence.

(Revenue in ₹Mn)

Q1 FY25	Q1FY24	Growth %
3,002	2,478	21.1%

1000+

FDFs

90+

Countries marketing
presence

77%

Revenue from
formulation

5

Manufacturing
Facilities



API : Margin and operational improvement. Quality growth

Highlights

- **Anthelmintic Demand** : There has been a revival in demand for anthelmintic products and preference for the Sequent quality grade.
- **Project Parivartan**: A step change in Quality systems at the manufacturing locations.
- **Project Pragati 2.0**: Comprehensive initiative started in FY 24 to improve manufacturing and supply efficiencies, to enhance profit margins – annualized benefits in FY 25.

(Revenue in ₹Mn)

Q1 FY25	Q1FY24	Growth %
924	807	14.4%

32

Commercial APIs

50+

Countries marketing presence

24%

Revenue from API

2

Manufacturing Facilities



Approvals & Accreditations

U.S. FDA Approval

Secured a positive Establishment Inspection Report (EIR) for our Animal Health API Facility in Visakhapatnam, Andhra Pradesh, securing our foothold in the U.S. market

Japanese Accreditation

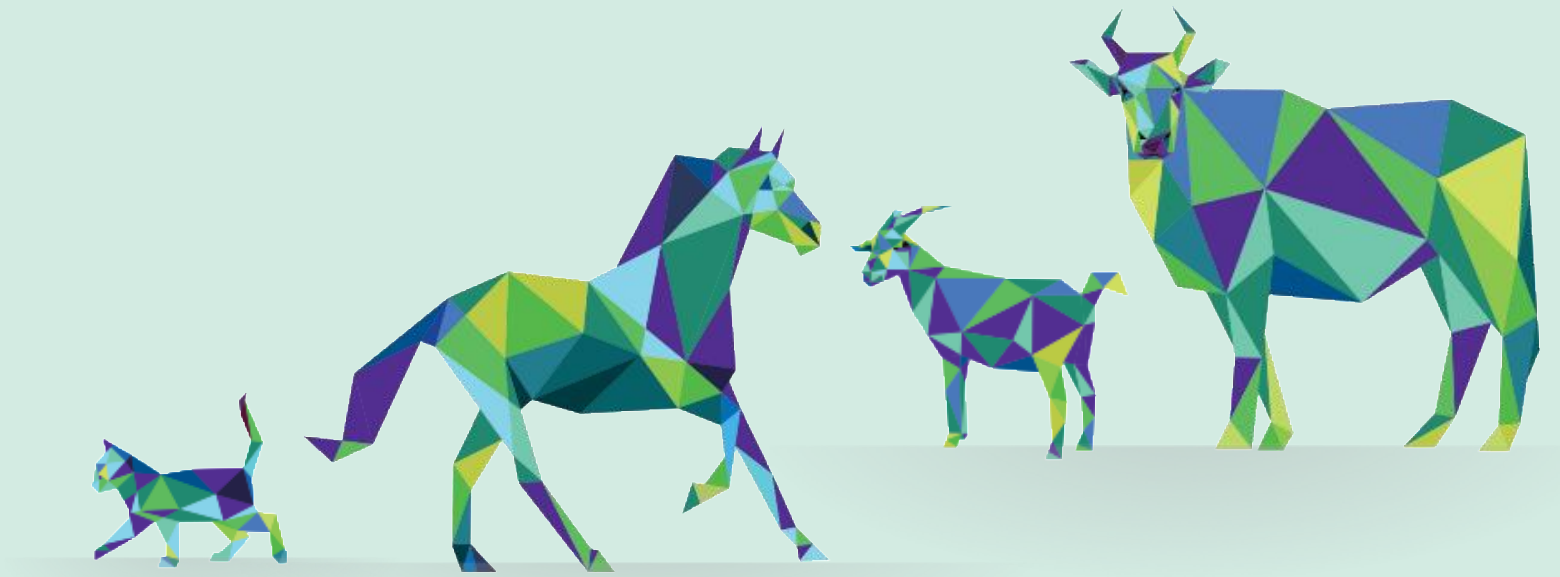
Obtained the Accreditation Certificate of Foreign Animal Drug Manufacturer, opening new avenues in the Japanese market with recognized manufacturing excellence

WHO Prequalification

Achieved WHO PQ Approval for Albendazole API, underscoring our commitment to quality and expanding our global presence in public health initiatives



Q1 FY25 Financials



Q1 FY25 Consolidated Financials

All values in ₹ Mn



Particulars	Q1 FY25	Q4 FY24	Q1 FY24	Grw QnQ %	Grw YoY %
Revenue from Operations	3,902	3,612	3,332	8%	17%
Material Consumption	(2,143)	(1,945)	(1,948)		
Gross Margin	1,759	1,667	1,384	6%	27%
%	45.1%	46.1%	41.5%		
Employee Benefit Expenses	(579)	(577)	(578)	0%	0%
Operating Expenses	(697)	(679)	(713)	3%	-2%
EBITDA (pre-ESOP)	483	411	93	18%	419%
%	12.4%	11.4%	2.8%		
ESOP cost	(41)	(45)	(64)		
EBITDA	442	366	29	21%	1403%
%	11.3%	10.1%	0.9%		
Exceptional Items	-	(47)	(235)		
IndAS 29 Adjustment*	(8)	(20)	(27)		
Exchange Gain / (Loss)	(14)	(23)	(84)		
Other Income	27	40	8		
Finance Cost	(164)	(124)	(105)		
Depreciation	(162)	(165)	(142)		
Earnings Before Tax	120	26	(557)	355%	122%
Taxes	(29)	(14)	210		
Earnings After Tax	91	13	(347)	607%	126%
Minority Interest	25	22	2		
Earnings after Minority Interest	65	(9)	(348)	809%	119%

*Adjustment on account of hyperinflation in Turkey as per Ind AS 29

Key Notes Q1 Y-o-Y :

+ **3.6%** on **YoY Gross Margin** improvement in Q1 FY25:

•**Formulations:** Ongoing advantages from the restructuring of the Europe portfolio and pricing adjustments in Turkey


•**API:** Cost and operational excellence initiatives under Project Pragati led to an expansion in margins


Employee benefit expenses flat YoY and operating expenses 2% lower YoY (despite increments, inflationary pressures) due to restructuring initiatives and operational efficiencies

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