FULL YEAR RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2021

2 MARCH 2022

DEVRO

2021 HIGHLIGHTS

- Strategy working with significantly improved financial performance
- Constant currency revenue growth of 5% - best performance in the past decade
- Volume growth accelerated in H2 21 (7% in H2 vs 3% in H1)
- Achieved positive pricing based on value-based selling approach
- Emerging markets volume up 7%
- Mature markets 4% higher with major H2 improvement
- Constant currency operating profit up 13% despite inflationary pressures
- Four years of strong cash generation. Significant reduction in covenant net debt to £88.6m, down £21m on last year
- Final dividend of 6.5p proposed, 9.3p total for 2021 (an increase of 3% vs 2020)

FINANCIAL REVIEW

GROWTH MOMENTUM BUILDING IN 2021

01

Constant currency revenue up 5% at £261.1m

Reported revenue of £252.4m up 2%

02

Constant currency underlying operating profit up 13% to £46.0m

Underlying operating profit up 3% to £42.0m

03

Underlying profit before tax up 9%

Underlying basic EPS up 15% to 18.1p (2020: 15.8p*)

04

Strong cash generation

Free cash flow £35.6m (2020: £22.5m)

05

Covenant net debt £88.6m (2020: £109.5m)

Covenant net debt / EBITDA ratio 1.4x (2020: 1.8x)

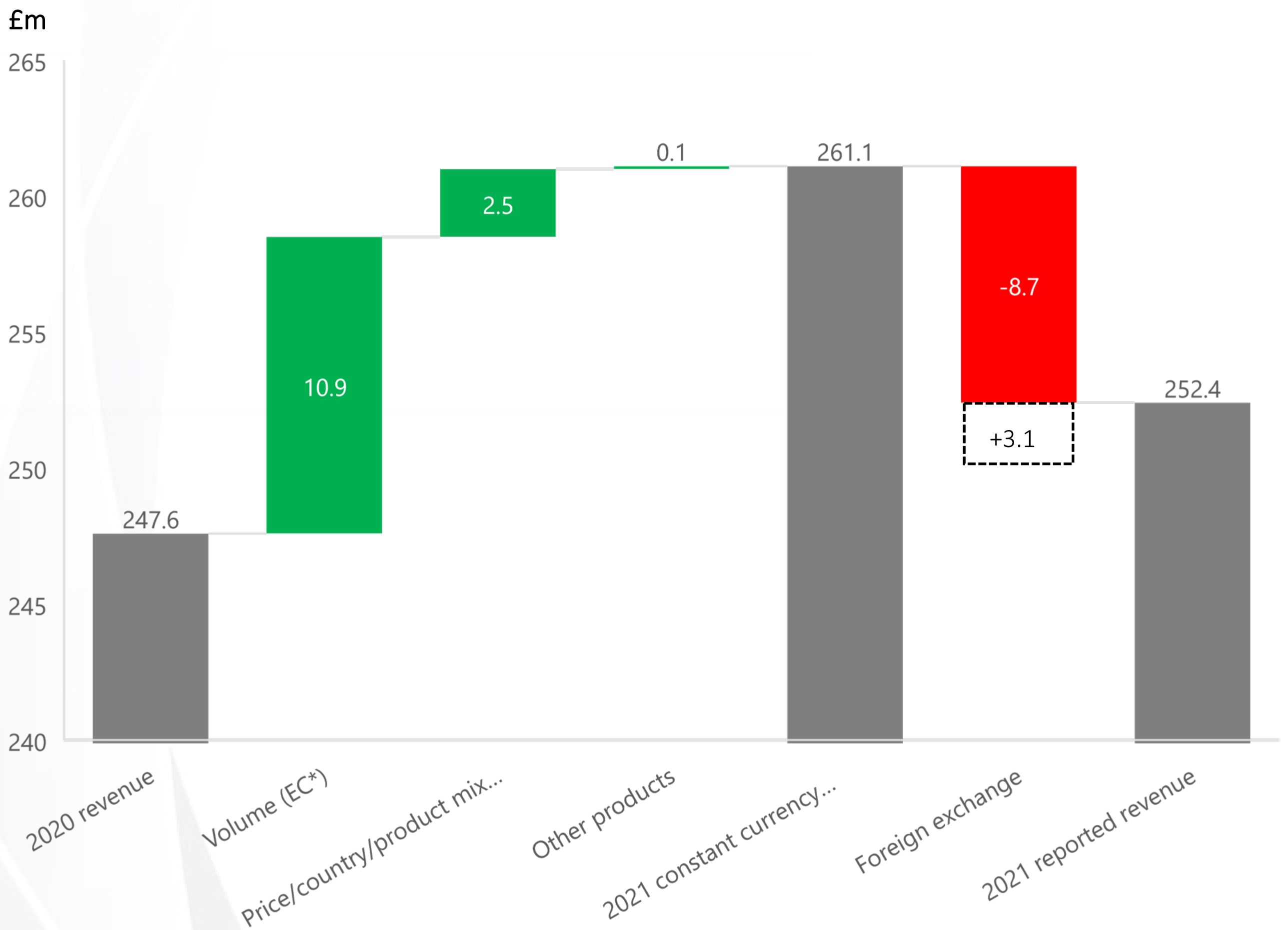
06

Final dividend 6.5p

FY2021 dividend up 3% to 9.3p (2020: 9.0p)

*2020 numbers have been restated by including net finance cost on pensions within the underlying results, previously included in the non-underlying items

GROUP REVENUE



Volume

- Overall collagen casing volume growth 4.9%
- 7% growth in emerging markets and improving growth of 4% in mature markets

Price/Country/Product Mix

- Positive pricing achieved, with further price increases in latter part of year to offset inflation
- Geographical mix improvement reflects lower China sales and North American growth
- Product mix better

Other products

- Flat in year, much improved performance with recovery in Biomedical

Foreign exchange

- Strengthening of GBP against USD and JPY during the year
- FX headwinds offset by £3.1m of hedging gains

*EC – Edible Collagen

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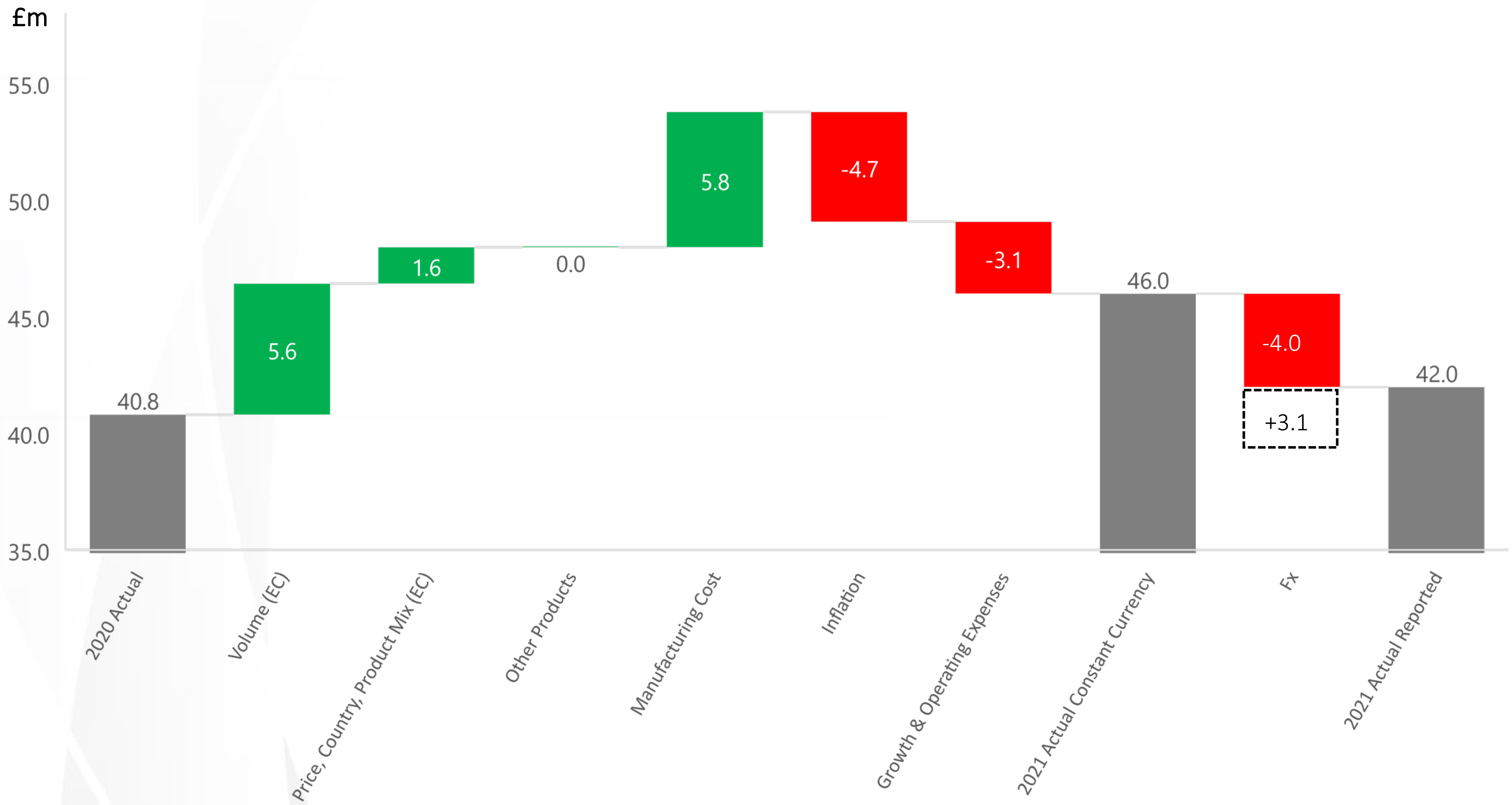
UNDERLYING OPERATING PROFIT



16.5% Margin → Underlying operating profit margin % Constant Currency (CC) → 17.6% Margin (CC) → 16.6% Margin

Volume, Country/Product Mix, Contribution from other products

- Volume impact on EBIT of £5.6m on £10.9m revenue. (slide 13)
- Positive price and mix of £1.6m, all in H2
- Other products flat year on year, improving trend

Manufacturing cost savings & Inflation

- Continued delivery of cost savings, largely Bellshill closure benefits, offset by inflationary pressures

Growth and Operating costs

- Growth driven investments, including new product development
- Higher annual bonus accrual and higher accounting charge for the three-year performance share awards

Foreign Exchange

- £7.1m foreign exchange headwind offset by hedging gains of £3.1m

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FINANCIAL SUMMARY

	UNDERLYING*			STATUTORY	
	2021 £M	2020 £M	Change	2021 £M	2020 £M
Revenue	**252.4**	247.6	+2%	**252.4**	247.6
Operating profit	**42.0**	40.8	+3%	**42.7**	36.2
Operating profit margin (%)	**16.6%**	16.5%	+10bps	**16.9%**	14.6%
Finance costs*	**-5.1**	-6.8	+25%	**-5.1**	-6.8
Profit before tax	**36.9**	34.0	+9%	**37.6**	29.4
Tax charge	**-6.7**	-7.6	+12%	**-6.5**	-6.3
Profit after tax	**30.2**	26.4	+15%	**31.1**	23.1
Basic EPS (pence)	**18.1p**	15.8p	+2.3p	**18.6p**	13.8p
Dividend per share (pence)	**9.3p**	9.0p	+3%	**9.3p**	9.0p

* Prior year results: profit before tax, profit after tax and basic EPS, were restated to include net finance cost on pensions within the underlying results, previously included in the non-underlying items.

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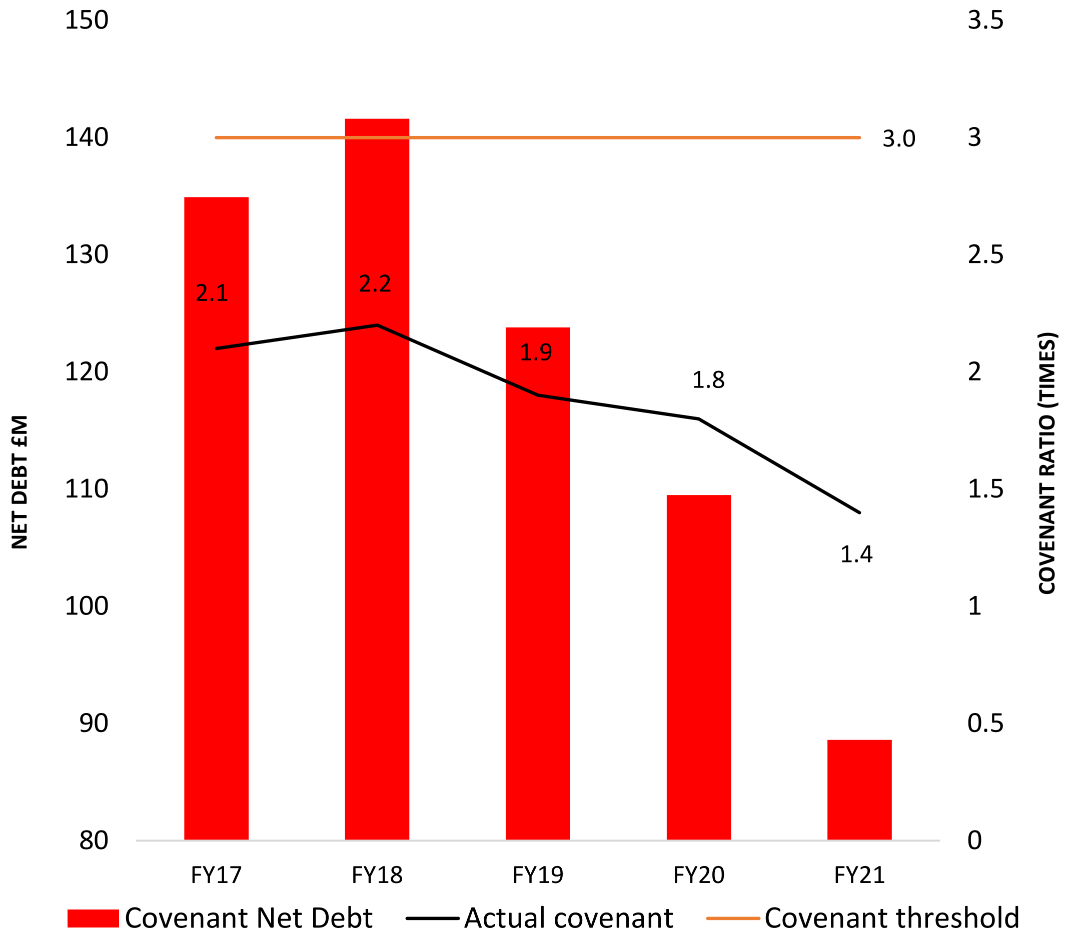
STRONG FREE CASH FLOW

	2021 £M	2020 £M	Change £M
Underlying EBITDA	63.3	62.4	0.9
Working capital/other	6.7	5.4	1.3
Underlying operating cash flow	**70.0**	**67.8**	**2.2**
Capital expenditure	-15.9	-14.2	-1.7
Cash exceptional items	2.8	-8.8	11.6
Pension deficit funding	-6.1	-7.4	1.3
Interest	-4.2	-5.1	0.9
Tax	-10.6	-8.3	-2.3
Other	- 0.4	-1.5	1.1
Free cash flow	**35.6**	**22.5**	**13.1**
Dividends	-15.0	-10.5	-4.5
Foreign exchange	-0.3	2.6	-2.9
Movement in net debt	**20.3**	**14.6**	**5.7**

- Substantial working capital improvement due to lower finished goods inventories and higher trade payables
- Capex increased but spend lower than guided due to Covid-19 limiting access to sites
- Positive cash exceptional items from sale of Bellshill site
- Pension deficit funding decreased in line with agreement and funding requirements
- Tax payment higher due to timings
- Dividend payments returned to historic levels
- Highest free cash flow in recent years

SUBSTANTIAL IMPROVEMENT IN NET DEBT

	Dec 2021 £M	Dec 2020 £M	Dec 2019 £M	Banking covenant
Net debt	**89.7**	110.0	124.6	
Covenant net debt	**88.6**	109.5	123.8	
Covenant net debt / EBITDA ratio	**1.4x**	1.8x	1.9x	<3.0x
Covenant EBITDA / Net interest payable ratio	**15x**	12x	12x	>4.0x



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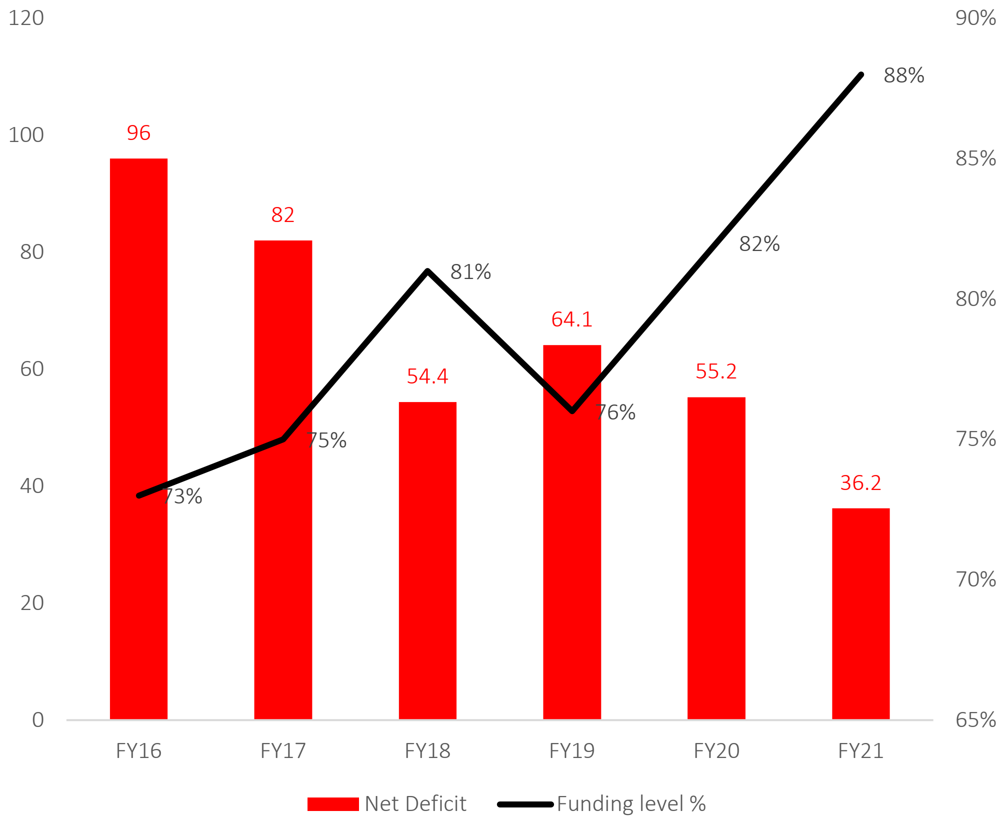
REDUCED PENSION DEFICIT

	Dec 2021 £M	Dec 2020 £M	Dec 2019 £M
Net pension deficit	**36.2**	55.2	64.1

- Reduction in pension deficit driven by contributions and an increase in discount rates in both the UK and US
- The UK triennial review is completed with no change in contributions
- Significant progress has been made in improving the pension deficit and pension funding levels since 2016
- Given current levels of funding, we expect to close the deficit within the next 5 years, subject to market conditions



FY 2022 MODELLING GUIDANCE

GROWTH

Expect another year of good volume growth

Expect positive price and mix

COST INFLATION vs PRICING

Price increases enacted to offset inflation

CAPEX

Capex marginally above depreciation as the Group invests in additional capacity in China and Czech sites to support medium term growth

PENSION DEFICIT FUNDING PAYMENTS

2022 unchanged

Triennial UK valuation and negotiations completed; no change to funding levels expected

FOREIGN EXCHANGE

2021 £3.1m hedge gain will not repeat in 2022. No change to hedging strategy. Current spot rates are similar to prior year

CEO REVIEW

ROBUST GROWTH OF 7% IN EMERGING MARKETS

Country and product strategy working

- Claiming market share in most markets

Latin America up 25%

- H2 2021 growth rate improvement from recent customer wins. Reclaiming our historic position

South East Asia up 19%

- Strong growth in Indonesia and Thailand. Building momentum in the region

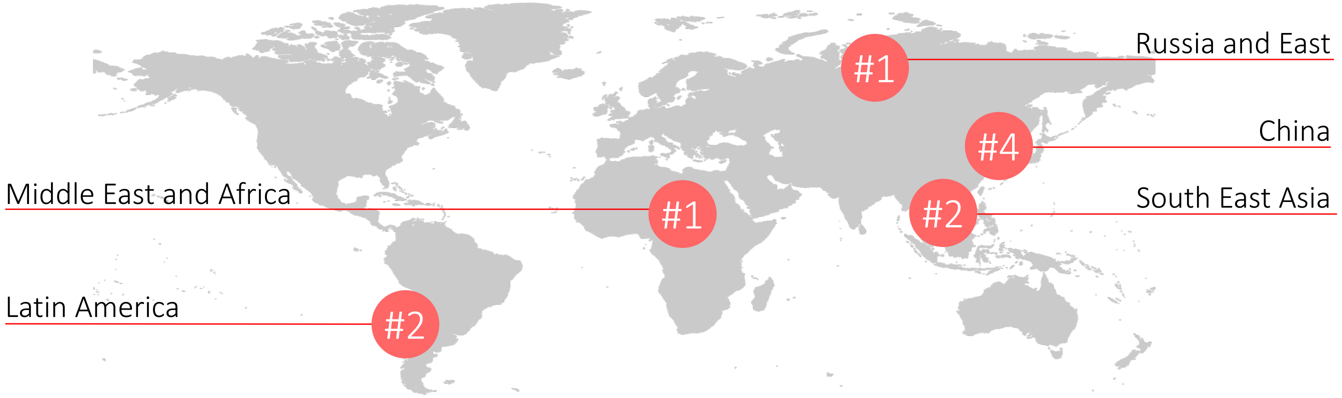
Russia and East down 14%

- FX headwinds impacted after good 2020 performance

China down 2%

- Nantong facility prioritising meeting demand in higher priced regions, part of our strategy

29% GROUP REVENUE



VOLUME	PRICE/MIX & FX
• Volume: +7%	• Price/mix: +1% • FX: -4% due to weaker USD

STRONG NORTH AMERICAN GROWTH LEADS IMPROVING PERFORMANCE IN MATURE MARKETS

Improving strategy execution

- Major H2 growth trend improvement

North America up 20%

- Strong growth from snacking category, new customer wins and development projects

UK and Ireland down 8%

- Market related declines partially offset by new customer wins, improved H2 performance

Continental Europe up 4%

- Growth aided by soft comparisons due to Covid-19

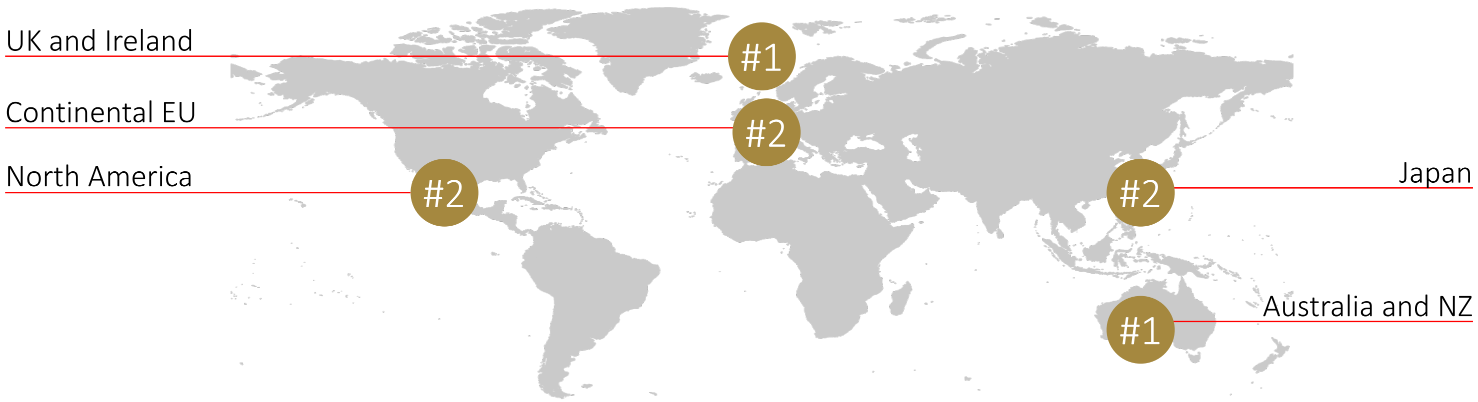
Australia and New Zealand down 4%

- Difficult market conditions and competitive challenges

Japan flat year on year

- Solid performance with ongoing sheep gut competition

71% GROUP REVENUE



VOLUME	PRICE/MIX & FX
• Volume: +4%	• Price/mix: +1% • FX: -3% due to weaker USD and JPY

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INFLATION – FOCUSED PRICE RISES TO PROTECT PROFITABILITY

2022 aim

01
Offset inflation

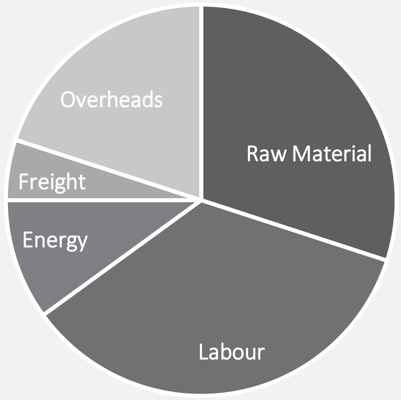
02
Focused price rises

03
Protect profitability and competitive position

INFLATION

- Energy largest headwind across Group - greater H2 impact as hedging rolls off
- Labour inflation in all territories
- Inflation in raw materials although lower impact on hide pricing

Devro Cost Structure



PRICING

- Group has responded through H2 2021 and into 2022 with a series of targeted price rises
- Price rises are sticking

GUIDANCE

- Previous and ongoing price increases expected to offset current inflation headwinds
- Higher revenue but % operating margin impacted, aim to protect absolute profit
- Ongoing benefit from operational improvements

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TAKING THE NEXT STEP IN DEVRO'S JOURNEY

2018

3Cs strategy delivering firm foundations and sustainable growth

2021

Embed and accelerate growth

Integrate Purpose, Vision, Mission in new 3Cs strategy

Future

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PURPOSE AND VALUES – OUR GUIDING STAR

Together Responsibly Better

Vision

Customers' partner delivering the Added Layer of Value with high quality edible films and coatings

Mission

Sustainably utilising differentiated technology and biomaterial science-based solutions to delight our customers

Values

What it means to 'Be Devro'

Curious
Courageous
Committed
Connected
Caring

Strategy

The 3Cs and must win battles

Win with the winning Customers

Focus on Core profitability drivers

Strengthen Competencies

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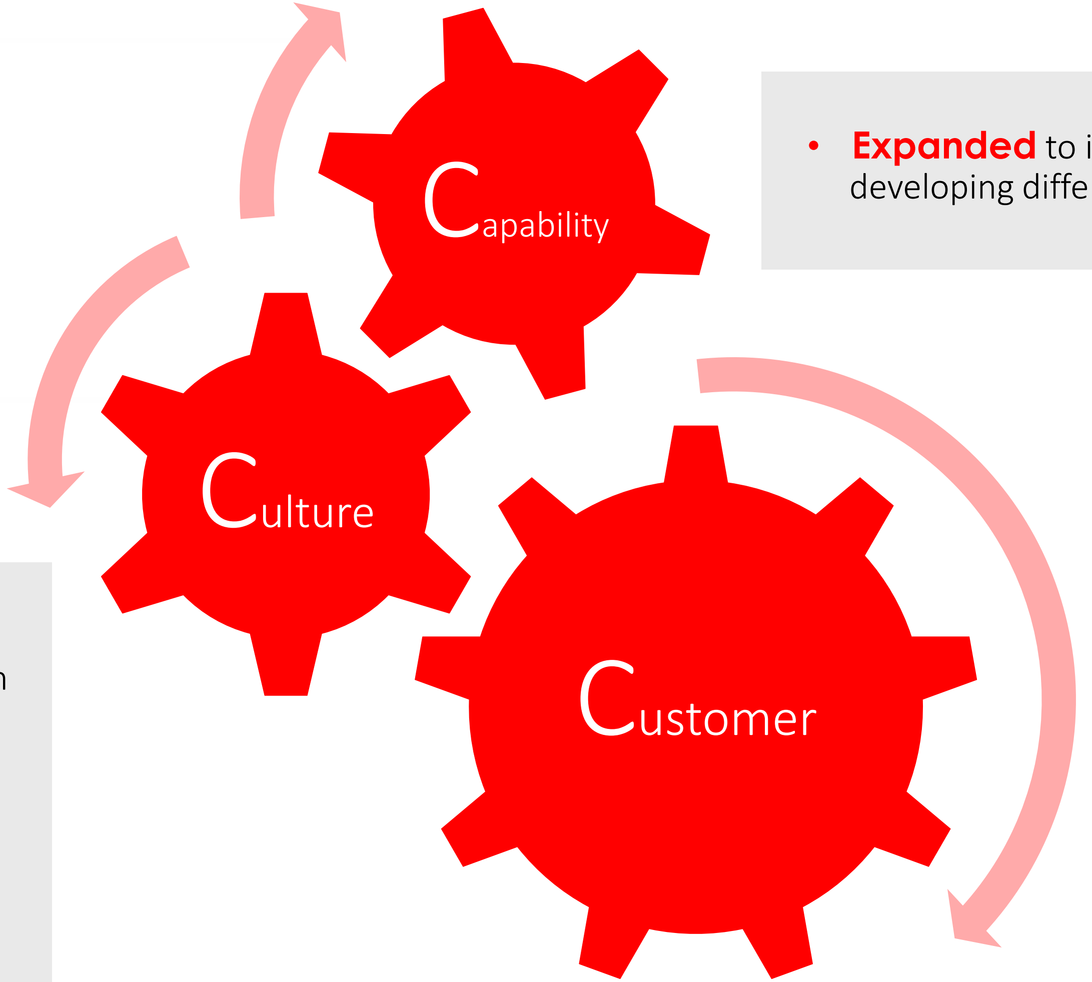
WE HAVE EVOLVED OUR 3CS FRAMEWORK



- **Expanded** to incorporate our focus on leveraging and developing differentiated technologies to drive growth

- **Remains** central to our strategy and our winning value proposition of delivering an excellent customer experience

- **New** to our framework. Recognises that delivering on our safety and sustainability commitments is at the heart of what we do
- Living our values will enable us to execute our strategy successfully

OUR 3CS FRAMEWORK IS ALIGNED TO OUR PURPOSE

UPDATED FRAMEWORK		STRATEGIC PRIORITIES
Delivering excellent Customer experience	"Together"	1 Excellent customer experience 2 Leading portfolio of edible films and coatings
With a Culture committed to sustainable performance	"Responsibly"	3 Sustainability – core to what we do 4 Driving performance through our values
Underpinned by leading Capabilities	"Better"	5 Leverage and develop differentiated technologies 6 Performance excellence always

CLEAR SUSTAINABILITY GOALS, TARGETS & COMMITMENTS

Climate, Water and Waste metrics:

Vs 2020 baseline	2050 Aspiration	2030 Stretch	2025 Intermediate
Carbon Footprint Scope 1 and 2 Renewable Electricity	Zero Carbon 100%	-25% Net 75%	-25% Relative (per km) 50%
Water usage	-50% Net	-20% Net	-20% Relative (per km)
Waste reduction Packaging removal	Zero waste to landfill 40%	Zero product waste	-30% product waste

People and communities:

Wellbeing	An employer who proactively supports the overall health of our employees (including leading safety metrics)
Culture	A great place to work (with top quartile engagement scores)
Communities	Recognised in our local communities for our contribution and as an employer of choice

A NET ZERO COMPANY BY 2050

Recent developments
Solar panel investment in Nantong – live in April 2022
Establishment of sustainability committee and appointment of group sustainability manager
Sustainability Roadshow; engagement for all manufacturing site leadership teams. Attendance at COP26

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WELL INVESTED AND EFFICIENT GLOBAL MANUFACTURING FOOTPRINT SUPPORTING GROWTH

2022 CAPACITY

- Two lines upgraded in **Nantong**
    - Investment of c. £6m
    - Adding c.20% to Nantong capacity (phased between 2022 and 2023)
- Two lines upgraded in **Jilemnice**
    - A further investment of c. £6m
    - Adding c. 10% to Czech capacity (phased between 2022 and 2023)
- Further capex matched to growth momentum

PERFORMANCE

- Each site is operating well and providing products for at least four different sales areas
- Global supply chain structure continues to deliver on year-on-year cost savings

COST EFFECTIVE

- Return on investment > 20% for new capacity
- Continued delivery of year-on-year yield and speed improvements, higher utilisation, thereby reducing cost and unlocking capacity simultaneously
- Potential to increase global capacity by c. 30% without increase in footprint of which 5% actioned for 2022






CAPITAL ALLOCATION

Capital deployment to support growth ambitions and progressive dividends

ORGANIC GROWTH

- Focus on accelerating organic growth
- Allocate capital into growth investments yielding high returns within current footprint
- Product development to help gain market share as well as to develop alternative technologies
- Investment in related processes and systems to support sustainable growth

DIVIDEND

- Progressive dividend

M&A

- Excess cash generation and strong balance sheet provides ability to acquire accretive, strategically aligned businesses.

CONCLUDING COMMENTS

OUTLOOK

- Best year in last decade with significant strategic and financial progress
- Improved performance achieved despite continued challenging market conditions, including inflationary headwinds
- Strong free cash flow performance, increasing options to:
  - invest in new products and technologies
  - increase manufacturing capacity within current footprint
  - continue to grow the dividend
- Growing confidence in the momentum being maintained through 2022 and beyond

APPENDIX

FOREIGN CURRENCY PROFILE FOR REVENUE

% OF TOTAL FOR FULL YEAR 2021	REVENUE
US Dollar	39%
Euro	22%
Sterling	11%
Japanese Yen	9%
Australian Dollar	7%
Other	12%
Total	**100%**

GLOSSARY OF TERMS

Covenant net debt

Net debt before the impact of IFRS 16 leases of

2021: £1.1m, 2020: £0.5m

Covenant EBITDA

EBITDA on underlying basis (before exceptional items) and before the impact of IFRS 16

Underlying operating profit

Operating profit before exceptional items

Underlying profit before tax

Profit before tax before exceptional items and net finance cost on pensions

Underlying EBITDA

Underlying EBITDA is defined as underlying operating profit excluding depreciation and amortisation

UN SDGs

United Nations 17 Sustainable Development Goals also known as Global Goals

FORWARD-LOOKING STATEMENTS

The information in this presentation may include forward-looking statements, which are statements regarding, among other things, Devro's assumptions, expectations, valuations, targets, estimates, forecasts and projections about future events. These can be identified by the use of words such as 'expects', 'aims', 'targets', 'seeks', 'anticipates', 'plans', 'intends', 'prospects', 'outlooks', 'projects', 'believes', 'estimates', 'potential', 'possible', 'forecasts', and similar words or phrases. These forward-looking statements, as well as those included in any other material discussed at the presentation, are subject to risks, uncertainties and assumptions regarding Devro's present and future business strategies and the environment in which Devro will operate in the future including, among other things, the development of its business and strategy, trends in its operating industry, changes to customer behaviours and covenant, macroeconomic and/or geopolitical factors, changes to its board and/or employee composition, exposures to terrorist activity, the COVID-19 pandemic, IT system failures, cyber-crime, fraud and pension scheme liabilities, changes to applicable law and regulation and/or the policies and practices of the Financial Conduct Authority and/or other regulatory bodies, inflation, deflation, interest rates, exchange rates, changes in the liquidity, capital, funding and/or asset position and/or credit ratings of Devro and/or any members of its group (the "Devro Group")and future capital expenditures and acquisitions.

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