

Board of Directors



JAN BOONE

Non-Executive Chair

Appointment:

Jan has been Non-Executive Chair of the Group since 2017.

Committee membership:



Member of the Remuneration and Nomination Committee.

Responsibilities, relevant skills and experience:

As Chair, Jan provides leadership of the Board, promoting a culture of openness and debate.

He is Chief Executive Officer of Lotus Bakeries, which is listed on Euronext Brussels, and brings significant experience of M&A, strategic development and change management.

Jan started his career at PwC and holds a Master's degree in Applied Economics from KU Leuven and a Master's degree in Audit from the University of Mons-Hainaut in Belgium. Between 2000 and 2005, he served as Head of Corporate Controlling and a member of the Executive Committee and Board of Directors of Omega Pharma NV. Jan was appointed Managing Director of Lotus Bakeries in 2005 and Chief Executive Officer in 2011.

Key external appointments:

Jan is Chief Executive Officer of Lotus Bakeries Corporate NV. He also serves as Vice-President of Club Brugge KV.



JENNIFER WINTER

Chief Executive Officer

Appointment:

Jennifer joined the Group as Chief Executive Officer of the Group in 2018.

Committee membership:



N/A; attends some Committee meetings by invitation.

Responsibilities, relevant skills and experience:

As CEO, Jennifer has responsibility for developing and executing the Group's strategy as approved by the Board and drives the performance and results of the Group. With her background in the healthcare sector, including senior commercial roles at AstraZeneca and GlaxoSmithKline, Jennifer brings significant experience of strategic product development, change management, marketing and communications. She is also the Board member responsible for Sustainability.

She was a Non-Executive Director of Allied Irish Bank from 2004 to 2010, and Chief Executive Officer of Barretstown from 2003 to 2007, transforming it into a successful, leading children's charity.

Jennifer has a BSc in Physiology and Pharmacology from the University of Southampton.

Key external appointments:

Jennifer is a Non-Executive Director of EKF Diagnostics Holdings plc and a Trustee Director and Chair of the Trustees of Royal Brompton and Harefield Hospitals Charity.

**CHRIS BREWSTER**

Chief Financial Officer & Company Secretary

Appointment:

Chris was appointed Chief Financial Officer in 2012.

Committee membership:

N/A; attends the Audit and Risk Committee by invitation.

Responsibilities, relevant skills and experience:

Since joining Animalcare in 2012, Chris has gained significant animal health sector experience and works alongside Jennifer in developing and executing the Group strategy. His responsibilities cover finance, risk management, Group IT and legal.

Chris is a Chartered Accountant, having qualified with KPMG in 2003. Before joining Animalcare he worked as Group Accounting Manager at Findus.

Key external appointments:

None

**MARC COUCKE**

Non-Executive Director

Appointment:

Marc was appointed as a Non-Executive Director in 2017.

Committee membership:

N/A

Responsibilities, relevant skills and experience:

As a Non-Executive Director, Marc brings significant experience of maximising value creation and developing strategy. Marc founded Omega Pharma NV in 1987, developing the company into a leading pan-European OTC health and personal care business and serving as both Chairman and Chief Executive Officer. Following the sale of Omega Pharma in 2015, he invested, via his private investment firm Alychlo NV, in several listed and non-listed companies.

Key external appointments:

Marc currently serves as Non-Executive Director of Smartphoto Group NV, a Belgian company, in addition to a number of private companies.

Board of Directors CONTINUED



DR DOUG HUTCHENS

Independent Non-Executive Director

Appointment:

Doug was appointed to the Board in February 2022.

Committee membership:



Member of the Remuneration and Nomination Committee and the Audit and Risk Committee.

Responsibilities, relevant skills and experience:

Doug has held several senior positions in research and development (R&D) and regulatory affairs at leading global animal health companies. As part of the executive team at Bayer Animal Health, he was an Executive Vice President and Chief Veterinary Officer where he led both drug discovery and product development on a global basis.

Before joining the animal health pharmaceutical industry, Doug was an Assistant Professor at the University of Illinois College of Veterinary Medicine where he conducted studies for most of the major animal health companies and participated in the development of multiple new products for companion and production animals. Early in his career, he was a practising veterinarian. He holds a Doctor of Veterinary Medicine degree and a PhD in pathobiology with an emphasis in immuno-parasitology from the University of Illinois.

Key external appointments:

Doug is Chief Scientific Officer at Animol Discovery, Inc. in the US and on the advisory board of ClinGlobal Limited, which is based in Mauritius.



SYLVIA METAYER

Independent Non-Executive Director

Appointment:

Sylvia was appointed to the Board in May 2022.

Committee membership:



Chair of the Audit and Risk Committee.

Responsibilities, relevant skills and experience:

After beginning her career as an auditor, Sylvia has gone on to build a highly successful career, initially holding key financial roles in leading international organisations and then in customer-focused commercial senior leadership roles, most recently at Sodexo. She joined Sodexo in 2006 as Group Financial Controller and was appointed CFO for Europe in 2008, President International Large Accounts in 2010, and CEO of Sodexo's Corporate Services Worldwide segment, the largest business in Sodexo in 2014. Before joining Sodexo, Sylvia was COO at Houghton Mifflin, a Boston-based educational publisher. Sylvia gained a business degree from the French École des Hautes Études Commerciales (HEC) and is a graduate of both Queen's University, Canada and of the University of Ottawa, Canada.

Key external appointments:

Sylvia is an independent Non-Executive Director for PageGroup plc, and an independent Non-Executive of Groupe ADP (Aéroports de Paris SA), chairing their Nomination and Remuneration Committees. She is also a member of the Supervisory Board of Keolis, SAS and Chair of the Audit and Compliance Committee.

**ED TORR**

Senior Independent Director

Appointment:

Ed was appointed to the Board in 2017.

Committee membership:

Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Responsibilities, relevant skills and experience:

As Senior Independent Director, Ed brings significant experience of business development and product development in the animal health sector.

He was part of the management buyout team that set up Dechra Veterinary Products in 1997 and an Executive Director on the board of Dechra Pharmaceuticals plc from 2000 until 2013, responsible for business development and managing the European business unit and instrumental in setting up the US business. Since 2014, Ed has independently advised various companies on sales and marketing structures, M&A opportunities, “in” and “out” licensing of products and investment opportunities within the veterinary and animal health sector.

Key external appointments:

Ed was a Non-Executive Director of Intervacc AB, a Swedish biotechnology company listed on Nasdaq Stockholm, until 23 November 2023.

COMMITTEE MEMBERSHIP

Audit and Risk Committee



Remuneration and Nomination Committee



By invitation



Chair of Committee



Corporate Governance Statement



JAN BOONE
Non-Executive
Chair



Our Board and governance structures help to ensure we are well positioned to deliver the long-term objectives of the Group.

Dear shareholder,

I am pleased to present the Corporate Governance Report for 2023. The Board is committed to promoting high standards of corporate governance and our governance framework has continued to operate effectively during the year, enabling the Board to support the management team in making decisions and taking appropriate actions.

The principles of corporate governance

Compliance with the QCA Corporate Governance Code (the “QCA Code”)

We recognise the need for our governance practices and disclosures to continue to evolve in order to ensure that they support the growth and strategic progress of the Group and the effective application of these principles. Our approach to governance provides a framework of clearly established roles, policies and procedures designed to support our compliance with the QCA Code, the AIM Rules and other legal, regulatory and compliance requirements which apply to the Group. We regularly review our approach to governance to ensure that it develops in line with the Group’s strategic and long-term growth plans and shareholder expectations. The Board followed all 10 principles of the QCA Code during the year under review.

Following the publication of the updated QCA Code which will apply from the financial year 2025, the Board has started to consider the key changes and a review of our corporate governance framework will be carried out against the new QCA Code during 2024. Our review of the new code and how it will be applied will be reported on in our 2024 Annual Report and Accounts.

Further details of our corporate governance framework and activities are set out in our Corporate Governance Report.

Supporting strategy through effective governance

The Board has collective responsibility for setting the Group’s strategic aims and objectives. Our strategy is articulated in the Strategic Report section of this report and on our website, along with our business model. The Board considers the expectations of the Company’s shareholder base and its wider stakeholder and corporate social responsibilities when making decisions in furtherance of the Group’s strategic aims.

The Board also has oversight of the Group’s internal control and risk management systems. Alongside evaluating commercial opportunities, the Board regularly considers and reviews the Group’s principal and emerging risks and ensures that effective and appropriate mitigation strategies are in place. During the year, we have continued to review the operation of the Group’s risk management framework, as explained in our Audit and Risk Committee Report. Details of the risk management framework are set out in our Principal Risks section.

Stakeholder engagement and corporate culture

The Board places great importance on effective engagement with key stakeholders and aims to understand the views and interests of stakeholders so that these can be appropriately considered as part of its decision-making. The Strategic Report includes a description of how this engagement has worked in practice during the year under review and a statement about how the Directors have discharged their duty under s172 of the Companies Act 2006.

We aim for a happy, well-motivated and committed workforce to deliver long-term success for the Group. As such, it is important to the Board that our employees know they are valued and recognise that our success depends on their continued invaluable contribution. This is reflected in the way that the Board and Senior Executive Team (SET) operate. A more detailed explanation of the Board and SET's interaction and their monitoring of culture is given in the Corporate Governance Report.

Build trust

The Board recognises the importance of disseminating clear and understandable information about the Group and its activities and maintaining regular dialogue with our stakeholders to ensure their views are understood and considered. The Board receives information on the Group's employee engagement programme, including details of the results of the annual employee engagement survey, and regular feedback from the Executive Directors on their discussions with shareholders, potential investors, suppliers, partners and customers.

Board capabilities

The Board comprises seven experienced Directors who collectively have considerable expertise in the following areas:

- Strong industry experience and knowledge of the animal health and pharmaceuticals sector
- Leading organisational change and integration
- Managing a global supply chain
- Research and development
- Business planning and development
- Corporate finance and mergers and acquisitions
- Financial
- Risk management
- Governance

Board evaluation

An internal Board evaluation was conducted in 2023 by way of individual meetings between the Chair and each member of the Board. More information on our Board evaluation process is provided in the Remuneration and Nomination Committee Report.

JAN BOONE

Non-Executive Chair

11 April 2024



Corporate Governance Report

Composition of the Board and its Committees

Board composition

The Company maintains a robust framework of corporate governance, with clearly defined roles and responsibilities for the Board and its formally constituted Committees, as detailed below. This ensures the safeguarding of long-term shareholder value as well as the provision of a robust platform upon which to deliver the Group's strategy.

BOARD OF DIRECTORS

Chair Responsible for establishing the Company's strategic direction and overseeing a robust framework of governance.	Jan Boone	Independent Non-Executive Chair
Executive Directors Responsible for day-to-day management of the Company's operations and delivery of Group strategy.	Jennifer Winter	Chief Executive Officer
	Chris Brewster	Chief Financial Officer and Company Secretary
Non-Executive Directors Providing independent challenge to, and oversight of, the performance of the Executive Directors.	Marc Coucke	Non-Independent Non-Executive Director
	Ed Torr	Senior Independent Director
	Doug Hutchens	Independent Non-Executive Director
	Sylvia Metayer	Independent Non-Executive Director

BOARD COMMITTEES

Audit and Risk Committee

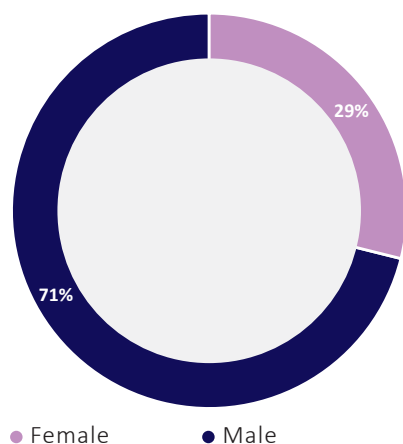
Responsible for monitoring the integrity of the Company's financial statements and overseeing the effectiveness of the Company's systems of risk management and internal control. The Audit and Risk Committee Report is within the Governance section of the Annual Report.

Remuneration and Nomination Committee

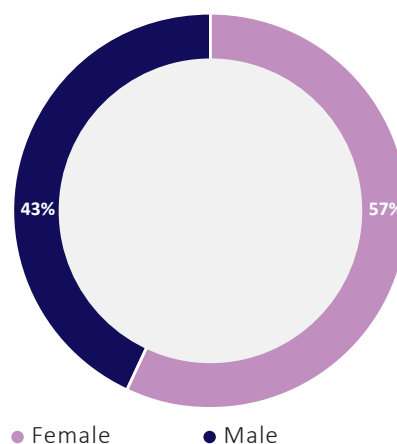
Responsible for the structure, size, composition and succession planning of the Board, as well as setting fixed and variable Executive Director remuneration and monitoring senior management remuneration levels. The Remuneration and Nomination Committee Report is within the Governance section of the Annual Report.

A breakdown by gender of the Board and the Senior Executive Team is provided below.

BOARD GENDER DIVERSITY



SENIOR EXECUTIVE TEAM



The Board recognises the benefits of diversity, including gender balance, and is committed to creating an inclusive culture, free from discrimination of any kind, and this extends to Board appointments.

The Board's composition is designed to ensure that no one individual can dominate decision-making processes.

As at the date of this report, the Board comprises two Executive Directors, the Non-Executive Chair and four Non-Executive Directors. Directors' biographies can be found in the Board of Directors section.

Collectively, the Non-Executive Directors have an appropriate balance of skills and experience such that they are able to provide constructive support and challenge to the Executive Directors. The Directors believe that the Board as a whole possesses the necessary combination of skills, experience, capabilities, diversity and personal qualities to deliver the Group's strategy for the benefit of the Company's shareholders and wider stakeholders over the medium to long term.

The Board keeps under review the mix of experience and skills that are needed on the Board as the Group continues to grow so that Board composition can be adjusted if necessary over time. The Remuneration and Nomination Committee is responsible for succession planning for Board Directors and other Senior Executives.

The Non-Executive Directors attend external events from time to time to receive updates on matters such as financial reporting requirements and corporate governance. The Company's corporate governance and company secretarial adviser, Prism Cossec, also provides updates to the Board about developments in corporate governance practice and forthcoming changes to legislation or regulation which may impact on the Company.

Independence

The Non-Executive Chair, Jan Boone, Senior Independent Director, Ed Torr and Non-Executive Directors, Dr Doug Hutchens and Sylvia Metayer, are all considered to be independent. The Board therefore applies the QCA Code in respect of Director independence.

24.54% of the issued share capital is held by Alychlo NV, an entity wholly owned by Marc Coucke, non-independent Non-Executive Director.

Appointments to the Board and re-election

The Board has delegated to the combined Remuneration and Nomination Committee the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors. Further details on the role of the Remuneration and Nomination Committee and its activities during the year are set out in its report within the Governance section of the Annual Report.

The Directors have the power to appoint Directors during the year but any person so appointed must stand for election at the next Annual General Meeting ("AGM"), as required by the Company's Articles of Association ("Articles").

In accordance with corporate governance best practice, all Directors retire and offer themselves for election or re-election at the AGM each year. The Board considers that each of the Directors continues to make a valuable contribution to the Board and to demonstrate commitment to the Group.

How the Board operates

The Board is responsible for the Group's strategy and overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which sets out the Board's responsibilities and covers a number of areas including:

- The Group's strategic aims and objectives
- The structure and capital of the Group, and dividend policy
- Financial reporting and internal controls
- Risk and the Group's risk management
- The approval of significant contracts and expenditure
- Effective communication with shareholders
- Board structure, size and composition

The schedule of matters reserved for Board approval is available on the Company's website (www.animalcaregroup.com).

Corporate Governance Report CONTINUED

Board meetings

The Board met formally four times during the year. Non-Executive Directors maintain a direct and regular line of communication with Executive Directors and senior management between formal Board meetings.

Directors are expected to attend all meetings of the Board and the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. This requirement is made clear in their letters of appointment. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chair so that their contribution can be included in the wider Board discussion. The Board is satisfied that each of the Non-Executive Directors devotes sufficient time to the business, in accordance with the time commitment requirements set out in their letters of appointment.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate.

The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also a Senior Executive Team composed of the CEO, the CFO and representatives from senior management whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

The table below shows Directors' attendance at formal scheduled Board and Committee meetings during the year:

Director	Board	Audit and Risk Committee	Remuneration and Nomination Committee
Jan Boone	4/4	–	2/2
Chris Brewster ¹	4/4	–	–
Marc Coucke	4/4	–	–
Doug Hutchens	4/4	5/5	2/2
Sylvia Metayer	4/4	5/5	–
Ed Torr	4/4	5/5	2/2
Jennifer Winter ²	4/4	–	–

¹ Chris Brewster attends meetings of Audit and Risk Committee by invitation.

² Jennifer Winter is invited to attend meetings of the Remuneration and Nomination and Audit and Risk Committees from time to time.

Board decisions and activity during the year

The Board has an agreed schedule of activity for the financial year covering regular business updates and operational, financial and governance issues. Each Board Committee also has an agreed schedule of activity. This ensures that all areas for which the Board has overall responsibility are addressed during the year. These schedules of activity are reviewed at least once a year to ensure that matters are considered at an appropriate time.

Board and Committee agendas and papers are circulated to the Board in good time in advance of the meetings and each meeting is minuted.

Strategy	New product development and M&A opportunities
	Board strategy discussions
Performance	Trading updates
	Review of budgets and forecasts
	Going concern and cash flow
	Approval of 2022 Annual Report, final dividend recommendation, 2023 Interim Results and interim dividend
Governance	Review of progress on actions identified as part of the internal Board performance evaluation
	Succession planning
	Review of conflicts of interest
Stakeholders	People and Learning & Development update
	Investor relations and share register analysis
	Review of AGM business

The Board agenda includes a business review covering progress against strategy, financial performance, key business initiatives, leadership activities and new product development. Investor relations updates, financial reports and consideration of reports from the Board Committees are also covered on the Board agenda. Details of the Board's key discussions and stakeholder considerations are set out in the Strategic Report.

Board Committees

The Board has delegated specific responsibilities to its two Board Committees, the Audit and Risk Committee and the Remuneration and Nomination Committee, which are each comprised of three independent Non-Executive Directors, in accordance with the QCA Code.

Each Board Committee has written Terms of Reference setting out their duties, authority and reporting responsibilities. These Terms of Reference were reviewed and approved by the Board during the year and are available on the Company's website (www.animalcaregroup.com).

Details of the operation of the Board Committees are set out in their respective reports below. Each of the Board Committees is authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

Senior Executive Team

The Senior Executive Team (SET) comprises the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Strategic Alliance & Acquisitions Director, Commercial Strategy Director, Group People & Culture Director, Group Supply Chain Director, Group Finance Director and Strategic Product and Portfolio Director. The team meets weekly, monthly and quarterly and its responsibilities include tracking financial performance, progress against our strategic and operational objectives, leadership development, improving employee engagement and all aspects of the operational leadership of the organisation.

External advisers

The Board seeks advice on various matters from Stifel Nicolaus Europe Ltd, its nominated adviser, corporate finance adviser and joint broker (with Panmure Gordon & Co). Advice is also provided by the Company's lawyers, Squire Patton Boggs (UK) LLP, and by its corporate governance and company secretarial adviser, Prism Cosec, which also provides company secretarial support.

Development, information and support

Prism Cosec provides a quarterly report to the Board regarding changes in relevant legislation and corporate governance best practice. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chair or Company Secretary.

Risk management

The Board has ultimate responsibility for setting the Group's risk appetite and risk management strategy and for reviewing the effectiveness of the Group's framework for risk management and internal control. Oversight of risk management is undertaken by the Audit and Risk Committee, which reports to the Board at least three times a year. During the year, the Group's risk adviser, The Value Circle, undertook a risk review and reported its findings to the Audit and Risk Committee. Further details on risk management are set out in the Audit and Risk Committee Report and in Our Principal Risks in the Strategic Report.



Corporate Governance Report CONTINUED

Internal controls

The Board has ultimate responsibility for the Group's system of internal controls and for the ongoing review of their effectiveness.

Systems of internal control can only identify and manage risks and not eliminate them entirely. As a result, such controls cannot provide an absolute assurance against misstatement or loss. The Board considers that the internal controls that have been established and implemented are appropriate for the size, complexity and risk profile of the Group.

The main elements of the Group's internal control system include:

- Close management of the day-to-day activities and financial performance of the Group by the Senior Executive Team and other senior management
- An organisational and IT systems structure with defined levels of responsibility and user access
- Specified contract approval levels and financial authority limits
- An annual budgeting process that is approved by the Board
- A quarterly reforecasting process that forms part of the financial performance review cycle
- Controls to ensure that the assets of the Group are safeguarded and that appropriate accounting records are maintained

The Board continues to review the system of internal controls to ensure it is fit for purpose and appropriate for the size and nature of the Company's operations and resources. The internal control procedures were in place throughout the financial year and up to the date of approval of this report.

Board evaluation

An internal Board evaluation was conducted in 2023 by way of individual meetings between the Chair and members of the Board. The output from these meetings was discussed by the Board and actions were agreed and monitored during the course of the year. Further details of this process are set out in the Remuneration and Nomination Committee Report. The Board intends to conduct a formal Board evaluation during the next year.

Succession planning

The Remuneration and Nomination Committee considers succession planning in its work and formulates plans for the succession of all Directors. Further details can be found in the Committee's report.

Conflicts of interest

The Company has procedures in place for managing conflicts of interest. These include a requirement for Directors to declare any interests in the matters to be discussed at each Board or Committee meeting. Directors also have a continuing duty to notify the Company of any changes to their potential or actual conflicts and are regularly reminded of this. The Company's Articles provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

Independent professional advice

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board and can receive guidance from the Group's corporate governance and company secretarial adviser, Prism Cossec.

Directors' and officers' liability insurance

The Company has Directors' and officers' liability insurance in place, as permitted by the Company's Articles.

Relations with shareholders

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, generally following publication of the Group's interim and full year results. Shareholders have the opportunity to pose questions to our Directors at the AGM and the Chair and independent Non-Executive Directors will attend meetings with investors and analysts as required. Information about the Group is available on the Group's website (www.animalcaregroup.com), including an overview of the Group's activities and details of all recent Group announcements.

A review of the share register is circulated to the Board on a quarterly basis and key changes are discussed by the Board.

Board monitoring of culture and employee engagement

The Board and the SET recognise the importance of promoting an ethical culture by leading from the top. We believe that by encouraging the right way of thinking and behaving across the Group, we will reinforce our corporate governance culture, enabling us to conduct business ethically and responsibly, drive our growth and customer-focused, people-led strategy and deliver value for our shareholders.

The SET holds regular business and functional meetings at the Company's offices in different locations to promote interactions and engagement with the wider business. Members of the SET present to the Board on key strategic matters when appropriate and the Board holds meetings in the Group's different locations when possible. Members of the Non-Executive Director team interact with members of the SET on current issues where they share the benefit of their experience and offer support. Such interactions provide an invaluable opportunity to engage with, and ascertain the views and interests of, our employees. It also allows a valuable insight into our corporate culture and assists the Board in monitoring and promoting a healthy culture throughout the business by setting a positive tone from the top.

Early in the year, the Board received an update on the results of the 2022 employee engagement survey and the actions planned to address any issues raised. This also covered key people initiatives being undertaken during the year, which included the talent review process, learning and development initiatives and the leadership development programme.

We recognise the need to maintain a proactive focus on culture as the Group grows and it continues to be a focus during the coming year.

Further details of the Group's focus on employee engagement and culture are set out under Sustainability.

AGM

The Company's AGM is scheduled for Thursday 20 June 2024. Further details of the AGM arrangements can be found in the Notice of 2024 AGM, which is available on the Company's website www.animalcaregroup.com/investors/shareholder-centre/aggm/.



Audit and Risk Committee Report



**SYLVIA
METAYER**

Chair of the Audit
and Risk
Committee



The Committee brings key oversight to the Group's risk management activities and control environment.

I am pleased to present the Audit and Risk Committee's Report for the year ended 31 December 2023.

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. Its role includes monitoring the integrity of the Group's financial statements, reviewing significant financial reporting matters, monitoring the effectiveness of the Company's internal controls, the appropriateness and effectiveness of the risk management framework and with it the maintenance of a strong risk-focused culture and overseeing the relationship with the external auditors. It is also responsible for establishing, monitoring and reviewing procedures and controls for ensuring compliance with the AIM Rules.

Members of the Audit and Risk Committee during the year

I am the Chair of the Committee and Doug Hutchens and Ed Torr each served with me on the Committee throughout the year. The Committee is entirely comprised of independent Non-Executive Directors.

The relevant skills and experience of the Committee members are set out in their biographies within the Board of Directors section. The Board is satisfied that I have recent and relevant financial experience. I began my career as an auditor and I fully understand the Committee's responsibilities having held a variety of key financial and commercial positions in leading international groups and a number of non-executive roles. My Committee colleagues and I are experienced Non-Executive Directors.

Only Committee members have the right to attend meetings. Other individuals, such as the Chief Financial Officer, other members of the finance team and members of other internal teams are invited to attend meetings, for all or part of the meeting as appropriate. Representatives from the external auditors attend at least two Committee meetings during the year to present their audit and their audit plan for the following year. Other advisers may be invited to attend meetings on occasion.

Key responsibilities

The role and responsibilities of the Committee are set out in its Terms of Reference, which are reviewed annually, taking into account relevant regulatory changes and recommended best practice. The current Terms of Reference were approved by the Board on 14 December 2023 and are available on the Company's website (www.animalcaregroup.com).

The main duties of the Committee include:

- Maintaining and monitoring the quality and integrity of the Group's financial statements, including its annual and half-yearly reports, and other formal announcements relating to financial performance, and reviewing significant financial reporting issues and judgements;
- Reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems;
- Reviewing the overall approach to setting risk appetite, tolerance levels, risk exposure and any changes to the risk management framework;
- Overseeing the relationship with the external auditors, including recommendations on their remuneration, approving their terms of engagement, assessing annually their independence and objectivity, their expertise and resources and the effectiveness of the audit process; and
- Reporting formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee challenges both the external auditors and the management of the Group and reports the findings and recommendations of the external auditors to the Board. The Committee meets to review the proposed audit work, review the results of the audit work and consider any recommendations arising from the audit.



Activities undertaken by the Committee during the year

The duties contained in the Terms of Reference form the basis for the Committee's focus and scope of work across each financial year and the Committee meets at appropriate times in the reporting and audit cycle and at such other times as is necessary to discharge its duties. The Committee met five times during the year. Committee meetings are arranged to coincide with key dates in the financial reporting calendar and audit cycle. Committee members' attendance at the meetings held during the year is set out in the Corporate Governance Report; every Committee member attended all scheduled Committee meetings during 2023.

The main activities of the Committee during the year are set out below.

Annual and interim financial statements

The Committee reviewed the full year and interim financial statements including consideration of significant audit risks identified by the external auditors, and the key accounting judgements and estimates. The Committee's response to the significant accounting judgements and estimates in respect of the 2023 financial statements is set out below. The Committee also reviewed the principal risks disclosures.

Risk management framework

In 2023, the Committee continued to oversee the operation of the risk management framework (RMF). This included a risk review carried out by our external consultants, The Value Circle, across all countries and business functions that concluded that the RMF continued to evolve and develop in line with the Group's strategy. The Committee is satisfied that the Group's RMF enables the Board to monitor, manage and mitigate the key risks in the Group's strategic plan for the benefit of stakeholders.

Review of the structure of the Finance team

During the year, a review of the finance organisation was undertaken to strengthen overall capabilities and ensure alignment with the new organisational structure. Following the review, a new role of Group Finance Director was created and subsequently Lorna Miall was appointed in November 2023. Recognising the importance of this new role, which combines business partnering to the Chief Operating Officer as well as leading the day-to-day operational oversight of the finance organisation, Lorna joined the Senior Executive Team.

Audit and Risk Committee Report CONTINUED

Review of provisions and contingent liabilities

The Committee receives a report on current potential contingent liabilities at each scheduled Committee meeting and considers the appropriateness of the disclosures and provisions in the financial statements.

Going concern and liquidity

The Committee is responsible for reviewing statements and disclosures made in respect of going concern, as outlined in the Chief Financial Officer's review and the Note to the Consolidated Financial Statements that provides a Summary of Significant Accounting Policies. In considering such disclosures, the Committee paid particular attention to the robustness of stress testing scenarios, the cash flows forecast by the Group, bank covenant compliance and the requirement for bank facilities following the post year end sale of Identicare in the period under review and beyond. The external auditors reviewed management's assessment and discussed this review with the Committee.

Role of the external auditors

The Committee oversees the relationship with the external auditors, PricewaterhouseCoopers LLP (PwC), to ensure that the auditors' independence, objectivity and effectiveness are maintained.

The Committee takes into account a number of areas when reviewing the external auditors' appointment, including the auditors' performance in discharging the audit, the scope of the audit, the terms of engagement, and its independence and objectiveness.



PwC were first appointed as the Group's external auditors in 2018 as the result of a post-merger tender process. In accordance with audit regulation, PwC operates a policy of rotating the Audit Partner at least every five years. The current Group Audit Partner, Jonathan Greenaway, was assigned to the Animalcare audit during October 2023.

As part of its review, the Committee also considers the fees payable to PwC and monitors the provision of non-audit services. On occasion there may be advantages in using the external auditors to provide non-audit services given their knowledge of the business. Where material non-audit services are required, a business case would need to be made to use the auditors rather than another provider and Committee sign-off would be required to ensure there is no impact on the auditors' objectivity and independence. The breakdown of fees between audit and non-audit services is provided in the Notes to the Consolidated Financial Statements.

The Committee also reviews the external auditors' management letter and detailed presentations are made to the Committee by the auditors at least twice a year. There is an active ongoing discussion between the Committee and the auditors on any recommendations to improve the efficiency of the audit process.

Audit process

The audit process commences each year when the Committee receives from the auditors a detailed audit plan, identifying their assessment of the key audit matters and their intended areas of focus. This plan is reviewed and agreed in advance by the Committee.

The Committee reviews the quality and effectiveness of the external audit process on an annual basis, considering the views of both the external audit team, and the CFO, as well as assessing the Committee's own interactions with the external auditors. As part of the review of the 2022 year-end audit, the Committee and the Group's Audit Partner discussed the process and agreed that, while effective, certain refinements would be made to improve the efficiency of the external audit process for the 2023 year end. As a result, the Committee focused more time reviewing the 2023 external audit plan, project management of the engagement and timing of deliverables. It will review the 2023 year-end audit process during the course of 2024.

Internal audit

The Committee has undertaken its annual review of the need for an internal audit function and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function.

Significant issues considered in relation to the financial statements

As part of the monitoring of the integrity of the financial statements, significant issues and accounting judgements identified by the finance team, and the external audit process are reviewed by the Committee and reported to the Board. The key matters considered by the Committee in respect of the year ended 31 December 2023 are set out below:

Carrying value of investments (Company only)	Consideration of the carrying value of investments and the key assumptions underlying the impairment review. The judgements in relation to the valuation primarily relate to the assumptions underlying the cash flows of the long-term business plans, including revenues from the R&D pipeline, the discount rate and the long-term growth rate. The assumptions are sensitised to demonstrate there is adequate headroom between the recoverable amount and the carrying value of the investment being tested for impairment.
Recognition and valuation of judgemental provisions and liabilities	Determining the appropriateness of the assumptions used in the recognition and valuation of judgemental provisions and liabilities, which principally relate to customer rebates, contingent liabilities and, in addition, due to the estimation uncertainty, the fair value of the cash-settled portion of the Identicare share based payment scheme.
Presentation of underlying profit adjustments	Classification and size of items as non-underlying, which is subject to judgement, including amortisation and impairment of acquired intangibles, acquisition and integration costs and the cash-settled element of the share based payments in respect of Identicare Ltd.

The Committee was satisfied that each of the matters set out above had been fully and adequately addressed by the Executive Directors, appropriately tested by the external auditors and that the disclosures made in this Annual Report and Accounts were appropriate.

Risk management, internal controls and key activities for 2024

The Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has continued to monitor the risk management framework (RMF). Following the operational reorganisation early in the second half of the financial year to further align internal resources to accelerate delivery of our key strategic objectives, a risk review was undertaken by the Group's risk adviser, The Value Circle. The Committee received a report of this review at their September meeting and discussed the findings and recommendations. Further details of the Group's system of internal controls can be found in Our Principal Risks. The Committee is satisfied that the risk management framework and internal control systems are operating effectively.

Activities in 2024

We continue to refine and strengthen our internal control framework, where required, in response to changes in the risk profile of our business. Our supply chain processes continue to be a focus area for 2024. We also plan to further review the management of our R&D pipeline risk given the early-stage nature of the licensing and R&D collaboration agreements with Orthros Medical.

Share dealing

The Group operates a share dealing code in conformity with the requirements of Rule 21 of the AIM Rules. All employees, including new joiners, are required to agree to comply with this code.

Whistleblowing

The Group has in place whistleblowing procedures which set out the formal process by which staff may, in confidence, report any suspicion of fraud, financial irregularity or other malpractice. The Committee is satisfied that the procedures are operating effectively.

SYLVIA METAYER

Chair of the Audit and Risk Committee

11 April 2024

Remuneration and Nomination Committee Report



ED TORR
Senior Independent
Director

“

The Committee considers the Group's strategy and financial performance when recommending the appointment of Directors and setting and reviewing remuneration.

I am pleased to present our Remuneration and Nomination Committee Report, which sets out details of the composition, structure and operation of the Committee, our work during the year, our remuneration policy and remuneration paid to Directors during the year.

Members of the Remuneration and Nomination Committee during the year

During the year, the Committee comprised the following independent Non-Executive Directors:

- Ed Torr (Chair)
- Jan Boone
- Doug Hutchens

Key responsibilities

The Committee considers Group strategy when recommending the appointment of Directors and setting and reviewing remuneration. The Committee works closely with the Board to consider Board composition, to formulate remuneration policy and to consider succession plans and possible internal candidates for future Board roles, having regard to the views of shareholders and the recommendations of the QCA Corporate Governance Code and the AIM Rules for Companies.

The main duties of the Committee are set out in its Terms of Reference, which are available on the Company's website (www.animalcaregroup.com) and include the following responsibilities:

Nomination

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any necessary changes;
- Considering succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company; and
- Leading the process and making recommendations for all potential appointments to the Board.

Remuneration

- Setting remuneration for the Executive Directors, including pension allowance and awards under the Long-Term Incentive Plan (LTIP);
- Approving the design of, and determining targets for the annual performance-related bonus schemes and LTIP and approving the total payments or awards made under these schemes; and
- Recommending and monitoring the level and structure of remuneration for the Senior Executive Team.

The Committee reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

Terms of Reference are reviewed annually and the Board approved the current Terms of Reference in December 2023.

Activities during the year

The duties contained in the Terms of Reference form the basis for the Committee's work plan across each financial year and the Committee meets at such times as is necessary to discharge its duties. The Committee met twice during the year and on one occasion since the year end. Committee members' attendance at the meetings held during the year is set out in the Corporate Governance Report.

Although only members of the Committee have the right to attend meetings, other individuals, such as the Chief Executive and external advisers, may be invited to attend for all or part of any meeting.

In March 2023, the Committee considered the Executive Director bonus for 2022, reviewing performance criteria against the financial performance in that year and also the performance targets for the 2023 bonus scheme.

LTIP awards were granted to certain members of the Senior Executive Team in October 2023. Awards to certain members of the SET, including the Executive Directors, were deferred due to MAR-related restrictions and it is intended that these awards will be made after the announcement of the full year results in April 2024.

Achievement of the performance criteria of the 2020 awards was considered by the Committee in December 2023. Following assessment of performance criteria post year end, the 2020 awards vested in part. Further details are set out in the Directors' Remuneration Report.

In December 2023, the Committee also discussed the remuneration of the Directors and, after due consideration, it was agreed that Executive Directors' salaries would increase by 3% with effect from 1 January 2024, in line with the discretionary increase applied across the Group. It was further agreed that the Non-Executive Directors' fees were considered below market and it was proposed and the Board agreed that the standard fee for Non-Executive Directors would be £45,000 with effect from 1 January 2024.

The Committee also reviewed the LTIP and agreed that no material changes were required to its overall structure for 2024.

Full details are set out in the Directors' Remuneration Report.

Chair succession

As announced on 9 April 2024, Jan Boone will retire from the Board as Non-Executive Chair and Non-Executive Director at the AGM on 20 June 2024. As I was considered a suitable candidate, my Committee colleagues, Sylvia Metayer and Doug Hutchens jointly managed the process to consider Jan's succession and I was not involved in this process. They considered the merits of seeking an external candidate for the role of Chair. However, after careful consideration, as the Senior Independent Director, and given my deep knowledge of the Company and extensive experience of the animal pharmaceutical sector, they recommended me as the preferred candidate and the Board unanimously agreed with

their recommendation. Subject to shareholder approval of my re-election as a director, I look forward to taking up my role as Chairman of the Board at the conclusion of the AGM. Over the next few months, the Board will consider the composition of its Board Committees and also whether the Board would be strengthened with the appointment of an additional independent Non-Executive Director in due course.

Board evaluation

After considering the approach to the Board evaluation process for 2024, the Committee agreed that the Chair would hold individual meetings with each member of the Board to discuss how the Board operates and the output from these meetings would be discussed by the Board, with actions agreed and monitored during the year. Actions arising from the evaluation included increased Board focus on strategic topics and changes to the Board meeting schedule to allow more time to focus on these topics at Board meetings. The Committee has proposed to the Board that the next full evaluation would be carried out during the next year.

Induction and development

On appointment, an induction programme is agreed and includes meetings with each of the Directors and members of the Senior Executive Team to develop their knowledge and understanding of Animalcare's operations.

In addition, the Company's nominated adviser and joint broker, Stifel Nicolaus Europe Ltd, provides briefings for the newly appointed Directors on their legal duties and responsibilities as directors of an AIM company.

We are confident that all Board members have the knowledge, ability and experience to perform the functions required of a director of an AIM company.

Diversity and inclusion

The Company's policy is that recruitment, promotion and any other selection exercises will be conducted on the basis of merit against objective criteria that avoid discrimination. No individual should be discriminated against on the grounds of race, colour, ethnicity, religious belief, political affiliation, gender, age or disability, and this extends to Board appointments.

The Board recognises the benefits of diversity, including gender diversity, both on the Board and Senior Executive Team. Appointments will be made on merit but with due consideration to the need for diversity and to ensure there is an appropriate balance of skills and experience. The Board currently consists of 71% (five) male and 29% (two) female members. The Senior Executive Team consists of 43% (three) male and 57% (four) female members.

ED TORR

Chair of the Remuneration and Nomination Committee

11 April 2024

Directors' Remuneration Report (unaudited)

The following disclosures are made in accordance with best practice governance standards as an AIM company and to provide transparency about how our Directors are rewarded.

This report covers the financial year ended 31 December 2023.

The Remuneration and Nomination Committee

The Board has delegated certain responsibilities for Executive remuneration to the Remuneration and Nomination Committee ("the Committee"). Details of the Committee, its remit and its activities are set out in the Remuneration and Nomination Committee Report.

The Committee is, among other things, responsible for setting the remuneration policy for Executive Directors and the Chair and recommending and monitoring the level and structure of remuneration for senior management.

Remuneration policy

The objective of the remuneration policy is to promote the long-term success of the Company, having regard to the views of shareholders and other stakeholders.

In formulating remuneration policy for the Executive Directors, the Committee considers a number of factors designed to:

- Have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains Directors of the highest quality;
- Reflect the Directors' personal performance; and
- Link individual remuneration packages to the Group's long-term performance and continued success through the award of annual bonuses and share-based incentive schemes.

Executive Directors

Current components of the Executive Directors' remuneration are base salary, annual bonus and share-based incentive schemes.

Base salary

Base salary is reviewed annually by the Committee.

As reported in the Remuneration and Nomination Committee Report, the Committee agreed that the Executive Directors would receive a 3% salary increase with effect from 1 January 2024, in line with the discretionary salary increase across the Group.

Annual bonus

The Committee has agreed performance conditions for the Executive Directors' annual bonus based on the achievement of certain financial and operational KPIs. Each Executive Director has performance conditions related to the profitable growth of the Group and additional performance conditions relevant to their own areas of responsibility.

For the CEO, 90% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (45%) and underlying EBITDA (45%)) and 10% is dependent on achievement of personal objectives. The maximum bonus opportunity is 50% of salary.

For the CFO, 90% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (35%), underlying EBITDA (30%) and underlying cash conversion (20%)) and 10% is dependent on achievement of personal objectives. The maximum bonus opportunity is 40% of salary.

The Committee reviewed the performance targets in respect of the CEO and CFO bonus plans for the year. They agreed that Group EBITDA and Group cash conversion targets and personal objectives had been achieved in full and 97% of the Group revenue target had been achieved and approved bonus payments accordingly in line with the agreed bonus plans.

Malus and clawback provisions will apply to enable the Company to recover sums paid or withhold the payment of any sum in the event of a material misstatement resulting in an adjustment to the audited consolidated accounts of the Group or action or conduct that, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

Long-Term Incentive Plan

The Animalcare Group plc Long-Term Incentive Plan 2017 ("the LTIP") was approved by the Board in June 2017. A summary of the LTIP was set out in the circular sent to shareholders on 24 June 2017, which is available on the Company's website (www.animalcaregroup.com).

On 30 October 2023, the Board approved the grant of nil-cost options under the LTIP over a total of 194,346 ordinary shares with a nominal value of 20.0 pence per share ("the Options") to certain members of the Senior Executive Team and senior management. The Executive Directors and some members of the Senior Executive Team were excluded from the grant due to MAR-related restrictions. As such, the award of 439,690 Options was deferred until April 2024. The LTIP awards will vest on confirmation of achievement of performance criteria being met over the three-year financial period ending 31 December 2026. The Options will vest to the extent the following performance conditions based on EPS and TSR are met:

Earnings Per Share growth	Extent to which EPS tranche will vest
Less than 3%	0%
3%	25%
10%	100%
Between 3% and 10%	Between 25% and 100% on a straight-line basis

Rank of the Company's TSR compared to the Comparator Group	Extent to which the TSR tranche will vest
Upper quartile or above	100%
Between median and upper quartile	Pro rata between 25% and 100% on a ranking basis
Median	25%
Below median	0%

50% of the option award will be subject to the EPS performance condition and the remaining 50% will be subject to the TSR performance condition. Accordingly, if one of the performance conditions is met but the other is not, the Option award will vest in part. The details of the LTIP are set out in Notes to the Consolidated Financial Statements.

Non-Executive Directors are not eligible to participate in the LTIP.

Other benefits

A range of benefits may be provided including company car allowance, private medical insurance, life assurance, travel insurance, general employee benefits and travel and related expenses. The Committee also retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees.

Service agreements and termination payments

Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Chris Brewster	25 September 2017	Rolling contract	6 months	6 months
Jennifer Winter	2 August 2018	Rolling contract	6 months	6 months

The Executive Directors may be put on gardening leave during their notice period, and the Company can elect to terminate their employment by making a payment in lieu of notice of up to the applicable notice period.



Directors' Remuneration Report CONTINUED

Letters of appointment

Details of the Non-Executive Directors' letters of appointment are set out below.

Director	Date of contract	Renewed on	Term expires	Notice period by Company	Notice period by Director
Jan Boone	17 June 2017	13 June 2023	2026 AGM	3 months	3 months
Marc Coucke	17 June 2017	13 June 2023	2026 AGM	3 months	3 months
Ed Torr	17 June 2022	13 June 2023	2026 AGM	3 months	3 months
Doug Hutchens	10 February 2022	–	2025 AGM	3 months	3 months
Sylvia Metayer	3 May 2022	–	2025 AGM	3 months	3 months

Employees' pay

Employees' pay and conditions across the Group are considered when reviewing remuneration policy for Executive Directors.

Non-Executive Directors

The remuneration payable to Non-Executive Directors (other than the Chair) is decided by the Chair and Executive Directors.

Fees are designed to ensure the Company attracts and retains high-calibre individuals. They are reviewed annually, taking account of the level of fees paid by companies of a similar size and complexity. Non-Executive Directors do not participate in any annual bonus, share options or pension arrangements. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors. During the year, the Remuneration and Nomination Committee reviewed Non-Executive Director fees taking into account that the standard fee had not been increased since 2017 and that it was at the lower end of the range paid by peer group companies. The Committee agreed that the standard fee for Non-Executive Directors would be £45,000 with effect from 1 January 2024. An additional fee of £5,000 is paid for chairing a Committee.

Remuneration policy for 2024

The remuneration policy for 2024 will operate as follows:

	Role	Basic salary/fee	
		£'000	Maximum bonus potential
Executive			
Jennifer Winter	Chief Executive Officer	346	50%
Chris Brewster	Chief Financial Officer	237	40%
Non-Executive			
Jan Boone	Chair	75	–
Sylvia Metayer	Chair of Audit and Risk Committee	50	–
Ed Torr	Chair of Remuneration and Nomination Committee	50	–
Marc Coucke	Non-Executive Director	45	–
Doug Hutchens	Non-Executive Director	45	–

Statutory information

The following information includes disclosures required by the AIM Rules and UK company law in respect of Directors who served during the year to 31 December 2023.

Directors' remuneration

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 December 2023:

£'000		Salary and fees	Annual bonus	Benefits	Pension	Total
Executive						
Jennifer Winter ¹	2023	336	155	15	–	506
	2022	336	–	15	–	351
Chris Brewster ²	2023	230	86	16	29	361
	2022	230	–	14	22	266
Non-Executive						
Jan Boone	2023	70	–	–	–	70
	2022	70	–	–	–	70
Marc Coucke	2023	40	–	–	–	40
	2022	40	–	–	–	40
Nick Downshire ³	2023	–	–	–	–	–
	2022	17	–	–	–	17
Doug Hutchens ⁴	2023	45	–	–	–	45
	2022	38	–	–	–	38
Sylvia Metayer ⁵	2023	45	–	–	–	45
	2022	30	–	–	–	30
Ed Torr ⁶	2023	45	–	–	–	45
	2022	45	–	–	–	45
Total	2023	811	241	31	29	1,112
	2022	806	–	29	22	857

¹ Jennifer Winter's benefits comprised a car allowance (£10,500) and private medical insurance (£4,400).

² Chris Brewster's benefits comprised a company car (£13,800) and private medical insurance (£2,400). Pension contributions for 2023 were £26,734 plus a backdated payment of £2,508 which was deferred from 2022.

³ Nick Downshire ceased to be a director on 7 June 2022; his pro-rated annual fee to his date of resignation was £17,436.

⁴ Doug Hutchens received a fee of £40,000 from the date of his appointment on 10 February 2022 until 7 June 2022 when his fee increased to £45,000.

⁵ Sylvia Metayer received an annual fee of £40,000 and an additional annual fee of £5,000 for her role as Chair of the Audit & Risk Committee; in 2022, her fees were pro-rated from her date of appointment on 3 May 2022.

⁶ Ed Torr received an annual fee of £40,000 and an additional fee of £5,000 for his role as Chair of the Remuneration and Nomination Committee.

Long-Term Incentive Plan

During the year, a total of 194,346 options over ordinary shares were granted to certain members of the Senior Executive Team and senior management. Due to MAR related restrictions, the award of 439,690 options was deferred until April 2024. The total number of options granted in respect of the 2023 award including deferred options awarded in April 2024 was 634,037 options over ordinary shares.

Details of the performance targets set and actual achievement against them in respect of the 2020 LTIP awards vesting, based on three-year performance to 31 December 2023, are set out in the table below:

Performance measure	Weighting	Performance period end	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% vesting for this part of the award
Underlying EPS	50%	31 December 2023	11.6p	13.4p	11.0p	0%
TSR	50%	31 December 2023	Median	Upper quartile	Upper quartile	100%

On assessment of the three-year performance period as set out above, a total of 164,982 options granted to the Executive Directors and members of the Senior Executive Team vested under this award.

These options have yet to be exercised; the participants have seven years in which to exercise these options.

Directors' Remuneration Report CONTINUED

The individual interests of the Executive Directors under the LTIP are set out below:

	Date of grant	End of three-year performance period	Number of LTIP nil cost options awarded	Vested but not exercised	Lapsed	Total remaining
Jennifer Winter	06/06/19	06/06/22	177,570	73,732	103,838	73,732
	17/11/20	31/12/23	165,761	82,880	82,881	82,880
	05/11/21	31/12/24	106,844	–	–	106,844
	28/04/22	01/07/25	130,620	–	–	130,620
Chris Brewster	06/06/19	06/06/22	76,636	31,821	44,815	31,821
	17/11/20	31/12/23	66,848	33,424	33,424	33,424
	05/11/21	31/12/24	43,806	–	–	43,806
	28/04/22	01/07/25	53,488	–	–	53,488

Directors' interests in the share capital of the Company

The Directors' interests in the share capital of the Company as at 31 December 2023 and the movements during the year are set out below:

Director	Number of shares held as at 1 January 2023	Acquired/(disposed) during the period	Number of shares held as at 31 December 2023	Percentage of ISC as at 31 December 2023
Jan Boone	137,890	–	137,890	0.23
Chris Brewster	280,513	–	280,513	0.47
Marc Coucke ¹	14,558,974	192,700	14,751,674	24.54
Ed Torr	107,455	–	107,455	0.18
Jennifer Winter	7,000	–	7,000	0.01

¹ Marc Coucke acquired 192,700 shares pursuant to the Company's dividend reinvestment plan on 24 July 2023.

There were no changes in the Directors' interests in shares between 31 December 2023 and the date of these financial statements.

ED TORR

Chair of the Remuneration and Nomination Committee

11 April 2024

Directors' Report

The Directors present their report, together with the audited financial statements of the Group and the Company for the year ended 31 December 2023.

Principal activities

Animalcare Group plc is a public limited company incorporated in England and Wales with registered number 01058015, which is listed on AIM, London Stock Exchange.

The principal activity of the Group during the year was the development, sale and distribution of licensed veterinary pharmaceuticals and identification products and services to Companion Animal, Production Animal and Equine veterinary markets.

Statutory information contained elsewhere in the Annual Report

Information required to be part of the Directors' Report can be found elsewhere in this document, as indicated below, and is incorporated into this report by reference:

Financial highlights, key performance indicators and a review of financial performance in the Chief Executive Officer's Review and Chief Financial Officer's Review are contained within the Strategic Report.

Details of the Group's corporate governance framework and compliance with the principles of the QCA Code can be found in the Corporate Governance Statement and Corporate Governance Report.

The Group's financial risk management objectives can be found in the Corporate Governance Report.

Details of the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk can be found in the Notes to the Consolidated Financial Statements.

Salaries, bonuses, benefits and share interests of Directors are detailed in the Directors' Remuneration Report.

Environmental disclosures can be found within the Sustainability part of the Strategic Report.

Details of the key issues and stakeholder considerations discussed by the Board during the year and how the Company engages with its stakeholders are set out in the Strategic Report, which includes the s172 Statement.

The Statement of Directors' Responsibilities is included at the end of the Governance section.

Likely future events are disclosed within the Strategic Report.

Dividends

An interim dividend of 2.0 pence per share was paid on 17 November 2023 to shareholders whose names were on the Register of Members at close of business on 20 November 2023.

Reflecting its continued confidence in the long-term prospects of the Group, the Board is recommending a final dividend of 3.0 pence per share (2022: 2.4 pence per share), giving a total dividend for the year of 5.0 pence per share (2022: 4.4 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on Thursday 20 June 2024, the final dividend will be paid on 19 July 2024 to shareholders whose names are on the Register of Members at close of business on Friday 21 June 2024. The ordinary shares will become ex-dividend on Thursday 20 June 2024.

Post balance sheet events

On 28 February 2024, the Group announced the disposal of its majority shareholding in Identicare to BG Bidco 21 Limited, a newly incorporated company owned by funds managed by Bridgepoint Advisors II Limited, for a cash consideration of £24.9m payable upon completion of the sale.

On 11 April 2024 we announced that, subject to Kane Biotech Inc. shareholder approval, the Group will sell its one-third equity stake in STEM to Dechra Pharmaceuticals Limited (formerly known as Dechra Pharmaceuticals PLC) for a cash consideration of USD4.7m. Other items covered by the agreement will bring the total potential monetary value of the deal for the Group to approximately USD5.4m. The deal is expected to complete on 12 April 2024.

Directors

Details of the current Directors of the Company up to the date of signing the financial statements and their biographical details are shown in the Board of Directors section.

Share capital structure

The Company's issued share capital as at 31 December 2023 was £12,021,585.20 divided into 60,107,926 ordinary shares of 20.0 pence each. Full details relating to the Company's issued share capital can be found in the Notes to the Consolidated Financial Statements.

The Company's ordinary shares rank *pari passu* in all respects with each other, including for voting purposes and for all dividends. Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll, every shareholder who is present in person or by proxy shall have one vote for every share they hold. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies. Further information on the voting and other rights of shareholders are set out in the Company's Articles of Association, which are available on the Company's website (www.animalcaregroup.com).

Directors' Report CONTINUED

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of any class of shares in the Company. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Authority for the Company to purchase its own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Act. Any shares that have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the AGM on 13 June 2023, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 6,009,216 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire on the date of this year's AGM.

Research and development

Our new product development programme is key to the future long-term growth and success of the Group and we are committed to the development of new and innovative products to meet the needs of our customers. Further information in relation to product development can be found in the Chief Executive Officer's Review. During the period under review, the Group incurred research and development expenditure, including additions to intangibles of £3.9m (2022: £4.1m).

Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. Amendments to the Articles of Association of the Company may be made by Special Resolution of the shareholders.

Financial instruments and risk management

Disclosures regarding risk management and financial instruments are provided within the Strategic Report and in the Notes to the Consolidated Financial Statements.

Directors' indemnities and liability insurance

The Company's Articles of Association (the "Articles") provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers. The Company has made qualifying third-party indemnity provisions as defined by section 234 of the Companies Act 2006 for the benefit of its Directors during the period and these remain in force at the date of this report.

The Group purchases and maintains Directors' and officers' liability insurance for the benefit of its Directors, which was in place throughout the year ended 31 December 2023 and remains in place at the date of this report. The Company reviews its level of cover annually.

Political donations

No political donations were made during the year (2022: £nil).

Modern slavery

In compliance with the Modern Slavery Act 2015, the Company's Modern Slavery Statement can be found on the Company's website at www.animalcaregroup.com.

Stakeholder engagement and key decisions

Details of the key decisions and discussions of the Board during the year and the main stakeholder inputs into those decisions are set out in the Our Stakeholders part of the Strategic Report.

Employees

The Board recognises that the Group's performance and success are directly related to our ability to attract, retain and motivate high-calibre employees. We are committed to linking reward to business and individual performance, thereby giving employees the opportunity to share in the financial success of the Group. Employees are typically provided with financial incentives related to the performance of the Group in the form of annual bonuses that are linked to local business unit performance and/or Group performance. The Board also recognises senior management contribution through the use of long-term incentive plans within overall remuneration.

Applications for employment by disabled persons are given full and fair consideration. When existing employees become disabled, every effort is made to provide continuing employment wherever possible.

Significant shareholdings

The Company has been notified of the following interests or is otherwise aware of the following interests, representing 3% or more of the issued share capital of the Company as at 29 February 2024:

Name of holder	No. of ordinary shares	% Holding ¹
Alychlo NV	14,751,674	24.54
Liontrust Asset Management	7,541,124	12.55
SEB Investment Management AB	4,688,370	7.80
Harwood Capital LLP	4,325,000	7.20
Canaccord Genuity Wealth Management Inc.	3,849,366	6.41
BGF Investment Management Ltd	3,571,544	5.94
BlackRock, Inc.	2,776,955	4.62

¹ Please note that percentage holdings are shown to two decimal places; full details of holdings can be found in the notifications of major holdings available on the London Stock Exchange website.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The going concern basis of accounting has therefore continued to be adopted in preparing the financial statements.

In reaching this conclusion the Directors have undertaken an assessment of the future prospects of the Group, taking into account the position, inclusive of the £24.9m proceeds received post year end in respect of the sale of Identicare and principal risks. This review considered forecasts of future trading, including working capital and investment requirements for 12 months from the reporting date that take into account reasonably possible changes in trading performance, in particular a “severe but plausible” downside scenario to factor in a range of downside revenue estimates, and higher-than-expected inflation across our cost base, with corresponding mitigating actions. Further details are included in the statement on going concern in the Notes to the Consolidated Financial Statements.

Disclosure of information to the auditors

Each of the persons who is a Director at the date of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group’s auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and resolutions seeking to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

At the 2023 Annual General Meeting, all resolutions put to shareholders were passed by a majority. The Company’s 2024 Annual General Meeting is scheduled to be held on Thursday 20 June 2024. The Notice of 2024 Annual General Meeting, including the resolutions to be proposed, is set out in a separate Notice of Meeting, which accompanies this report and is available on the Company’s website www.animalcaregroup.com/investors/shareholder-centre/agm/.

Approval

The Strategic Report and this Directors’ Report were approved by the Board on 11 April 2024 and signed on its behalf by

CHRIS BREWSTER

Chief Financial Officer and Company Secretary

11 April 2024

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

CHRIS BREWSTER

Chief Financial Officer and Company Secretary

11 April 2024



