Animalcare
GROUP

Expanding Horizons Enhancing Care

Animalcare Group plc
Annual Report for the year ended
31 December 2024

Introducing our 2024 Annual Report

Who we are

Animalcare Group plc is an international, development-focused sales and marketing organisation driven by a collective belief that healthy animals can have a hugely beneficial effect on their owners and wider society.

Listed on the UK's AIM market, Animalcare currently has a direct commercial presence in seven European countries and Australasia, and exports to around 45 countries in Europe and worldwide. The Group is focused on growing its business through its chosen categories of Companion Animals, Production Animals and Equine over the long term, bringing new and innovative animal health products to market through its own development pipeline, partnerships and via acquisition.

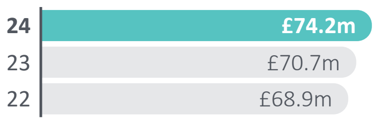
A Transformational Year

Financial highlights

Revenues from continuing operations for the period increased by 4.9% (7.2% at Constant Exchange Rate "CER") to £74.2m, including a strong contribution from volume growth, with sales from all three product categories increasing versus the prior year. Ongoing investment in SG&A costs, notably related to our people and marketing resulted in an underlying EBITDA of £11.6m, broadly in line with the prior year. Cash conversion at 103.1% was well ahead of the prior year and following the equity raise, our balance sheet remains strong after the advanced payment for the successful acquisition of Randlab with net debt standing at £9.0m at year end excluding lease liabilities. The Board proposed a final dividend of 3.0 pence per share, 5.0 pence for the full year.

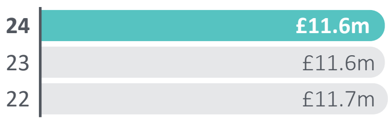
£74.2m ↑ 4.9%

REVENUE



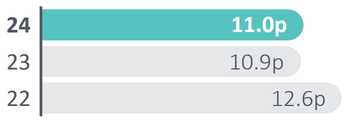
£11.6m ↓ 0.4%

CONTINUING UNDERLYING EBITDA[1]



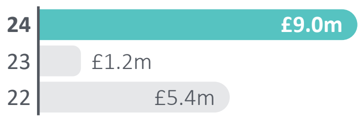
11.0p ↑ 1.0%

UNDERLYING EPS[1]



£9.0m ↑ £7.8m

NET DEBT[1]



[1] Alternative Performance Measures (APMs) are reconciled to reported results in the Chief Financial Officer's review and within the notes to the consolidated financial statements. APMs are calculated in line with the Group's accounting policies and therefore may not be directly comparable with other companies.

Strategic and Operational highlights

- Acquisition of Australia-based Randlab in January 2025 for £59.7m transforms Animalcare's position in the attractive Equine sector and opens new routes to Asia Pacific markets for the Group's existing product portfolio
- Disposal of Identicare and STEM non-core assets boosts deal-making capacity as Animalcare continues to pursue inorganic growth opportunities
- Daxocox continues to respond positively to sales and marketing focus across markets with a c.40% sales uplift
- Plaqtiv+ dental care range records double-digit growth with a c.27% increase in revenues
- Group continues to invest in people development and operational excellence
- Early-stage novel VHH antibody programme progressing well
- Life cycle management programme for Daxocox seeks to broaden range of indications and develop long-acting injectable option
- Ed Torr assumed role of Non-Executive Chair at June 2024 AGM

Chair's Statement

ED TORR
Independent Non-Executive Chair

> We have every reason to be positive about the prospects for Animalcare as we seize the opportunities and navigate the challenges in our markets.

Looking back at 2024, I'm pleased to reflect on an exciting year of delivery that has further strengthened our platform for long-term growth.

Strong organic revenue growth from our pharmaceuticals operations, driven by healthy demand for key portfolio brands in a resilient animal health sector, was underpinned by an ongoing focus on operational excellence. As expected, underlying EBITDA was at the same level as 2023 reflecting ongoing investment in SG&A costs, primarily related to people and marketing.

This positive trading performance, supported by strong cash flows, the Group's solid financial position and the attractive fundamentals of the animal health market, enables the Board to propose a final dividend of 3.0 pence, 5.0 pence for the full year, in line with the prior year.

Equally important to the successful execution of our long-term strategy is growth through inorganic means, typically in the form of M&A, licensing deals or partnerships. Anyone who has followed Animalcare in recent years will be aware that the management team has been highly active in identifying potential targets while applying a disciplined and structured approach to assessing these opportunities.

Of course, not all these efforts bear fruit, so we're excited with the material results we delivered on this front in 2024, first of all through the disposal in February 2024 of Identicare Limited ("Identicare"), the UK-based pet microchipping and pet owner-focused services company. As part of the Group's strategy to concentrate on the veterinary pharmaceuticals business, Identicare was separated from our core operations in 2021, with specialist leadership brought in. The subsequent strategic repositioning of this non-core business enabled us to crystallise significant value for the Group.

This transaction was followed in April 2024 by the sale of the Group's minority stake in STEM Animal Health to Dechra Pharmaceuticals. And as part of that deal, Animalcare benefited further by securing an enhanced licence and distribution agreement for biofilm-targeting dental products.

The proceeds from these disposals added significantly to the Group's balance sheet firepower in 2024, ultimately helping to fund the transformative acquisition of Randlab for approximately £60m excluding acquisition costs. Concluded in early January 2025, the acquisition of the Australia-based company is compelling on many levels. Not only does it increase our exposure to the fast-growing equine market and is expected to be earnings accretive by at least 20% in the first year, over the longer term it also provides a beachhead to extend the reach of our Companion Animals portfolio into the Asia Pacific region.

Among the many notable aspects of this value-creating transaction was the equity placing which helped raise the funds to make this deal a reality. The enthusiasm of institutional investors for what proved to be an over-subscribed raise demonstrates the widespread confidence in the Group's business and future prospects. I'd like to thank those existing shareholders who took part in the raise for their continued support and welcome new investors whose participation has helped broaden our shareholder base.

On behalf of the Board, I would like to take this opportunity to thank all shareholders – large or small – for your continued backing. I'd also like to use this public platform to recognise the hard work of the Animalcare team; it's their commitment and skill on a daily basis that makes it possible for us to deliver on our strategic objectives. The progress we've seen during 2024 is a direct result of the hard work put in by our people across the business.

Looking forward, we have every reason to be positive about the prospects for Animalcare as we seize the opportunities and navigate the challenges in our markets.

Our balance sheet purposely remains strong following the purchase of the Randlab business. This firepower enables us to continue our pursuit of inorganic and organic growth through the likes of M&A, business development, geographic expansion and sustainable licensing deals.

Another potential source of future growth is our new product pipeline. Industry data shows that much of the growth in animal health markets comes from new, differentiated products, notably in biologics. So, to maintain sustainable growth into the future, we are committed to increasing investment in our development pipeline, whether that be through life cycle management projects to extend the utility and reach of existing brands or innovative technology that promises to change veterinary practice.

With a well-funded balance sheet, double-digit growth in our lead products, an exciting growth opportunity in the Asia Pacific region and a management team that has proven to deliver on its strategy, the prospects for Animalcare are bright.

ED TORR
Independent Non-Executive Chair

28 April 2025

A Year of Strategic Delivery

FEBRUARY 2024

Identicare sale

Material value creation from non-core asset

Identicare Limited was separated from our pharma operations in 2021, with specialist leadership brought in. The subsequent strategic repositioning of this non-core business enabled the Group to crystallise significant value on sale.

Read **page 14** for more information.

2024

APRIL 2024

STEM Minority equity sale

Attractive return on investment with enhanced licensing rights

The disposal of STEM added to our investment firepower for future M&A. In addition, Animalcare secured extended sales channel licence rights in Europe and the UK, enabling the Group to maximise the value of our dental franchise through both veterinary and retail channels.

Read **page 15** for more information.

DECEMBER 2024

Conditional acquisition of Randlab

Transformative acquisition underpinned by £20m equity raise

The proceeds from the Identicare and STEM disposals added significantly to the Group's balance sheet firepower, helping to fund the transformative acquisition of Randlab for approximately £60m. The accompanying successful £20m equity raise, means we've retained the firepower to further invest in growth opportunities.

Read **page 16** for more information.

For more information on our M&A rationale/direction, read our **Investment Case** on **page 20.**

For more information on how this acquisition influences our marketplace, read **Our Marketplace** on **page 08.**

For more information on how this acquisition fits our business model, read our **Business Model** on **page 18.**

For more information on how this acquisition aligns to our strategic pillars, read our **Our Strategy** on **page 12.**

JANUARY 2025

Randlab completion

Materially grows Animalcare's equine business while expanding geographic footprint

Randlab significantly strengthens Animalcare's presence in the attractive Equine veterinary market which will represent in excess of 20% of Group sales on a pro forma basis (to 30 June 2024).

Business Overview

(BEFORE THE ACQUISITION OF RANDLAB, WHICH COMPLETED ON 3 JANUARY 2025)

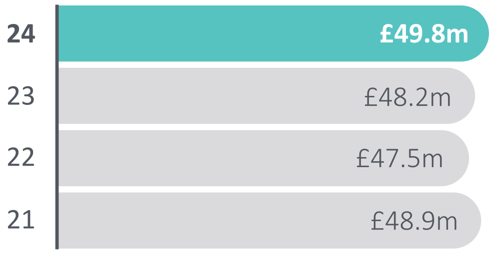
Animalcare is an AIM-listed international veterinary pharmaceutical sales and marketing organisation focused on bringing new and innovative products to market through our own development pipeline, partnerships and via acquisition.

OUR THREE PRODUCT CATEGORIES

Companion Animals

Overview

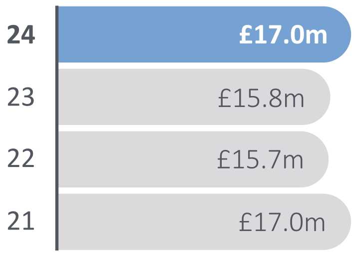
- Largest part of the Group with revenues generated from all business units (owned and International Partners)
- Current and future growth expected to be underpinned by Daxocox and Plaqtiv+ franchises together with new product launches
- Historically the largest contributor to profits from a gross margin perspective



Production Animals

Overview

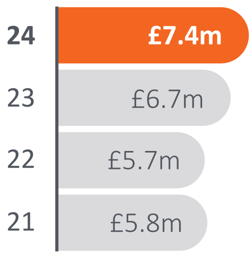
- Revenues chiefly generated by our well established Southern European operations (representing c.85% of overall PA sales) and International Partners
- Profitable and cash-generative portfolio comprised of owned/long-term licensed brands (e.g. Dinalgen) and those sourced from distribution partners



Equine

Overview

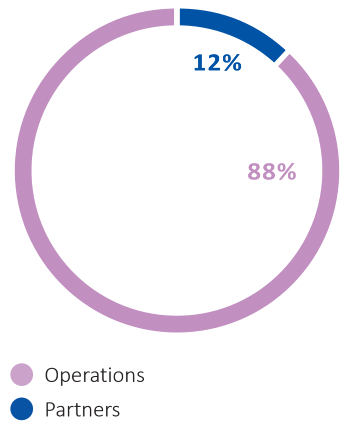
- Small and profitable portfolio
- "Anchor brand" in Danilon, which represents over 50% of overall equine revenues
- UK is a key market for Danilon; territory expansions will increase geographic reach
- Other core brands include Aqupharm fluids

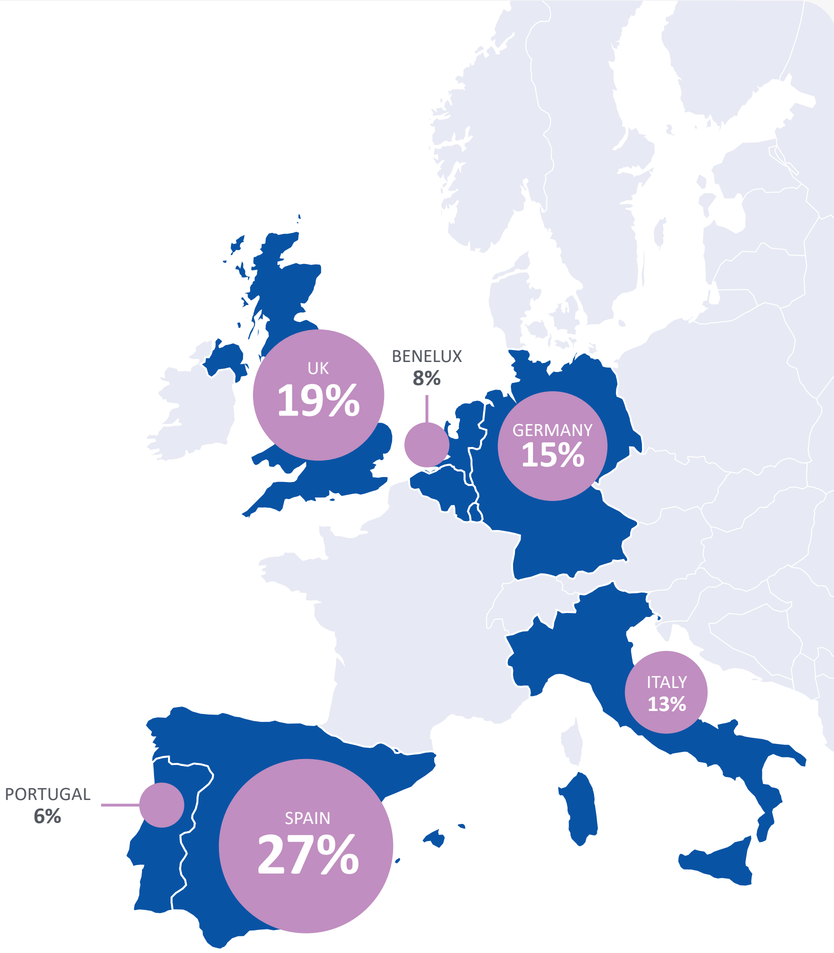


OUR OPERATIONS AND INTERNATIONAL PARTNERS

Animalcare operates in seven countries across Europe and exports to, approximately, 45 countries in Europe and worldwide.

GEOGRAPHIC REVENUE SPLIT (OPERATIONS VS PARTNERS)





200

WE EMPLOY AROUND 200 PEOPLE ACROSS OUR DIRECT EUROPEAN MARKETS

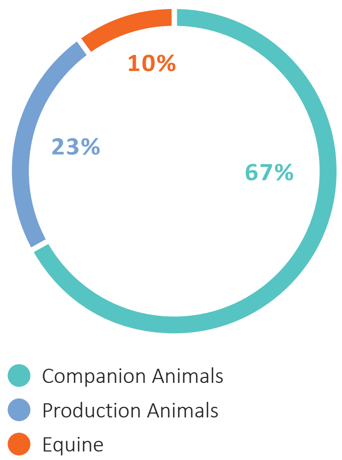
>50%

MORE THAN HALF OUR PEOPLE WORK IN CUSTOMER-FACING ROLES

25%

A QUARTER OF OUR EMPLOYEES ARE TRAINED VETS, MORE THAN MOST OF OUR COMPETITORS

TOTAL GROUP REVENUE BY PRODUCT CATEGORY



Our Marketplace

Well positioned to capitalise on market trends

The global animal health market is worth around $43bn in 2025. Regionally, this comprises US ($17bn), Europe ($10bn) and Rest of World ($16bn). Animalcare focuses predominately on European markets.

(Source: Stonehaven Consulting)

Animal types

Definitions of the animal health market can vary. We choose to divide animal health into three distinct categories: Companion Animals, Production Animals and Equine. Globally, more than half of all revenues are derived from Production Animals.

International markets

In 2024, Animalcare operated in seven countries across Europe and exported its products to approximately 40 countries in Europe and worldwide. Following the acquisition of Randlab, the Group will also have operations in Australia, New Zealand and United Arab Emirates (UAE) as well as increasing its export footprint by around four countries.

Competitors

Consolidation at the top end of the global Animal Health market over the last 20 years has led to an industry dominated by five companies that account for over 60% of the overall sector. The next ten largest companies account for almost 20% leaving a large tail of smaller, regional more specialised businesses.

Animalcare is in the top 20 European Animal Health companies, and top 50 globally. We avoid the high-value categories of novel parasiticides and vaccines where the largest Animal Health companies invest aggressively, and, instead, choose to focus on the day-to-day needs of veterinarians and animal owners, including pain control, anaesthesia and analgesia, fluid therapy and dental welfare.

Routes to market

Our primary route to market is via the wholesaler in our direct countries and via our international partners in countries where we do not have a direct presence. There are some exceptions, notably in Germany where the market is predominantly direct to vet and for some large corporate vet practices, where we deliver directly to their central logistics hubs. The number of wholesalers varies in each country, from a handful of large players in the UK to over 30 in Spain. As seen in other parts of the animal health ecosystem, there is increasing consolidation among wholesalers.

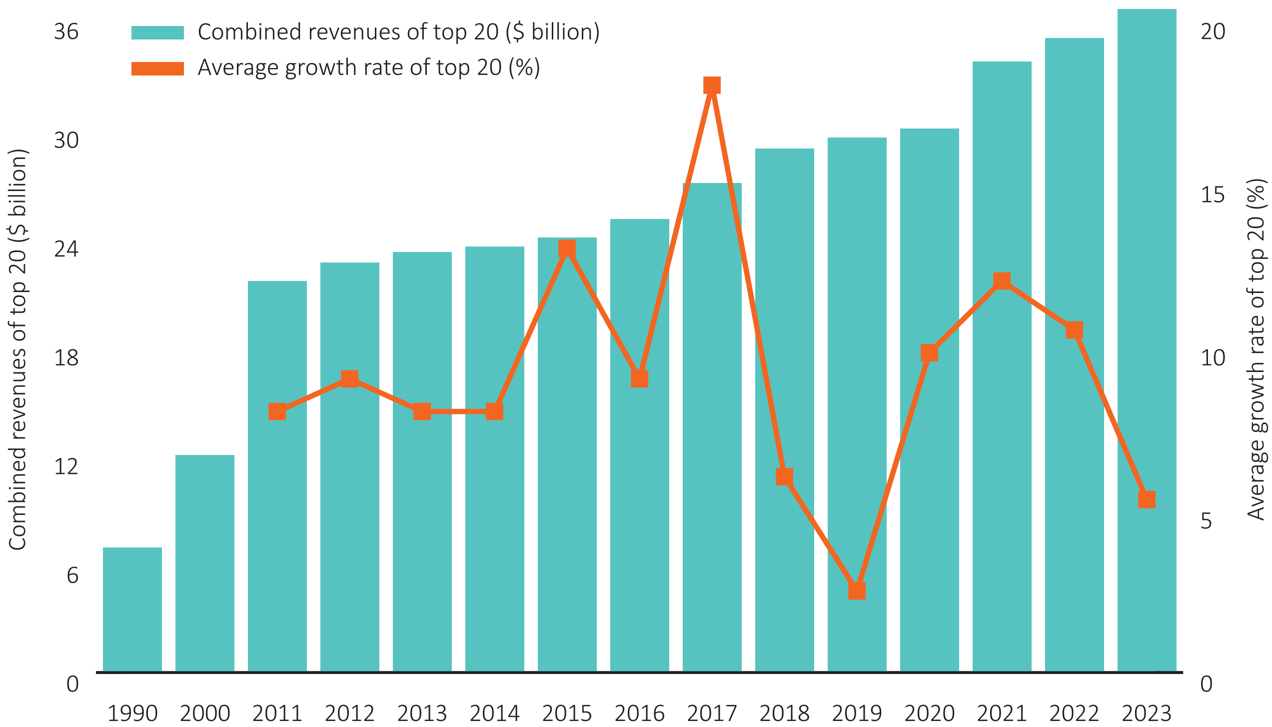
Customer consolidation

In recent years, various elements of the veterinary value chain have been coming together to unlock synergies and options to expand. The growth of corporate veterinary practices to loosely formed buying groups across Europe represents both risk and opportunity for animal health companies. Consequently, Animalcare has made organisational changes to address the specific needs of these consolidated and aligned businesses.

Resilient animal health market

The increase in pet numbers during the COVID-19 pandemic helped the industry largely avoid the economic downturn that many other industries endured. Analysis of the top 20 animal health companies, which account for over 80% of the market, shows there has been growth every year since 2011.

AVERAGE GROWTH AND COMBINED SALES OF TOP 20 (1990, 2000 AND 2021–2023)



Source: S&P Global Animal Health.

Companion Animals

Key therapeutic areas:
Pain control, anaesthesia and analgesia, antibiotics, fluid therapy, dermatology and dental welfare

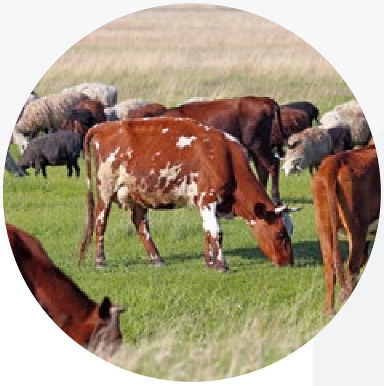
Products
71% of our companion animal products are prescription only medicines (POMs) that are prescribed by veterinarians. Depending on the country, POMs can be dispensed by veterinarians, pharmacists or authorised online suppliers. Supporting the POM range, we have a number of non-prescription over-the-counter (OTC) brands in therapeutic areas, including dental, microbiome support, dermatology and nutritional supplements.

Market growth drivers and opportunities
The Companion Animal market is forecast to grow at a CAGR of approximately 4% between 2025 and 2030 (Stonehaven Analytics, Stonehaven Cozmix Group).

The main growth driver is the increase in pet ownership, driven by several factors, including demographic changes, rising income and the COVID-19 pandemic. Additionally, advances in veterinary medicines and diagnostics, improved management of complex conditions by veterinarians, and increases in pet insurance have all contributed to animals living longer and increased expenditure.

The "humanisation" of pets and compassion for their animals also contributes to the forecast strong growth in the market.

Our response
The Companion Animal sector is the main area of focus for Animalcare. Our strategy has been to develop and launch novel and innovative products into this product category, such as Daxocox and Plaqtiv+, while investing in longer-term R&D programmes in key therapeutic areas.



Production Animals

Key therapeutic areas:
Antibiotics, pain management and anthelmintics

Products
94% of our Production Animal products are POMs that are prescribed by veterinarians. The remaining 6% are OTC products supporting the POM business. Our Production Animal business is mainly focused in our Southern European countries (Spain, Portugal and Italy) and with our International Partners.

Market growth drivers and opportunities
The global demand for protein continues to increase and is the key driver for growth in Production Animals. The global "one-health" initiative, the integrated, unifying approach that aims to sustainably balance and optimise the health of people, animals and ecosystems, has brought an increased focus on animal welfare, pain control and antimicrobial resistance, and the need to manage the use of antibiotics in animals, especially in Production Animals.

Our response
Over the last few years, we have reshaped our Production Animals portfolio, moving away from antibiotics and focusing more on pain relief and anthelmintics. Today, our leading production animal brand is a Ketoprofen 15% non-steroidal anti-inflammatory drug (NSAID) indicated for the reduction of inflammation, pain and fever.

Equine

Key therapeutic areas:
Fluid POMs pain management

Products
Mainly focused on pain management, over 90% of our Equine products are POMs that are prescribed by veterinarians who work at “mixed” vet practices (a combination of Companion Animal, and or Production Animal and Equine) or increasingly, stand-alone dedicated Equine veterinary practices.

Market growth drivers and opportunities
The Equine market can be split between food producing, wild and companion animal. This latter segment can be divided further into racing, competition and leisure. High-value racing and competition horses receive treatment when needed and at any cost. The leisure market can be more variable. Due to its smaller size compared to the Companion Animal market, fewer animal health companies are active in this product category and innovation has been less than in Companion Animals.

Our response
At Animalcare, we focus on the Companion Animal Equine market and have identified Equine as an attractive market for a company of our size. In January 2025, we completed the acquisition of Randlab, an Australia-based specialist Equine company with offices in New Zealand and UAE and are actively looking for future opportunities in Equine. In R&D, we are investigating the use of VHH antibodies in horses.

COMPANION ANIMALS

67%
OF 2024
GROUP REVENUES

PRODUCTION ANIMALS

23%
OF 2024
GROUP REVENUES

EQUINE

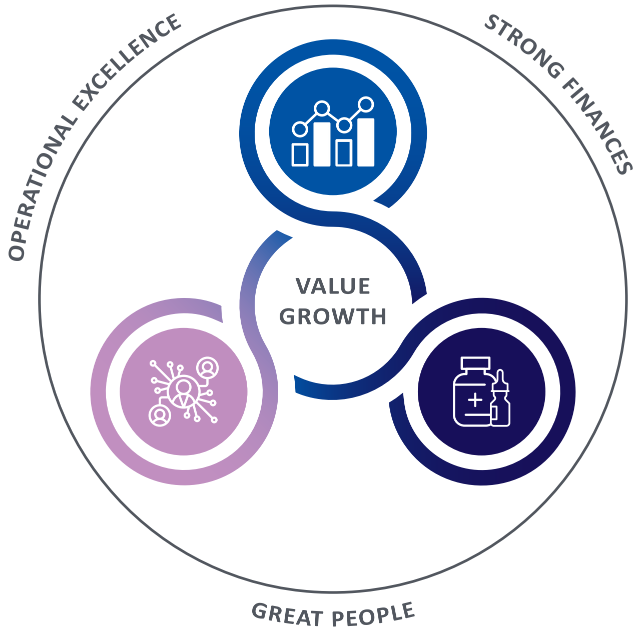
10%
OF 2024
GROUP REVENUES

Our Strategy

Scaling the business through targeted investment in growth areas of the animal health market, including acquisitions, underpinned by a balance of ambition, discipline and our strong foundations – great people, operational excellence and financial firepower

Organic Growth

Developing and nurturing a high-quality portfolio diversified across species and geographies to deliver strong and resilient growth



New Product Development

Building a balanced pipeline while increasing innovation that will generate a flow of new products that meet the needs of our dynamic markets is a key contributor to sustainable organic growth

Inorganic Growth

Pursue external opportunities that accelerate revenue growth with accretive margins, expand geographic reach and scale, and strengthen the pipeline through late stage in-licensing

INORGANIC GROWTH

COMPLEMENTARY ACQUISITIONS TO ACCELERATE ORGANIC GROWTH, BUILD SCALE AND SUPPORT THE DEVELOPMENT OF OUR NEW PRODUCTS

We are constantly reviewing opportunities to deliver on our strategic goals:

- Expanding geographic footprint and reach
- Portfolio focus – acquire existing brands and/or companies in growing sectors and geographies; In-license late-stage assets
- Acquire companies with complementary additions to our new product development pipeline
- Increasing scale and profitability, enabling greater and accelerated investment in expanding our R&D pipeline

NEW PRODUCT DEVELOPMENT

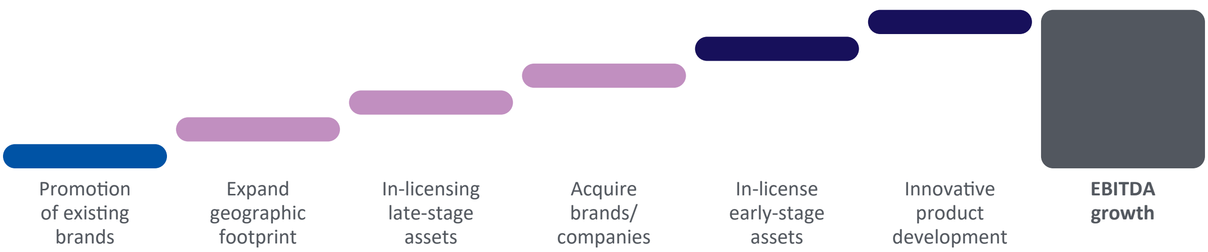
A KEY DRIVER OF SUSTAINABLE ORGANIC GROWTH

Our overall objective is to continue building a balanced pipeline that will generate a flow of new products and sustainable revenue growth in future years that meet the needs of our markets.

We plan to increase investment and focus our R&D resources on:

- Larger sustainable innovation projects
- Balancing risk through lifecycle management programmes to broaden the value of existing products
- Seeking in-licensing and partnering opportunities that provide access to novel therapies and technologies while offering a more cost-effective and agile approach to new product development

HOW WILL THIS CONTRIBUTE TO VALUE GROWTH?



Organic Growth

Key initiatives

- Commercial focus on brands with the greatest opportunity for long-term growth and higher margins
- Continue to build capabilities in our commercial teams to drive effectiveness and focus on the needs of our customers

Progress

- 4.9% revenue growth with increases across all product categories
- Growth driven by new products and continued contribution from strong mature brands
- International Partners (export) continues to deliver with focus on territory expansion for certain key brands in 2024
- Growth underpinned through continued focus on customers and commercial team effectiveness
- The systems and processes to launch new products and maximise our portfolio are embedded and provide a strong platform to scale the business

LINKS TO RISKS

A B C E F G H I J K

LINKS TO KPIS

1 2 3 4 5 6

Inorganic Growth

Key initiatives

- Seek opportunities that deliver near-term revenue and EBITDA growth that also:
  - Expand our geographic footprint
  - Develop a high-quality product offering diversified across species
  - Build scale in our existing markets
- Identify opportunities to build the pipeline for the future that are mid-stage products requiring minimal clinical and regulatory resource, which deliver revenue in excess of our largest current brands

Progress

- Significant increase in the number of opportunities identified and progressed as a consequence of Senior Executive Team focus
- The disposal of Identicare – a non-core asset – and sale of equity stake in STEM, generated firepower for acquisitions
- Transformative post year-end acquisition of Randlab provides international scale in attractive Equine sector while opening access to new markets; expected to be accretive to earnings by more than 20% in 2025

LINKS TO RISKS

E F G I K

LINKS TO KPIS

2 3 4 5 6

New Product Development

Key initiatives

- Identify opportunities to build our existing portfolio through new indications and formulations
- Work with partners to access products that offer significant longer term revenue opportunities through licensing and partnerships

Progress

- Two new indications for Daxocox filed with the European Regulatory authorities
- Two new products developed for skin and ear conditions, launching in 2025
- A new product development project initiated in canine, equine and feline pain
- Early-stage VHH antibodies are progressing through development as planned, with a focus on equine as the potential first launch indication followed by canine

LINKS TO RISKS

B C D F J K

LINKS TO KPIS

1 2 3 4 5 6

RISKS

- A Market and economic risk
- B Competitor risk
- C Portfolio risk
- D Product development and launch risk
- E Acquisition risk
- F Financing/Treasury risk
- G Foreign exchange translation risk
- H Supply chain risk
- I IT systems and cybersecurity risk
- J Regulatory risk
- K People risk

KPIs

1. Revenue growth
2. Underlying cash conversion
3. Basic underlying earnings per share ("EPS")
4. Underlying EBITDA margin
5. New product revenue
6. Net debt to underlying EBITDA leverage

Disposal of Identicare Limited

Overview and rationale for sale

Animalcare disposed of its majority shareholding in Identicare Limited to a company owned by funds managed by Bridgepoint Advisors II Limited, for a cash consideration of £24.9m payable upon completion of this sale.

Identicare is a UK-based pet microchipping and pet owner-focused services company. As part of the Group's strategy to focus on pharmaceuticals and to drive growth through launching innovative products, Identicare was separated from the UK pharmaceuticals business within Animalcare Ltd in March 2021, with specialist leadership brought to strategically reposition the business for future growth and, ultimately, make it attractive to specialist investors.

Value created

The deal represents a material value creation for the Company and its shareholders from a non-core asset. The disposal was transformative to the Group's balance sheet strength, providing much of the investment firepower to execute the acquisition of Randlab.

Sale of equity in STEM Animal Health Inc.

Overview and rationale for sale

On 11 April 2024, we announced the sale of our one-third equity stake in STEM Animal Health Inc. (STEM) to Dechra Pharmaceuticals Limited for a cash payment of US$4.7m, with other items covered by the agreement bringing the total potential monetary value of the deal to approximately US$5.4m.

STEM was established in September 2020 as a joint venture by Animalcare and Canada-based Kane Biotech Inc., with the Group taking a 33.3% stake in STEM. As part of the deal, Animalcare was granted rights under a Licence and Distribution Agreement ("LDA") to commercialise products based on Kane's coactiv+ TM and DispersinB® technology in global veterinary markets outside the Americas, with a focus on treating biofilm-related ailments in animals.

Over time, the value drivers for Animalcare were largely derived from the sale of products under the LDA rather than the minority equity stake in STEM. Therefore, when Dechra approached both Kane and Animalcare to purchase STEM, the Group took the opportunity to realise value from this non-core asset while enhancing its rights under the LDA.

Value created

The transaction offers value for Animalcare on two levels. Firstly, we secured an attractive return on our equity investment in STEM that adds to our firepower for future M&A. Secondly, under the terms of the deal, the existing LDA was extended to allow Animalcare access to all channels in Europe and the UK, enabling Animalcare to maximise the value of the dental franchise through both veterinary and retail channels, including through e-commerce.

Transformative acquisition of highly attractive and complementary business aligned to Animalcare's growth strategy

Acquisition of Randlab

On 3 January 2025, Animalcare completed the acquisition of Randlab, a privately-owned group of companies focused on the Equine veterinary market. Randlab operates primarily in Australia with subsidiaries in New Zealand and the UAE, while exporting to 14 countries.

The rationale

We are constantly reviewing opportunities to deliver on our strategic goals of expanding our geographic reach, acquiring products and brands that enhance our existing portfolio and building our new product pipeline. The Randlab acquisition meets all three of these goals.

HIGHLY ATTRACTIVE AND COMPLEMENTARY BUSINESS

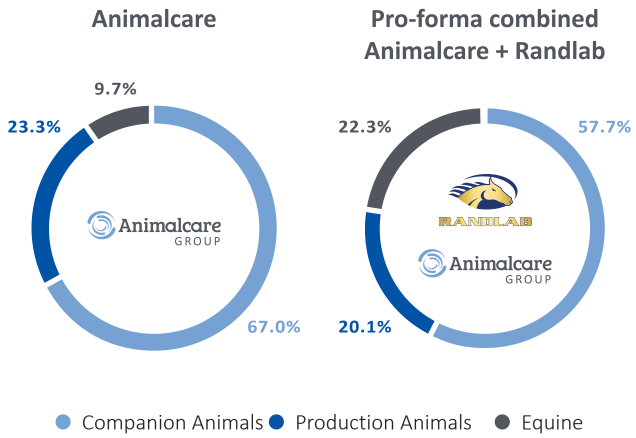
Materially grows the Animalcare Equine business

Randlab represents a significant opportunity for Animalcare to build a leading franchise in the global Equine market, which is forecast to grow at 8.3% CAGR[1]. Equine accounts for less than 4% of total animals in major animal health markets[2] compared to cats and dogs, and 2.8% of sales in Europe across all species[3]. As a result, this has, historically, been an underinvested sector, with relatively low levels of recent innovation in new products.

We believe that the acquisition of Randlab gives Animalcare the opportunity to be positioned as a "partner of choice", leveraging Randlab's equine expertise through its highly experienced and well-established technical and commercial team, to secure strong brand loyalty and customer relationships in the equine community.

1 Equine Healthcare Market Size and trends 2024–2030, Grandview research
2 SC Analytics Europe, North America, Japan, Australia
3 Animal Health Europe 2022

% REVENUE BY SEGMENT LTM TO 30 JUNE 2024



Pro-forma revenue derived from ANCR for the 12 months ended 30 June 2024 plus Randlab Pty to 30 June 2024 (assumes GBP:AUD 1.95)

Enhances Animalcare's product portfolio

The Randlab portfolio encompasses an extensive range of core equine generic pharmaceuticals and some over-the-counter products. In total, there are 58 brands in 10 product categories, the largest two being Gastric Ulcer and Joint which together account for 61% of total revenue. Over 80% of the 58 brands are registered veterinary prescription medicines and owned by Randlab, enhancing Animalcare's revenues derived from owned brands and reducing the overall exposure to third-party distribution products.

Opportunity to build significant Equine franchise

Randlab significantly strengthens Animalcare's presence in the attractive Equine veterinary market, which is expected to represent in excess of 20% of Group sales on a pro forma basis (to 30 June 2024). Moving forward, we see opportunities to build upon this:

- **Commercial synergies** – over time, and subject to regulatory requirements, we expect to deliver incremental revenues from launching existing Animalcare products through the Randlab network and vice versa
- **New product development** – Randlab is currently working on a small pipeline of new products (two currently in development, two proposed). We will assess further opportunities to build upon this pipeline and to include European registrations, where appropriate, while leveraging Randlab's expertise to maximise the potential of Animalcare's current equine developments (e.g. VHH antibody programme)
- **Upside beyond standalone plan** – accelerate growth of our Equine franchise through a mix of bolt-on acquisitions, licensing and partnering opportunities

Opportunities to build Companion Animal footprint in Asia Pacific

Randlab expands the Group's geographical footprint in the important Australian, New Zealand and UAE Equine markets, providing the infrastructure and opportunity to accelerate growth within Animalcare's Companion Animal business. Such opportunities include partnering, strategic investment and/or acquisition of existing Companion Animal-focused businesses. Over time, commercial synergy opportunities should arise as we establish our Companion Animal footprint.

People and Integration

Randlab was founded by 2004 by Angelis Vasili who, as CEO, led and built a sustainable, profitable and cash-generative business with an impressive track record in a market that places great importance on knowledge and expertise of equine health and wellbeing. Following completion of the acquisition, Angelis stepped down as CEO and left Randlab. Animalcare and Angelis have, subsequently, agreed a contract for consultancy services which will allow ongoing access to Angelis, notably to support building and delivery of the Randlab product development pipeline.

Following completion, we are confident we have in place an experienced leadership team to facilitate a smooth transition and deliver our future growth ambitions. Bruce Bell, a former Elanco and Virbac Country/General Manager, who joined Randlab in 2020 as Assistant General Manager, succeeds Angelis Vasili as General Manager. Separately, Brad Saunders, a former long-standing colleague of Bruce at Virbac, joined on completion as Finance and Operations Director, to lead on the finance and supply aspects of the business.

Randlab operates with a small, highly experienced team of around 25 people, of which seven are in customer-facing roles, with 100% focus on Equine, driving strong brand loyalty and customer relationships in the equine market. This total is expected to remain largely unchanged post-acquisition.

Alongside Bruce and Brad, we aim to preserve the focus on equine and an entrepreneurial operating environment. Therefore, our integration plans and potential future move into Companion Animals are not expected to impact or disrupt Randlab. Recognising that any acquisition means change for an organisation, our integration ethos will be focused on making necessary and positive change for Randlab and our new colleagues.

Business Model – How We Create Value

Our business model centres on the development, supply and marketing of pharmaceutical products to the veterinary profession, underpinned by our strong foundations, which enable us to execute our strategy.

We harness our key resources... → **...to deliver high-value solutions that generate sustainable growth while...**

OUR KEY RESOURCES

PEOPLE AND CULTURE
Having the right people, capabilities and engagement across the organisation is fundamental to delivering our strategy and the long-term success of the Group. We seek to create an environment in which our colleagues feel valued and empowered to be the best version of themselves at work.

INDUSTRY KNOWLEDGE
We have extensive knowledge of the Companion Animal, Production Animal and Equine markets in which we operate and the regulations that govern them.

CUSTOMER RELATIONSHIPS
The relationships with the individual vets and veterinary groups that represent our core customers are key. Our sales force has extensive experience and knowledge of their markets and products.

PARTNERSHIPS
The Group has developed a series of critical partnerships that help us strengthen our pipeline, commercialise innovative products, and establish research and manufacturing capabilities and capacity.

BALANCED PORTFOLIO
Following the acquisition of Randlab, Animalcare operates a portfolio of approximately 220 brands.

OUR KEY ACTIVITIES AND ENABLERS

1. Develop and commercialise prescription and over-the-counter animal pharmaceutical products
2. Manufacture to high quality standards through a network of contract manufacturing partners
3. Manage an extensive international supply chain, including specialist veterinary wholesalers and distributors
4. Outside our direct geographic operations we partner with companies to commercialise products
5. Sell products to veterinary practices and veterinary groups through our own highly skilled sales force

UNDERPINNED BY OUR STRONG FOUNDATIONS

FINANCIAL STRENGTH
- Solid financial platform enables us to increase investment and leverage our stronger base to deliver future growth and value to our shareholders

PEOPLE
- A highly skilled team, more than half of which are in customer-facing roles and 25% are trained vets

OPERATIONAL EXCELLENCE
- Mature business and veterinary pharmaceutical processes and capabilities to exploit sustainable growth opportunities

We are driven by our values, helping to create an environment in which our colleagues feel empowered to be the best version of themselves at work.

ONE TEAM

PASSION

...meeting the evolved needs of our stakeholders

VALUE CREATED FOR STAKEHOLDERS

EMPLOYEES
Our people benefit from the ability to improve their skills and work in a challenging, innovation-driven and forward-thinking organisation.

CUSTOMERS
Animalcare seeks to provide a choice of innovative and trusted products to support veterinary professionals and other customer stakeholders. Our agile business model and close customer relationships help ensure we are aligned with the changing needs of our markets.

SHAREHOLDERS
Through the execution of our growth strategy, we aim to consistently deliver strong and resilient financial performance for our shareholders, generating attractive returns over the long term.

KEEPERS OF ANIMALS
Our veterinary products help maintain or improve the health and wellbeing of animals across our markets. This brings huge benefits to owners and wider society.

SUPPLIERS
The Group does not own manufacturing facilities, so it works with third-party manufacturers to supply finished products. We engage with these suppliers to develop and maintain trusting long-term relationships, creating mutual value.

PARTNERS
Our partnerships are wide ranging in scope and help ensure the success and effective operation of our business. We create value through long-term collaborations on mutually agreed terms.

INTEGRITY

TAKING OWNERSHIP

HAVE FUN

Investment Case

Shaping tomorrow through the committed delivery of our strategy for sustained future growth and creating value for our stakeholders

Growing animal health market with global opportunities to scale our business

- The global veterinary market is expected to grow steadily at mid-single digits over the coming years, driven by rising numbers of both companion and food producing animals, with pets also living longer.
- The acquisition of Randlab more than doubles Animalcare's footprint in the growing and attractive equine product category of the market.
- We have established a strong presence in western Europe. Nevertheless, we see opportunities to scale up our existing operations on a country-by-country level while seeking to expand our geographic footprint across significant markets such as France and, ultimately, the US, the largest animal health market globally.
- In addition, we continue to extend the reach of our products to animal health markets worldwide through our International Partners business. This is typically achieved by using selective local partners to obtain a foothold. Longer term, where sufficient critical mass can be achieved, we would seek to bring these markets under Animalcare's control.

Diversified portfolio across multiple species with expanding geographic reach

Building and nurturing a focused portfolio of attractive, profitable brands that offer sustainable revenues and strong margins is at the heart of our long-term strategy. Following the acquisition of Randlab, our portfolio consists of approximately 220 brands operating across the Companion Animal, Production Animal and Equine markets with a strengthening position in our focus sectors and geographies to drive future growth:

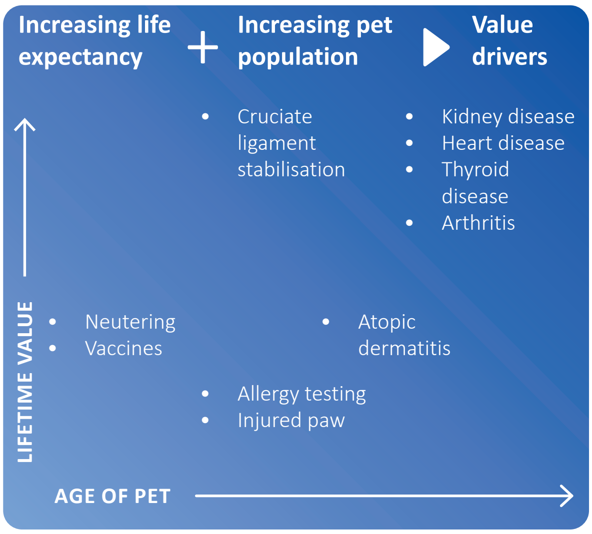
- Daxocox is growing strongly and poised for continued growth in the expanding osteoarthritis pain market
- The Plaqtiv+ dental range operates in a growing part of the market which we aim to further exploit in Europe and the UK through the expanded license rights following the STEM deal which allow Animalcare access to all sales channels.

Randlab strengthens our portfolio:

- More than doubles our revenues in the attractive Equine veterinary market (pro forma basis to 30 June 2024)
- Increasing the percentage of revenues derived from our own and licensed brands from approximately 63% in FY24 to 68% (pro forma basis to 30 June 2024) and reducing the overall exposure to third party distribution products

We expect Companion Animals to remain the largest part of our portfolio, with new product approvals, market expansions and increasing innovation. Our overall objective is to continue building a balanced pipeline that will generate a flow of new products that meet the needs of our markets.

Companion Animals portfolio across lifetime stages of pet



Highly skilled people working across the Group enable our strategy

Over the past few years, we have been focused on building capabilities in each of the three areas that drive our business:

- We have invested in our commercial capabilities and are seeing the benefit of this in the performance of our key products.
- We have strengthened our M&A team – the results visible in the Randlab acquisition and the number of opportunities we are working on.
- In our pipeline and development team, we have focused on partnering with experts and building external expert networks to inform our decisions.

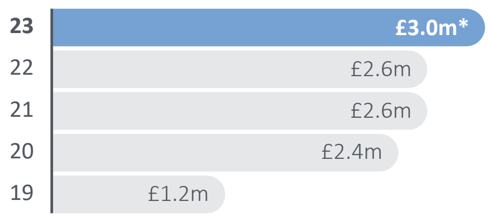
We have clear frameworks to ensure local teams can remain close to their customers and meet their needs, with local accountability, decision-making and leadership. At the same time, they benefit from our centralised enabling functions, ensuring the Group operates efficiently. This is supported by robust systems and processes that are scalable, including the CRM system used by the customer-facing teams, the supply processes and within finance.

All of our activities are underpinned by our focus on people development – creating leaders and giving them the tools to be the best version of themselves at work.

Appropriate financing structure with strong cash generation

- A strong balance sheet – we have retained c.£20m firepower post the acquisition of Randlab enabling us to continue our pursuit of inorganic growth opportunities.
- We are strongly cash generative with a high conversion of EBITDA into cash.
- Our capital allocation policy is aligned to our strategic objectives:

£11.8m returned to shareholders over last five years through dividends



* Including a final dividend of 3.0p paid July 2024.

Capital priorities

ORGANIC GROWTH

- Continued investment in people and operational excellence will underpin our strong foundations for future growth.

INORGANIC GROWTH

- Debt and equity capacity reserved for M&A
- Disciplined balance sheet management targeting gearing of up to 2.0x EBITDA

NEW PRODUCT DEVELOPMENT

- Operating cash flow will fund our pipeline
- Target R&D investments at c.5% of revenues to build a balanced pipeline

DIVIDENDS

- £11.8m returned to shareholders since 2019
- Dividend policy unchanged
- A 2024 interim dividend of 2.0p was paid with a proposed final dividend of 3.0p

Chief Executive Officer's Review

JENNIFER WINTER
Chief Executive Officer

In recent years, we have made significant strategic progress, all helping to create a strong base from which to deliver on our priorities.

I'm delighted to report that Animalcare made significant progress in the execution of our long-term growth strategy during 2024, with transformational business development activity backed by a positive trading performance across all three of our product categories.

Strong trading performance

Group revenues from continuing operations – excluding Identicare – totalled £74.2m (2023: £70.7m), up 4.9% (+7.2% at CER).

Central to our long-term growth strategy has been the rationalisation of our product portfolio. Over time, this has seen us deprioritise a tail of smaller-selling products in favour of higher-selling, more profitable brands. With this refocus materially complete, we have seen a significant boost to the likes of our dental health range, including Plaqtiv+, Daxocox, and Danilon, the latter having reverted to our sales and marketing control in 2023.

Gross margins declined by 1.2% to 55.6%, affected by product mix and input inflation, with offsetting pricing measures safeguarding our commercial position in key markets. Underlying EBITDA[1] of £11.6m was maintained at the prior year level as we continued to invest in SG&A, primarily to focus on the skills and capabilities necessary to implement our long-term growth strategy.

The Group continues to deliver strong cash generation, with an improved underlying cash conversion rate of 103.1% (2023: 86%). At year end, our net debt position, before accounting for IFRS 16 leases, was £9.0m. This was strengthened by the oversubscribed placing at the time of the Randlab acquisition, leaving us well placed as we continue to execute on our growth strategy.

[1] Underlying EBITDA is defined in the CFO Review

In recent years, we have made significant strategic progress: driving margin improvements, rationalising our product portfolio and enhancing our organisational capabilities, all helping to create a strong base from which to deliver on our priorities. 2024 has been transformational for our business. Divesting Identicare and our stake in STEM, the former for a considerable and enhanced valuation, has enabled the Randlab acquisition, adding another significant avenue for growth.

Our growth strategy is split between organic and inorganic growth and new product development.

Organic growth

Building and nurturing a focused portfolio of attractive, profitable brands that offer sustainable revenues and strong margins is at the heart of our long-term strategy. In recent years, we have re-engineered our product line-up to place greater emphasis on brands that we can commercialise across all our markets. Combined with ongoing investment in sales and marketing excellence, this gives us important synergies that are hard to access from smaller, more local, products. The value of that approach is evident in the continuing enthusiastic customer response to brands such as Daxocox and Plaqtiv+. Sales of Daxocox, our long-acting NSAID for the treatment of osteoarthritic pain, grew by 40% in 2024, while revenues generated by the Plaqtiv+ dental range were up 27%.

Each of our product categories delivered growth over the 12 months. Production Animals which enjoyed an exceptional first half driven, in part, by phasing and competitor supply shortfalls, returned to more normal demand patterns for the full year, while Equine continued to benefit from our decision to return Danilon to the Animalcare fold, a move that gives us more control over sales and marketing of this anti-inflammatory treatment. Companion Animals returned to growth (up 3.4%) after the effect of sales phasing in our export business, launch delays and supply challenges eased in the second half, as expected.

Inorganic growth

Animalcare is committed to pursue value-creating external opportunities that have the potential to grow our business through M&A, in-licensing and partnerships. In early 2025, we achieved a significant milestone with the acquisition of Randlab, the Australia-based equine health company.

As a precursor to this transformative deal, in February 2024, we successfully disposed of Identicare Limited, the non-core microchipping and pet owner-focused services company, for £24.9m. To help maximise the attractiveness of the enterprise to potential buyers, we carved out Identicare from the pharmaceutical operation during 2021 and brought in specialist leadership. The next piece of the jigsaw was the decision to sell our minority equity stake in STEM Animal Health to Dechra Pharmaceuticals. Not only were we able to secure an attractive return on our equity investment, we gained enhanced commercial licensing rights to reach more pet owners with products based on anti-biofilm technology.

The proceeds from these disposals made a significant contribution to the c.£60m acquisition of Randlab, a business that the Group expects to be earnings accretive to the tune of more than 20% in 2025. The transaction is an excellent strategic fit on many levels, for example, providing international scale in the attractive Equine sector as well as creating a bridgehead into Asia Pacific markets for the Group's Companion Animals portfolio.

This is a compelling and exciting development for Animalcare.

Following completion, we are confident we have in place an experienced leadership team to facilitate a smooth transition, integration and deliver our future growth ambition, with a commitment to preserve the absolute focus on the Equine market and entrepreneurial operating environment. The integration is progressing well and alongside local management, we've taken the decision to accelerate additional investment in the commercial team to drive future growth.

Developing new products

With an increased focus on R&D, we have made good progress in the development of new products during the year. Our overall objective is to continue building a balanced pipeline that will generate a flow of new products that meet the needs of our markets.

We are continuing to advance our life cycle management programme for Daxocox, a long-acting treatment for osteoarthritis pain. We have completed the clinical phase of our studies to broaden the range of indications for Daxocox and have initiated early development for a long-acting injectable non-steroidal anti-inflammatory.

Having completed development and field trials, we plan to launch two new products in 2025 from a partnership with

Yun Probiotherapy. These products will further expand our line-up of dermatological treatments to improve skin conditions without the use of antibiotics.

Biologics continue to drive much of the market growth and the development of our novel VHH antibody treatment is progressing well. While still at an early stage, we have seen positive data in horses and continue to advance the overall programme to assess the potential in additional species and new indications.

We continue to expand the reach of our novel products Daxocox and Plaqtiv+ through the registration in additional territories outside Europe, providing further opportunities for growth through our network of partners.

Strong foundations

Our foundations are strong and flexible, giving us more scope than ever to pursue our strategic goals in an attractive marketplace. Having delivered the most transformative acquisition since the merger of Animalcare and Ecuphar, we continue to possess the necessary firepower to pursue further value-creating opportunities through cash-generative trading performance, the support of the equity raise and undrawn credit facilities.

As important to our future success is the ongoing investment that we have brought to bear on developing the skills of our people and the effectiveness of our core operations, particularly in the field of sales and marketing. Operationally, we are well positioned to drive our growth agenda, increasingly equipped with the capabilities that match and support our ambitions.

Summary and outlook

In 2024, we delivered another strong set of results in line with market expectations. Growing revenues from our continuing operations across all product categories and improved levels of cash conversion were central to the Group’s positive performance. Undoubtedly, the highlight was the acquisition of Randlab (which completed early in 2025). This transformational deal represents a powerful strategic rationale for Animalcare, strengthening our position and portfolio in the growing Equine sector.

Looking ahead, there are many reasons to be confident about our prospects and our ability to deliver growth over the long term.

I would like to take this opportunity to thank the Animalcare team for their unwavering commitment to the Company as we push to deliver our long-term growth strategy.

Finally, I would also like to recognise the members of the Animalcare Board for their encouragement and wise counsel, especially during a period of intense business development activity.

JENNIFER WINTER
Chief Executive Officer

28 April 2025

Our Key Performance Indicators

Financial KPIs

CONTINUING REVENUE GROWTH

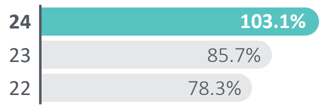
Definition:
Organic revenue growth: including new products versus prior year, excluding the impact of acquisitions and disposals (notably Identicare)

Why we measure this:
Revenue growth is an important barometer of the Group's success in delivering its strategy and is a key component of growing our profits and cash flow.

Commentary on performance:
Revenue for the year was £74.2m (2023: £70.7m), an increase of 4.9% at AER (7.2% at CER).

Links to Strategy:

UNDERLYING CASH CONVERSION



Definition:
Cash generated from operations as a percentage of underlying EBITDA

Why we measure this:
Our quality of earnings is reflected in our ability to turn underlying EBITDA into cash, an important enabler of capital allocation and investment in our innovative pipeline, acquisition and people.

Commentary on performance:
The Group continues to generate strong operating cash flows with underlying cash conversion in 2024 well ahead of the prior year and previous guidance of 85–90%.

Links to Strategy:

BASIC UNDERLYING EARNINGS PER SHARE

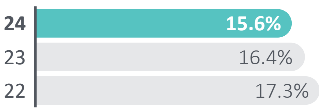
Definition:
Underlying profit after tax divided by the weighted average number of shares

Why we measure this:
Underlying EPS is a key indicator of our performance and the return we generate for our stakeholders.

Commentary on performance:
Basic underlying EPS has increased by 1.0% – reflecting a 10.1% increase in continuing underlying EPS to 10.9p (2023: 9.9p) offset by the disposal of Identicare.

Links to Strategy:

CONTINUING UNDERLYING EBITDA MARGIN



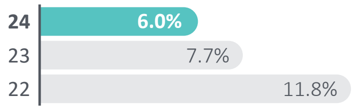
Definition:
Continuing underlying EBITDA as a percentage of sales

Why we measure this:
This is a measure of the operating efficiency of the Group with focus on translation of sales growth to profit.

Commentary on performance:
Underlying EBITDA margin moderated, principally driven by people, marketing and regulatory costs as we continue to invest in growing the business.

Links to Strategy:

NEW PRODUCT REVENUE



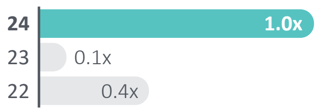
Definition:
Revenue from new products launched in the last three financial years (including territory expansion) as a percentage of revenue

Why we measure this:
New product revenues are a key driver of growth in Companion Animals and for maintaining our strong presence in Production Animals.

Commentary on performance:
New product revenue (as defined above) was 6.0% in 2024, of which c.90% related to Companion Animal products from a combination of owned and distribution products.

Links to Strategy:

NET DEBT TO UNDERLYING EBITDA LEVERAGE



Definition:
Leverage is net debt (total debt including IFRS 16 liabilities less cash balances) divided by underlying EBITDA

Why we measure this:
We seek to maintain a strong balance sheet with a maximum leverage target of two times underlying EBITDA to allow capacity for investment in future growth.

Commentary on performance:
Net debt of £11.5m, including IFRS 16 leases, represents leverage of 1.0 times underlying EBITDA (excluding the pro-forma contribution of Randlab) against a banking covenant of 3.5 times. Leverage was lower than expected due to strong free cash generation and acquisition-related fees largely being paid post year end.

Links to Strategy:

STRATEGIC PRIORITIES

Organic growth

Inorganic growth

New product development

Chief Financial Officer's Review

CHRIS BREWSTER
Chief Financial Officer

> The Group has a strong balance sheet following a transformative year of M&A activity. Our successful £20m equity raise, alongside our strong cash flows and debt capacity, means we've retained the firepower to further invest in our growth strategy.

Underlying and Statutory Results

To provide comparability across reporting periods, the Group presents its results on both an underlying and statutory (IFRS) basis. The Directors believe that presenting our financial results on an underlying basis, which excludes non-underlying items, offers a clearer picture of business performance. IFRS results include these items to provide the statutory results. Following the divestment of Identicare, announced on 28 February 2024, both the 2024 and 2023 income statements have been presented to show the remaining pharmaceuticals business as continuing operations separately from Identicare, which has been classified as discontinued.

All figures are reported at actual exchange rates (AER) unless otherwise stated. Commentary will include references to constant exchange rates (CER) to identify the impact of foreign exchange movements. A reconciliation between underlying and statutory results is provided at the end of this financial review.

Overview of underlying financial results

	2024 £'000	2023 £'000	% Change at AER
Revenue	**74,228**	70,733	4.9%
Gross Profit	**41,244**	40,147	2.7%
Gross Margin %	**55.6%**	56.8%	(1.2%)
Underlying Operating Profit	**8,497**	8,790	(3.3%)
Underlying EBITDA	**11,556**	11,601	(0.4%)
Underlying EBITDA margin %	**15.6%**	16.4%	(0.8%)
Basic Underlying Continuing EPS (p)	**10.9p**	9.9p	10.1%

Group pharmaceutical revenues for the period increased by 4.9% (7.2% at CER) to £74.2m, including a strong contribution from volume growth, with all three product category revenues increasing versus prior year. Gross margins declined by 120bps to 55.6% predominantly reflecting product category sales mix and input cost inflation. Underlying EBITDA was in line with prior year at £11.6m, reflecting continuing investment in SG&A costs, notably related to our people and marketing.

Revenue performance by product category is shown in the table below:

	2024 £'000	2023 £'000	% Change at AER
Companion Animals	**49,828**	48,212	3.4%
Production Animals	**17,027**	15,790	7.8%
Equine	**7,373**	6,731	9.5%
Total	**74,228**	70,733	4.9%

Revenue in Companion Animals improved by 3.4% to £49.8m, benefiting from strong double-digit growth in Daxocox (+40%) and our dental range encompassing Orozyme (+11%) and Plaqtiv+ (+27%). These positive contributions were underpinned by the organisational changes made in H2 2023 and associated ongoing focus and investment to drive sales and marketing excellence. New products launched in the last two years added £1.4m (2023: £1.9m) of sales through a combination of owned and distribution brands. This performance was lower than expected due to launch delays and some disruption in supply. Our mature portfolio continues to be impacted by competitor dynamics against certain generic brands and cessation of distribution products, offsetting the revenue growth drivers noted above.

Following a very strong first half, Production Animals revenue increased by 7.8% over the full year to £17.0m. This performance was driven by growth in certain larger-selling brands, phasing of orders and benefit of a one-off competitor out of stock. The Group's Production Animals expertise is focused in our Southern Europe markets and we are reviewing opportunities to build on this expertise and existing sales footprint to grow this important part of our business.

Our Equine portfolio sales increased by 9.5% to £7.4m, benefiting from continuing strong momentum in Danilon within the UK and growth across our fluids range. During the year we received approval for a number of territory expansions for Danilon, including France, with commercial launches expected during 2025.

We continue to focus commercial resources and investment on our larger, higher-margin brands which have driven much of our revenue growth. Within these brands, and across our portfolio, gross margins have, overall, decreased by 120bps to 55.6%, reflecting input cost (COGS) and logistics price inflation, sales mix, notably with Companion Animals and unfavourable foreign exchange translation effects – approximately 75–80% of our revenues are denominated in Euros. The Group has partially recovered this inflation through mitigating pricing actions, where possible, while maintaining our competitiveness across key brands and geographic markets.

Underlying EBITDA decreased by 0.4% to £11.6m, with EBITDA margins moderating to 15.6%. Underlying overheads, defined as gross profit less underlying EBITDA, increased during the year to £29.7m (2023: £28.6m), an increase of 3.8% principally driven by people, marketing and regulatory costs. People costs include the impact of inflationary and salary increases across the Group and investment in additional headcount, notably in commercial, R&D and supply chain roles to underpin the Group's future growth.

Basic underlying continuing EPS increased by 10.1% to 10.9 pence (2023: 9.9 pence) due to a decrease in the underlying effective tax rate to 18.9% (2023: 26.0%) and lower net finance costs driven by interest received on cash balances following the sale of Identicare. The decrease in the effective tax rate is primarily attributable to a one off prior year charge within deferred tax, arising from a change in the statutory enacted tax rate.

Overview of reported financial results

Reported Group profit after tax for the year (after accounting for the non-underlying items and discontinued operations shown in the table and discussed below) was £18.5m (2023: £1.2m), with reported earnings per share at 30.3 pence (2023: 2.0 pence per share).

	2024 Underlying results £'000	Amortisation and impairment of intangibles £'000	Acquisition, restructuring, integration and other costs £'000	**2024 Reported results £'000**	2023 Reported results £'000
Continuing Operations					
Revenue	**74,228**	–	–	**74,228**	70,733
Gross profit	**41,244**	–	–	**41,244**	40,147
Selling, general & administrative expenses	**(30,507)**	(3,326)	–	**(33,833)**	(32,630)
Research & development expenses	**(2,270)**	(639)	–	**(2,909)**	(3,101)
Net other operating income/(expense)	**30**	–	2,546	**2,576**	(388)
Impairment losses	**–**	(23)	–	**(23)**	(22)
Operating profit/(loss)	**8,497**	(3,988)	2,546	**7,055**	4,006
Net finance expenses	**(315)**	–	(988)	**(1,303)**	(580)
Share in net profit/(loss) of joint venture	**31**	–	–	**31**	(142)
Profit/(loss) before tax	**8,213**	(3,988)	1,558	**5,783**	3,284
Taxation	**(1,554)**	710	(122)	**(966)**	(2,187)
Profit/(loss) for the year	**6,659**	(3,278)	1,436	**4,817**	1,097
Profit from discontinued operations	**48**	–	13,629	**13,677**	102
Total profit/(loss) for the year	**6,707**	(3,278)	15,065	**18,494**	1,199
Basic earnings per share (p)	**11.0p**	–	–	**30.3p**	2.0p

Non-underlying items net income of £11.8m (2023: net charge of £5.3m) relating to profit after tax have been incurred in the year, as further described in note 4. In summary, the principal items are as follows:

- £13.7m gain on disposal of Identicare, £3.4m gain on the sale of the Group's investment in STEM and a £0.4m gain on disposal of intangible assets;
- Amortisation and impairment of acquisition-related intangibles of £4.0m (2023: £4.2m), encompassing amortisation in relation to the reverse acquisition of Ecuphar NV and previous acquisitions made by Ecuphar NV;
- Net finance expenses of £1.0m representing the loss on hedging arrangements associated with the advanced payment for the acquisition of Randlab; and
- The balance of £0.7m (2023: £1.1m) includes costs relating to restructuring, M&A and business development activities and, in the prior year, share-based payments in respect of Identicare Limited of £0.8m (see note 27).

Dividends

An interim dividend of 2.0 pence per share was paid in November 2024.

The Board is proposing a final dividend of 3.0 pence per share (2023: 3.0 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on Tuesday 10 June 2025, the final dividend will be paid on Friday 18 July 2025 to shareholders whose names are on the Register of Members at close of business on Friday 20 June 2025. The ordinary shares will become ex-dividend on Thursday 19 June 2025. The deadline for the Dividend Re-Investment Programme (DRIP) election is Friday 27 June 2025.

The Board continues to closely monitor the dividend policy, recognising the Group's need for investment to drive future growth and dividend flow to deliver overall value to our shareholders.

Operating cash flow and cash conversion

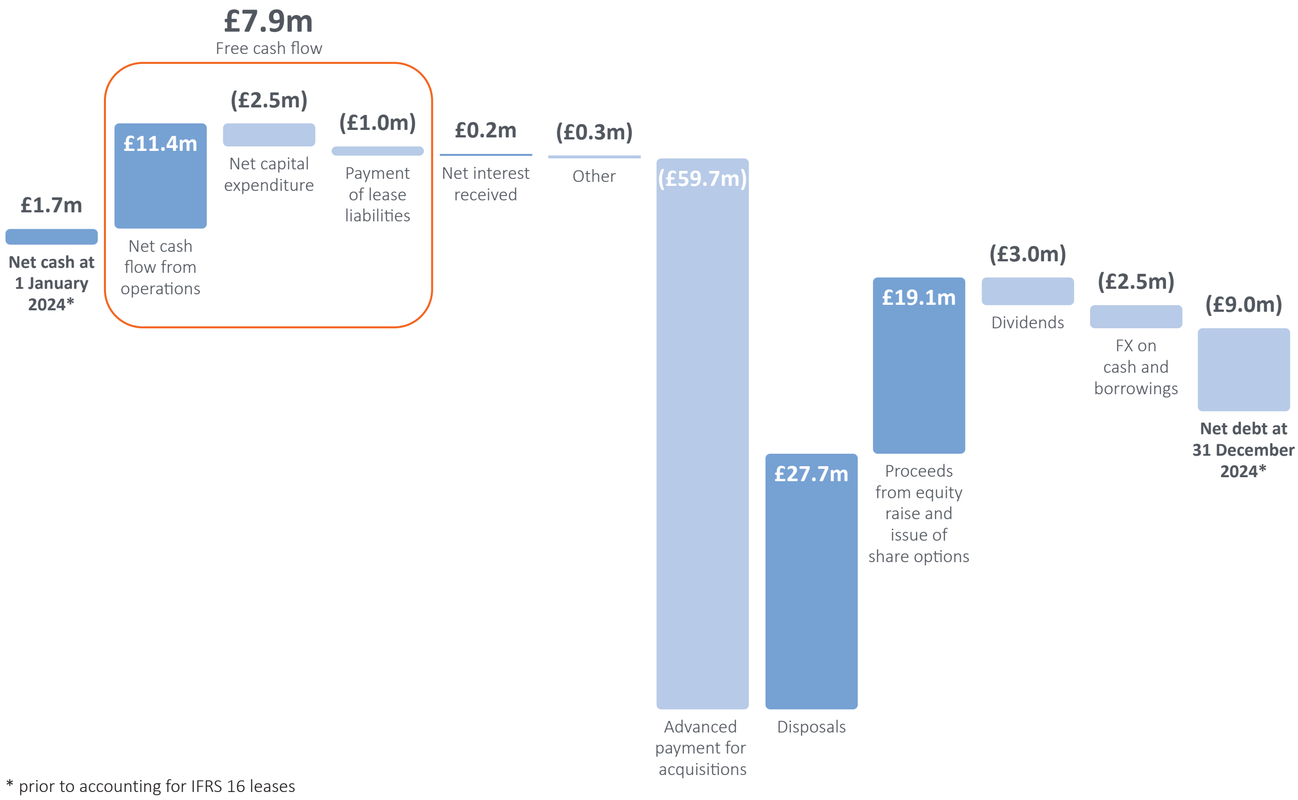
The Group continues to generate strong operating cash flows, demonstrating the highly cash-generative qualities of our business. Underlying cash conversion was 103.1%, well ahead of the prior year and prior guidance of 85–90%.

	2024 £'000	2023 £'000
Underlying EBITDA – continuing operations	**11,556**	11,601
Underlying EBITDA – discontinued operations	**250**	1,726
Total Underlying EBITDA	**11,806**	13,327
Change in net working capital	**(695)**	(1,323)
Taxation	**(777)**	(1,913)
Non-cash and other adjusting items	**1,018**	836
Net cash flow from operations	**11,352**	10,927
Non-underlying cash items	**825**	498
Underlying net cash flow from operations	**12,177**	11,425
Underlying cash conversion %	**103.1%**	85.7%

Underlying net cash flow generated by our operations increased to £12.2m (2023: £11.4m). The net working capital outflow of £0.7m was principally driven by the £3.5m increase in inventories due to the normalisation of the significant inventory reduction during FY23, together with targeted investment in certain products to support surety of supply and sales into 2025. The balance of the net working capital movement reflects a £1.0m decrease in receivables, offset by £1.8m higher payables driven by trading and inventory buying patterns towards the year end. Cash taxes significantly reduced compared to 2023 principally reflecting the geographic mix of profits and lower level of prior year balancing tax payments.

For 2025, we are anticipating cash conversion in the region of 80% reflecting the post acquisition cash flows from Randlab, acquired on 3 January 2025, and the return to target range of c.85–90% within Animalcare. Randlab's cash conversion has, historically, been lower than Animalcare driven by inventory policies and higher cash taxes as a percentage of underlying EBITDA. We have initiated activities to deliver operating cash flow efficiencies in both areas across 2025 and beyond. As in prior years, we expect the profile of our operating cash conversion to be lower in the first half versus the second half.

Net cash/debt bridge



* prior to accounting for IFRS 16 leases

Investment in new product development to strengthen our pipeline through a balance of early and later-stage opportunities totalled £2.1m (2023: £1.6m). Our development pipeline is spread across novel, generic and lifecycle management projects in multiple species. Continued progress has been made with our novel VHH antibody programme. Lifecycle management and territory expansion activities of key brands, notably Daxocox and Danilon, are ongoing. The balance of expenditure relates chiefly to investment in our IT business systems and infrastructure.

During 2025, in line with our capital allocation priorities, we plan to increase investment in R&D spend to approximately 5% of revenue. We will focus our R&D resources on larger sustainable innovation projects while balancing risk. While increasing innovation plays a critical role in our growth strategy, we will continue to allocate capital to product lifecycle management to broaden the value of certain existing products.

On 3 January 2025, we announced the completion of the Randlab acquisition, which necessitated the advanced transfer of £59.7m (AUD$121m) funds on 31 December 2024, representing the estimated completion amount which was confirmed in March with no material change. The majority of the transaction expenses of approximately £1.0m were paid in the first quarter of 2025. The acquisition was funded through a combination of cash realised on the disposals of Identicare and STEM, an oversubscribed placing that raised gross proceeds of £20m and debt drawdown, the latter facilitated by a new €10m acquisition line.

Notwithstanding the significant foreign exchange translation loss of £2.5m due to the movement in GBP:EUR during the year, strong free cash generation after lease costs of £7.9m (2023: £7.1m including Identicare contribution of £1.1m), coupled with Randlab transaction costs largely being paid post year end, has resulted in the Group's net debt position being lower than expected, which ended the financial year, pre IFRS 16 leases, at £9.0m (2023: £1.7m cash).

Net debt including IFRS16 leases was £11.5m (2023: £1.2m) with leverage on a statutory basis at 1.0 times underlying EBITDA. Leverage on a proforma basis, incorporating Animalcare's FY24 results and Randlab's adjusted EBITDA of AUD$11.0m (approximately £5.6m) for the year ended 30 June 2024, was 0.7 times.

Capital allocation

The Group has the following priorities on capital allocation that closely align to our strategic priorities of investing in accelerating growth and value creation while rewarding shareholders:

- Organic growth – continued investment in people and operational excellence will underpin our strong foundations for future growth
- Inorganic growth – debt and equity capacity reserved for M&A, with disciplined balance sheet management targeting gearing of up to 2.0x EBITDA
- New product development – operating cash flows will fund our pipeline with target R&D investment at c.5% of revenues per annum
- Dividends – maintain dividends relative to our profit and investment requirements

Borrowing facilities

As at 31 December 2024, the Group had total credit facilities of €49m, provided by a syndicate of four banks, with all facilities set to mature on 31 March 2029. These facilities included a €44m revolving credit facility (RCF) provided by all four banks, and a €5m acquisition line, provided by two of the banks with a commitment for a further €5m from the remaining two. The acquisition line is restricted and cannot be used for operational funding.

The loans carry a variable, EURIBOR-based interest rate with an applicable margin of either 1.26% or 1.50%. The RCF features bullet repayment at maturity in March 2029, while the acquisition line is amortised through quarterly payments, also concluding in March 2029.

In early 2025, the Group finalised credit documentation with the remaining two of the four syndicate banks, bringing the total acquisition facility to the €10m committed in 2024. This completion ensures an equal allocation of the total credit facility across all four syndicate banks, with the maturity date for all facilities remaining at 31 March 2029. The Group centrally manages its banking arrangements through a cross-currency cash pooling system, whereby funds are swept daily from various bank accounts into central accounts. This approach optimises the Group's overall net interest payable position.

The Group's credit facilities are subject to the following financial covenants, which are monitored and maintained at all times:

- Net debt to underlying EBITDA ratio of no more than 3.5x
- Underlying EBITDA to interest ratio of at least 4.0x
- Solvency ratio (total assets less goodwill/total equity less goodwill) of more than 25%
- At 31 December 2024, net debt (excluding IFRS 16 lease liabilities) was £9.0m, compared to net cash of £1.7m as at 31 December 2023. The RCF had £31.6m of available headroom as at 31 December 2024.

As of 31 December 2024, and throughout the financial year, the Group was in full compliance with all covenant requirements, maintaining significant headroom across all three measures.

Going concern

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts include Randlab from the date of acquisition and indicate that the Group will have sufficient funds and liquidity to meet its obligations as they fall due, taking into account the potential impact of "severe but plausible" downside scenarios to factor in a range of downside revenue estimates and higher than expected inflation across our cost base, and nil EBITDA and cash generation from the newly acquired Randlab Group with corresponding mitigating actions. The Group also conducted a reverse stress test assessment to evaluate the performance decline necessary to breach its banking covenants. The required decline was found to be so severe that it was considered implausible, as it would necessitate a significant reduction in both gross margin and cash conversion to breach the Group's tightest covenant. The output from these scenarios shows the Group has adequate levels of headroom and expects to comply with all its banking covenants associated with the current committed facilities throughout the going concern assessment period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Subsequent events – acquisition of Randlab

On 3 January 2025, we completed the acquisition of Randlab. The acquisition was executed through a newly incorporated subsidiary, Animalcare Australia Pty Ltd, which acquired the entire issued share capital of each Randlab Australia Pty Ltd (and its wholly owned subsidiary, Randlab (New Zealand) Limited), Randlab Pty Ltd and Randlab Middle East Veterinary Medicine Trading Single Owner L.L.C. for an enterprise value of AUD$121m (£59.7m), on a debt-free, cash-free, normalised working capital basis, subject to customary post-completion adjustments. See note 30 for further details.

Summary and outlook

We have delivered strong results during the year, in line with market expectations and have made significant strategic progress in what has been a transformative year comprising two key non-core disposals, which delivered material value for our shareholders and subsequently enabled, combined with an over-subscribed equity raise, our acquisition of Randlab, which significantly strengthens our Equine portfolio and with this, Animalcare's presence in the attractive global equine veterinary market.

Our future prospects are exciting, and we are confident in our ability to deliver long-term growth through investment in organic growth, further carefully selected M&A and focusing our R&D resources on sustainable innovation within our pipeline, all underpinned by our strong financial platform.

CHRIS BREWSTER
Chief Financial Officer

28 April 2025

Our Stakeholders

Our key stakeholders and how we engage with them

Animalcare considers its key stakeholders to be the Group's employees, customers, suppliers, partners, shareholders and the communities and environment in which we operate.

Our People

Why we engage

Having the right people, capabilities and engagement is fundamental to delivering our strategy. Our objective is to create a high performing business driven by a skilled, unified and committed team.

Stakeholder interests

- Career development
- Reward and recognition
- Engagement
- Training and development
- Wellbeing
- Health and safety

How we engage

We seek to engage with our employees on a continual basis to help reinforce the Company's culture. Inspired by an employee suggestion is a peer-driven initiative that honours individuals who go above and beyond. Employees are compensated through incentives related to performance targets while individual and team development programmes create an environment that fosters learning and growth. Recognising the importance of mental and physical health, we provide a tailored programme to support wellbeing.

Customers

Why we engage

As the veterinary market continues to evolve, understanding the needs of our customers is crucial. We continue to work closely with veterinary professionals and other commercial stakeholders to ensure we are aligned with their changing needs.

Stakeholder interests

- Safety, quality and reliability
- Product availability and effectiveness
- Competitiveness
- Our availability and responsiveness
- Customer relationships
- Compliance
- Range of products

How we engage

Regular meetings with veterinary practices and larger veterinary groups help us understand the changing needs of our customers as well as providing a platform for commercial contract negotiations. Product launch and training events keep customers abreast of innovative new treatments. We also provide information about our business through a range of digital channels and participate in industry forums and events to engage with a range of customer types.

Suppliers

Why we engage

As the Group does not own any manufacturing facilities, it relies extensively on a large base of third-party manufacturers for supply of finished products, whether our own brands or those sold on behalf of other companies via distribution arrangements. We need to maintain trusting relationships with suppliers and partners for mutual benefit and to ensure they are meeting our standards and conducting business ethically.

Stakeholder interests

- Quality management
- Cost-efficiency
- Long-term relationships
- Responsible procurement, trust and ethics

How we engage

Under the umbrella of the Group's key partner management programme, we meet with specialist veterinary wholesalers and distributors as well as key suppliers that between them represent approximately 70% of purchasing spend. We carry out quality management reviews and facilitate supplier forums and networking meetings.

Partners

Why we engage

A central aim of our Company strategy is to bring innovation to our customers through new products. With this in mind we engage with existing and potential partners that possess technologies which promise to complement our R&D pipeline or existing portfolio. Examples include the early-stage VHH antibody research programme targeting osteoarthritis in canine and horse animal models.

Stakeholder interests

- R&D capability
- Animal health regulatory experience
- Track record of commercialising new products
- Attractive returns on successful market penetration
- Long-term trusting relationships

How we engage

Key members of the Animalcare team assess the potential of pipeline and portfolio partners.

We apply a range of methods to identify these opportunities including industry networks, investor conferences and through links with the financial community. Once partnerships have been struck, we regularly engage through platforms that support collaboration and coordination.

Shareholders

Why we engage

Trust from our shareholders is key to delivering our strategy as access to capital will be important to the long-term success of our business. We ensure that we provide fair, balanced and understandable information to shareholders, potential investors and investment analysts and work to ensure that they have a clear understanding of our strategy and performance.

Stakeholder interests

- Financial performance
- Governance and transparency
- Operating and financial information
- Confidence and trust in the Group's leadership team
- Total shareholder returns

How we engage

The Group provides regular updates to the market in line with AIM requirements and encourages an ongoing dialogue through investor roadshows, meetings and presentations as well as consulting on relevant topics. In 2024, Animalcare extended its suite of engagement tools to address the specific interests of individual retail investors. The dedicated investor section of the Company's website provides valuable information for existing shareholders and potential investors.

Communities and Environment

Why we engage

Animalcare is committed to being a responsible member of our community and consider the environmental impact of our operations.

Stakeholder interests

- Sustainability
- Animal welfare
- Community

How we engage

We aim to conduct our business in a sustainable way, in line with the expectations of the communities in which we live and work. Active membership of animal and health trade associations provides the Group with an important voice on key industry topics and we support local and national charitable partnerships, including through employee-matched fundraising. Our annual Volunteering Day is a celebration of unity, teamwork and shared values, fostering employee engagement through meaningful community impact. In 2024, we organised country-level initiatives to support animal welfare and environmental sustainability.

Section 172 statement and key Board decisions

Section 172(1) of the Companies Act 2006 requires directors to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole, and in doing so consider (among other matters):

- The likely consequence of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly between shareholders of the Company

This section forms the Directors' statement under section 414CZA of The Companies Act 2006.

Key Board discussions and decisions

The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Company. It sets the Group's strategy and objectives taking into account the interests of all its stakeholders. A good understanding of the Company's stakeholders enables the Board to factor the potential impact of strategic decisions on each stakeholder group into boardroom discussions. Consequently, Board decisions are made with reference to the Company's key stakeholders: its investors, employees, customers, suppliers, the community in which it operates and the environment.

The Board considers the following to be the principal decisions and considerations it has made during the year to 31 December 2024. The Board considers 'principal decisions' to be those decisions which entail significant long-term implications and consequences for the Company and its stakeholders.

Principal decision: Disposal of Identicare Limited

On 28 February 2024, the Board announced the disposal of its majority shareholding in Identicare Ltd ("Identicare"), a UK-based pet microchipping and pet owner-focused services company. Identicare was separated from the UK pharmaceuticals business within Animalcare Ltd in March 2021 with specialist leadership brought in.

CONSIDERATIONS

In making its decision, the Board considered the impact of the disposal on the Group's ability to focus on its strategy on pharmaceuticals and to drive growth through launching innovative products and to pursue further acquisitions in the future. The disposal of Identicare significantly strengthened the balance sheet of the Group and enabled the acceleration of organic and inorganic growth initiatives to deliver long-term value creation for shareholders.

STAKEHOLDERS CONSIDERED:

- Our people
- Customers
- Shareholders
- Suppliers and Partners

Principal decision: Appointment of Chair

On 9 April 2024, the Group announced Jan Boone's retirement as Non-Executive Chair and Non-Executive Director and the appointment of Ed Torr as Chair with effect from 10 June 2024. Further detail on this and other Board changes is included in the Remuneration and Nomination Committee Report.

CONSIDERATIONS

The Board recognises that it is important to all our stakeholders that the Company is led by a Board with the right combination of skills and experience to support the Company's strategic plans. The Remuneration and Nomination Committee considered the merits of seeking an external candidate for the role of Chair but, concluded that Ed Torr's deep knowledge of the Company, extensive experience of the animal pharmaceutical sector, which included 13 years as Commercial Director on the Board of Dechra Pharmaceuticals plc, and proven leadership skills made him the preferred candidate, with which the Board unanimously agreed.

STAKEHOLDERS CONSIDERED:

- Our people
- Customers
- Shareholders
- Suppliers and Partners

Principal decision: Sale of Minority Equity stale in stem and enhancement of exclusive licence and distribution agreement

On 11 April 2024, the Board announced the sale of our one-third equity stake in STEM Animal Health Inc. (STEM) to Dechra Pharmaceuticals Limited for a cash payment of US$4.7m, with other items covered by the agreement bringing the total potential monetary value of the deal to approximately US$5.4m.

CONSIDERATIONS

Over time, the value drivers for the Group were largely derived from the sale of products under the Licence and Distribution Agreement ("LDA") rather than the minority equity stake in STEM. Therefore, when Dechra approached both Kane and Animalcare to purchase STEM, the Board took the opportunity to realise value from this non-core asset while enhancing the Group's commercial licensing rights under the LDA.

STAKEHOLDERS CONSIDERED:

- Our people
- Customers
- Shareholders
- Suppliers and Partners

Principal decision: Acquisition of Randlab and £20m equity raise

On 2 December 2024, the Board announced the conditional acquisition of Randlab, a leading equine veterinary business and the associated equity placing to raise to raise £20m to part fund the acquisition and retain the firepower to further invest in growth opportunities as the Board continues to pursue its strategy. The fundraise result was confirmed on 3 December 2024 and the Randlab acquisition completed on 3 January 2025.

CONSIDERATIONS

The Board considered the rationale for the transaction which represented a transformational acquisition for the Group and a significant step towards delivering the Group's long-term growth strategy. They considered the opportunity to expand the Group's geographic reach and grow the Group's Equine franchise, the potential for operational synergies with the Group's existing business operations and the scope for further growth opportunities. Investor sentiment for the acquisition and proposed placing was a key consideration as was the impact on the Company's ability to pursue further acquisitions in the future. The Board also considered the post-acquisition development opportunities for the Group's people as part of an enlarged Group.

STAKEHOLDERS CONSIDERED:

- Our people
- Customers
- Shareholders
- Suppliers and Partners

Our Principal Risks

Managing our risks

The Board has overall responsibility for the Group's risk appetite and risk management strategy. In doing so, the objective of the Board is to foster and embed an organisational culture of strong risk management to effectively execute the Group's strategy.

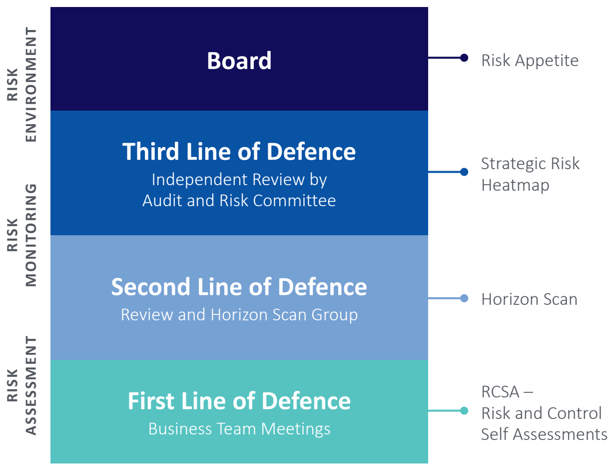
The day-to-day identification, management and mitigation of risk is delegated to the Group's management, executed through our risk management framework (RMF). The RMF incorporates the Sustainability Task Force (STF) whose objective is to manage and address the Group's sustainability and climate-related risks, as set out in the Sustainability section.

We have continued to develop and refine the RMF to ensure alignment with the strategic objectives of the Group. During 2024, this included an increased focus on enhancing our risk assessment with respect to R&D. Leveraging the extensive Board-level expertise and a strengthening of our internal risk management resource, the RMF was adapted to reflect a capital allocation that includes increased R&D investment. This will continue to be a key priority into 2025.

We believe this continuous improvement strengthens our RMF and our ability to monitor, manage and mitigate the most critical risks inherent in our strategic plan, to the benefit of our stakeholders.

Risk management framework

The RMF is based on an industry standard three lines of defence model (3LoD) and includes a detailed risk inventory, key risk metrics and regularly reviewed thresholds. The 3LoD model is combined with an approach to assess, monitor, manage, respond and communicate the Group's critical risks.



To be effective, risk management relies on the engagement of all parts of the business, which is an integral part of our framework and culture. The RMF has been developed in support of our operating model – being a combination of operating businesses and Group functions, overseen by the Senior Executive Team (SET) who owns the risk management process and is responsible for managing specific Group risks. Within that structure, our operational management teams as well as Group function heads are expected to identify, manage and mitigate risks in their part of the business. They manage this process through a consistently applied Risk and Control Self-Assessment (RCSA). This process includes assessing each risk for its impact and likelihood, scored both before and after applying key controls. A standardised risk-scoring methodology and template is used to ensure a consistent approach across the Group. This part of our framework represents the First Line of Defence.

Our Second Line of Defence is executed through a detailed SET-level review where the outputs of the First Line of Defence are presented, critiqued and challenged. This is combined with a Horizon Scan to create a consolidated risk report, which ensures independent oversight and consistency. The SET is responsible for ensuring the consolidated risk report is mapped against the three pillars of the Group's strategy in the form of a Strategic Risk Heatmap.

In accordance with our governance practices, oversight of risk management and risk assessment is undertaken by the A&RC, which, operating as our Third Line of Defence, provides updates and reports to the Board, based on the Horizon Scan and Strategic Risk Heatmap, to assist the Board in fulfilling its corporate governance duties and oversees responsibilities in relation to financial reporting, internal control and risk management.

Risk appetite

Risk appetite is reviewed at a Board level as part of a wider assessment of the Group's risk capacity and risk tolerance. Within the RMF, there is a mechanism to apply a weighting to the risks identified via the 3LoD process to allow for risk appetite. This is reassessed regularly to ensure it reflects the current strategic priorities and requires the Board to formally consider the nature and level of risk that the Group should accept.

In the context of our sector, the Board is clear on those risks that it is more willing to take (e.g. investment in innovative new product development) and those that it is less willing to accept (e.g. regulatory and compliance risks).

Emerging risks

Emerging risks are new risks that are unlikely to impact the Group in the next year but have the potential to evolve over a longer term and could have a significant impact on our ability to achieve our objectives. They may develop into key risks or may not arise at all. As part of our risk management process, both the Board and the SET are tasked with identifying and assessing our emerging risks. No material emerging risks have been identified in the current financial year.

Sustainability and climate change

As noted, the Board has overall responsibility for ensuring risk is appropriately managed across the Group. This includes risks relating to environmental, social and governance (ESG) matters and climate change.

Through the STF, and in conjunction with our ESG adviser, we have conducted materiality assessments and developed a sustainability materiality matrix to help us identify and prioritise the issues that matter most to our business and stakeholders.

The STF has assisted in the identification of climate-related risks and has overseen modifications to our RMF to ensure that it captures climate-related risks.

Principal risks

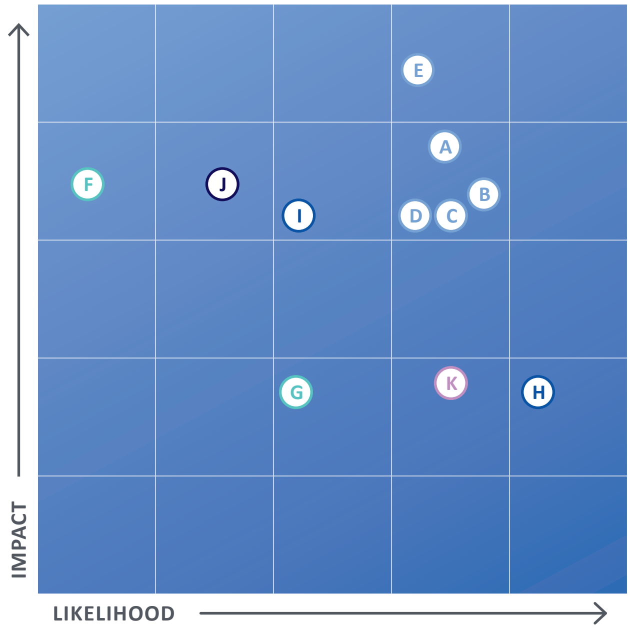
We map all aspects of our risks against five categories that best outline our key challenges, namely: strategic, financial, operational (operations and technology), regulatory compliance and people.

We believe, as illustrated by the risk heat map, that our most significant challenges are strategic in nature. Our strategic plans for the business are based on organic and inorganic growth as we continue to pursue geographical expansion and seek new product opportunities. The current principal strategic and other risks facing the Group have been set out below, along with examples of how we mitigate those risks.

In light of the disposal of Identicare and STEM and the equity raise, providing the financial power for the acquisition of Randlab and future opportunities, acquisition risk has been elevated to a principal strategic risk.

Risk heat map

The risk heat map represents the Group's assessment of net risk scores; this comprises inherent risk scores plus the application of the Group's mitigating controls.



- (A) Market and economic risk
- (B) Competitor risk
- (C) Portfolio risk
- (D) Product development and launch risk
- (E) Acquisition risk
- (F) Financing/treasury risk
- (G) Foreign exchange translation risk
- (H) Supply chain risk
- (I) IT systems and cybersecurity risk
- (J) Regulatory risk
- (K) People risk

A. MARKET AND ECONOMIC RISK

Detailed risk

There is a risk of decline in the market driven by macroeconomic uncertainty.

In certain territories, the veterinary market continues to trend towards consolidation via growth of corporate customers and buying groups who are looking for value from the products and services we provide.

Potential Impact

Reduction in consumer confidence and spending on veterinary products and services in light of inflationary pressures.

The continuing expansion of corporate customers and buying groups represents an opportunity for sales volume growth, but may result in reduced margins through the leverage of buying power.

Link to strategic objectives

Trend

Existing mitigating controls

Veterinary is considered to be an essential service, and our product portfolio largely consists of pharmaceuticals used in the vet practice, which are less prone to pet owner discretionary spending pressure.

We continue to develop and strengthen our relationships with our larger customers, managed through dedicated key account teams to better serve our changing customer base and their evolving requirements, both on a national and a European basis.

B. COMPETITOR RISK

Detailed risk

Launch of competitor products against our key brands, for example other generic or more innovative products.

Although our product portfolio is broad, our larger and well-established brands operate in a market that continues to be attractive to competitors.

Potential Impact

Revenues and gross margins may be adversely affected should competitors launch competing generic or superior (novel) products.

Operating costs may increase to protect market share.

Link to strategic objectives

Trend

Existing mitigating controls

We have increased focus on lifecycle management strategies for our key brands.

We monitor new product registrations and competitor launches and develop commercial and marketing responses accordingly to mitigate competitor impact.

We are continuing to seek to strengthen our product portfolio through strategic partnerships and we are exploring a number of opportunities, including novel pharmaceuticals.

STRATEGIC PRIORITIES

- Organic growth
- Inorganic growth
- New product development

TREND KEY

- Risk Increasing
- Risk Decreasing
- No change

C. PORTFOLIO RISK

Detailed risk

Approximately 37%[1] of the Group's revenues are derived from products sourced from our distribution partners, which are heavily driven by the associated contractual terms.

[1] This figure relates to Animalcare Group at 31 December 2024 (i.e. excluding Randlab)

Potential Impact

Loss of one or more distribution contracts may reduce overall sales.

Where we are successful in developing and growing the market, the distribution partner may terminate the contract through the geographic expansion of their own footprint or a different route to market, resulting in lost sales.

Distribution may cease due to change of control of the contracting parties.

Link to strategic objectives

Trend

Existing mitigating controls

Led by our Director of Strategic Alliances and Acquisitions, the Group continues to explore and secure new distribution opportunities, assessed against a strict set of criteria and in regular consultation with the Board.

Low-quality distribution products remain subject to portfolio optimisation.

Significant existing contracts are reviewed to assess and mitigate, where possible, business continuity risks.

Build and grow our owned and long-term licence product portfolio to reduce reliance on third-party distribution partners.

Acquisition of Randlab reduces our overall proportion of Group revenue derived from distribution partners as c.95% of its sales are from own brand products (80% of its 58 brands).

D. PRODUCT DEVELOPMENT AND LAUNCH RISK

Detailed risk

Failure to successfully register and launch products from our pipeline, including those that we develop through license.

Projects that initially appear promising may be delayed or fail to meet expected clinical or commercial expectations or face delays in regulatory approval.

Potential Impact

Significant delay or failure in launching a product from our pipeline could adversely affect our ability to deliver revenue and shareholder expectations.

Failure of a project in the development phase, or where we are unable to recover the costs incurred in developing and launching a product, would result in the impairment of recognised intangible assets.

Link to strategic objectives

Trend

Existing mitigating controls

Robust pipeline monitoring processes are in place as part of the Group's From Idea to Launch (FIL) process. This process has regular direct involvement from senior management, including the CEO, COO and CFO as well as open dialogue with the Board.

Before more costly pivotal studies are initiated, smaller proof of concept studies are conducted to assess the effects of the drug on target species and for the target indication. Where applicable, the Group ensures the rigorous application of milestone payments.

The Group's objective is to create a balanced pipeline in terms of risk and reward and to establish a broader investment approach to launching new products other than from our own pipeline.

In respect of significant new product launches, detailed sales and marketing plans are established and evolved over time, with progress regularly monitored against these plans by our commercial teams.

E. ACQUISITION RISK

Detailed risk

Failure to identify suitable acquisition opportunities and/or the inadequate integration of those acquisitions.

Uncertainty exists around valuing acquisitions, evaluating potential synergies and future performance.

Potential Impact

Insufficient or under-performing acquisitions could result in the failure to achieve our growth targets.

Significant acquisitions and integration projects could impact focus and capacity of resources to achieve our strategic objectives with the underlying operations.

Link to strategic objectives

Trend

Existing mitigating controls

Our CEO, CFO and Director of Strategic Alliances and Acquisitions are focused on updating a comprehensive list of potential targets which is screened against certain criteria and regularly communicated to the Board.

At the appropriate time, thorough due diligence is performed for all potential acquisitions incorporating commercial, financial and legal considerations.

With specific reference to the Randlab acquisition, an experienced leadership team has been installed to facilitate a smooth transition and deliver our future growth ambitions. This includes consultancy services from the previous CEO where required. An integration plan has been developed to reflect the requirements of the acquiring Group risks, preserving the focus on equine and the entrepreneurial operating environment. The Board is kept appraised of the integration plan on a regular basis.

Other risks

Beyond strategic risks, as outlined above, other key risks that are potentially impactful in executing our strategic plan are set out below. It is our perspective that, to achieve success, we need to maintain strong finances and an efficient operation that is compliant with the laws and regulations of each country of business – all of which needs to be supported by the best people with the right skills to execute against our strategic plan.

Financial strength

We carefully track our financial performance against a wide range of financial measures, including capital, liquidity and margin. We also recognise that our results are subject to foreign exchange translation exposure, which is closely monitored and reported. We acknowledge that our future growth is highly dependent on a solid financial platform and strong balance sheet and have a range of risk assessments associated with both, including:

F. FINANCING / TREASURY RISK

Detailed risk
Debt facilities are committed for a finite period, and we need to plan to renew our facilities before they mature and guard against default. Our loan agreements also contain various covenants with which we must comply.

Potential Impact
Investing for growth constrained by lack of access to capital, financial resource and/or reduced profitability.

Link to strategic objectives

Trend

Existing mitigating controls
We continue to focus on maintaining both strong cash conversion and a strong balance sheet with a maximum net debt to EBITDA leverage target of two times, reducing the risk of non-compliance with covenants.

Our existing bank facilities, through a syndicate of four banks with whom we have strong relationships, were successfully renegotiated shortly before our acquisition of Randlab, and expire on 31 March 2029.

G. FOREIGN EXCHANGE TRANSLATION RISK

Detailed risk
The majority of the Group's revenues are denominated in euros. However, the Group's presentational currency is sterling and, therefore, the reported revenues, profits and net debt levels will be impacted by exchange rates prevailing during the relevant financial period.

Potential Impact
There may be variability in our reported results caused by significant fluctuations in the GBP:EUR exchange rate.

This may impact our net debt to EBITDA leverage covenant, depending on volatility and timing, as the income statement and balance sheet may be translated at different rates.

Link to strategic objectives

Trend

Existing mitigating controls
We conduct a central review of foreign currency exposures, and we assess possible hedging strategies to mitigate risk via derivatives.

Matching currency flows and financing will limit the covenant exposure.

The Group presents key financial measures on a CER basis to enable shareholders to assess performance with the impact of foreign exchange eliminated.

STRATEGIC PRIORITIES

Organic growth

Inorganic growth

New product development

TREND KEY

Risk Increasing

Risk Decreasing

No change

Operational performance

The success of our operation relies heavily on both our supply chain and technology platforms; therefore, we highlight below how we manage, monitor and mitigate those risks.

H. SUPPLY CHAIN RISK

Detailed risk

The Group relies solely on a large base of third-party suppliers for finished products and, to a lesser extent, raw materials, whether with our own brands or those sold on behalf of our partners via distribution arrangements. It is not commercially viable to implement a secondary sourcing strategy.

Potential Impact

Any disruption, interruption or failure of supply may result in lost sales and damage the Group's reputation with its customers.

Rising inflation costs impacting cost of product and adversely affecting margins.

Manufacturing transfers to resolve longer-term supply issues may require additional regulatory approvals, which could result in additional costs and/or supply delays.

Link to strategic objectives

Trend

Existing mitigating controls

Due to our broad supply base, we have a relatively low dependency on any single supplier.

We monitor the performance of our supplier base and respond promptly where potential issues are identified, whether that be from a quality and/or regulatory perspective. The Group's largest suppliers operate under a programme of regular meetings and audits to manage and support our Contract Manufacturing Organisations (CMOs) to deliver quality products on time and in full to our regulatory specifications.

During 2024, further development and refinements to our structure and processes were undertaken to improve areas such as demand forecasting, supplier performance management and the monitoring of KPIs, particularly around the continuing impact and mitigation of inflation. These improvements will continue into 2025.

I. IT SYSTEMS AND CYBERSECURITY RISK

Detailed risk

The Group relies heavily on information technology and key systems to support the business.

The risk of cyberattacks that cause system disruption and the potential for data and financial fraud is increasing.

Potential Impact

A general outage of our IT systems may cause disruption to, or the prevention of, normal operations and/or additional costs.

Cyberattacks could result in system and business disruption and/or availability of data.

Failure to adequately protect customer (and others') data may result in a breach of GDPR legislation and/or financial fraud.

Link to strategic objectives

Trend

Existing mitigating controls

The Group has maintained focus on mitigating the increasing cyber threat, while continuing to accommodate hybrid working practices, including:

- Continued investment in our cloud-based IT systems and security tools to safeguard the IT infrastructure;
- Engagement with security-aware, reliable and certified IT service global providers;
- Internal policies surrounding security, user access, change control and the ability to download and install software;
- Procuring global cyber insurance, which provides specialist technical and legal support in the event of a cyber incident.
- Undertaking regular large-scale security reviews; and
- Ensuring that all employees undergo mandatory training with sufficient regulatory to guard against the proliferation of new and more sophisticated forms of cyberattack.

We continuously perform a critical data evaluation to categorise our data and implement appropriate safeguards.

STRATEGIC PRIORITIES

Organic growth

Inorganic growth

New product development

TREND KEY

Risk Increasing

Risk Decreasing

No change

Regulatory compliance

Given that we operate in a highly regulated operation; it is evident that the success of our business is dependent on compliance with product regulations in each country of operation; therefore, we highlight below how we manage, monitor and mitigate those risks.

J. REGULATORY RISK

Detailed risk

We operate in a highly regulated animal health environment, which is designed to ensure the safety, efficacy, quality and ethical promotion of pharmaceutical products.

Failure to meet or adhere to regulatory standards could affect our ability to register, manufacture, distribute or promote our products.

Potential Impact

Non-compliance with regulatory requirements may result in delays to supply and/or lost sales.

Delays in regulatory reviews and approvals could impact the timing of a product launch and impact sales.

Increasing regulatory burden including compliance with the European Medicine Agency's (EMA) Union Product Database and the Veterinary Medicines Directorate (VMD) in the UK has resulted in additional regulatory and quality control requirements and associated costs.

Link to strategic objectives

Trend

Existing mitigating controls

The Group Technical and Regulatory team has established systems and procedures to monitor and maintain compliance, which are subject to regular internal and external audits.

Regular dialogue is maintained with relevant authorities in each country to ensure we maintain a thorough understanding of regulatory changes.

We operate a robust Pharmacovigilance (PV) process to report any adverse reactions and product complaints related to the use of our products.

People

To successfully deliver our growth strategy in a highly regulated business, we need to attract and retain a high-calibre and diverse pool of talent; therefore, our people risk is managed, monitored and mitigated as follows:

K. PEOPLE RISK

Detailed risk

Failure to structure and resource the business to deliver our strategic ambitions from both an organic and inorganic growth perspective.

Our growth plans are dependent on our ability to attract, develop and retain high-calibre and experienced talent in key roles.

Potential Impact

Failure to structure and resource our business with quality people could result in:

- loss of expertise;
- potential business disruption;
- reduced growth;
- insufficient or overstretched resources; and
- high cost of organisational restructuring in certain countries.

The rising cost of living and ongoing wage inflation have the ability to impact workforce stability and continuity as well as our profitability.

Link to strategic objectives

Trend

Existing mitigating controls

Our Group People and Culture Director has overall responsibility for setting and overseeing the execution of the Group's overall people strategy. Alongside fellow SET members, the organisational structure is reviewed as required to confirm that it meets our operational and strategic requirements, with appropriate actions taken where necessary.

Steadfast focus on enhancing overall employee engagement continues to position Animalcare as a "Great Place to Work".

This includes:

- A strong performance management culture supported by our Competency Framework;
- Competitive remuneration packages supported by regular benchmarking;
- Investment in staff training and development including our "High Challenge High Support" leadership and "Pioneering Professional" programmes;
- Group recruitment and onboarding framework; and
- Wellbeing programme, "We Care", to support mental and physical wellbeing as well as personal development.

We continue to use a team of highly skilled contractors to bridge short-term gaps in key resource areas and support key project delivery.

STRATEGIC PRIORITIES

Organic growth

Inorganic growth

New product development

TREND KEY

Risk Increasing

Risk Decreasing

No change

Sustainability

Animalcare is committed to the environmental, social and governance (ESG) pillars of sustainable development.

In the past year, our Company has continued to recognise the importance of sustainability and its impact on our business, stakeholders and the environment. While our progress in this area has been modest, we remain committed to integrating sustainable practices into our operations and setting the foundation for future initiatives, led by our Sustainability Task Force (STF).

We have categorised current activities under each of the three pillars of sustainability.

ENVIRONMENT

Climate change and greenhouse gas emissions

Under the umbrella of our Risk Management Framework, we designate climate change as a global issue with potential implications for the Group. We have evolved our environmental sustainability initiatives over the year in response to the continually shifting regulatory landscape. We are well positioned to embrace both the opportunities and challenges of this dynamic area.

Our Group energy usage and carbon emissions

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The table below reflects Scope 1 and 2 emissions figures for the whole Animalcare Group.

		2024					
		UK		**Global (excl. UK)**		**Total**	
Scope	Activity	**CO_2e**	**kWh**	**CO_2e**	**kWh**	**CO_2e**	**kWh**
Scope 1	Company car travel	**50**	**196,092**	**406**	**1,600,270**	**456**	**1,796,362**
Scope 2	Grid supplied electricity	**10**	**46,815**	**11**	**60,039**	**21**	**106,854**
Scope 3	Private cars utilised for business travel	**18**	**71,255**	**–**	**–**	**18**	**71,255**
Intensity ratio (tCO_2e per £m revenue)		**4.5**		**7.4**		**6.7**	

		2023					
		UK		Global (excl. UK)		Total	
Scope	Activity	CO_2e	kWh	CO_2e	kWh	CO_2e	kWh
Scope 1	Company car travel	48	187,833	423	1,664,124	471	1,851,957
Scope 2	Grid supplied electricity	10	49,870	12	54,727	22	104,597
Scope 3	Private cars utilised for business travel	14	55,813	–	–	14	55,813
Intensity ratio (tCO_2e per £m revenue)		4.4		7.5		6.8	

We have used the UK Government GHG conversion factors to calculate our total CO_2e emissions figures.

The Group's Scope 1 and Scope 2 emissions, along with the intensity ratio, are broadly consistent with the previous year. This indicates that, despite our commitment to face-to-face interaction with our customers, colleagues and other stakeholders, compensating initiatives such as a phased adoption of electric vehicles in our Company car fleet are keeping our energy consumption under control.

Certain Scope 3 emissions for the UK have been presented for the first time this year, along with their comparatives. We are working towards the group-wide disclosure of such emissions. The STF will continue to review and recommend actions to drive reductions.

CARBON OFFSET

To help offset emissions, we participate in various carbon offsetting initiatives, including tree planting in Germany, using trees carefully selected to support local flora and increase the resilience of the ecosystem. Our UK operations continue to maintain their carbon neutral status.

SUPPLY CHAIN AND GREENHOUSE GAS EMISSIONS

Animalcare works with third parties to manufacture finished products while engaging with other partners to enable our international supply chain. Upstream emissions include those generated by a supplier's distribution activities and the production of raw materials or components purchased by the Company. Downstream covers emissions generated by the use or disposal of end products, as well as business travel.

Value chain emissions (Scope 3) represent a significantly higher proportion of our carbon footprint than operational emissions (Scope 1 and Scope 2). Calculating then eliminating these emissions is a challenge that requires effective partnerships built on trust. As we develop our sustainability strategy, we will consider further actions to estimate and reduce our value chain emissions.

Animalcare Day

Each of our businesses use the annual Animalcare Day to embrace a different ESG initiative. Examples of those under the environment pillar this year include beach clean ups, tree planting and attending sustainability lectures.

Packaging and plastic offsetting

Flexible packaging keeps pharmaceuticals and medicinal products sterile and protected, while safeguarding against tampering and counterfeiting. However, though useful and resource-efficient in many ways, its low volume and low weight properties present a challenge once this packaging becomes waste.

We recognise the environmental impact caused by use of plastics in our business and supply chain and are taking steps to develop more sustainable packaging. Where plastic packaging remains the most viable solution, and until the time we can transition from virgin plastic to mitigate plastic waste, we have implemented offsetting as an interim solution. During 2024, we continued to support a clean water initiative in Zambia, which offset the CO_2e arising from sales of our IV fluids in the previous 12 months.

Antimicrobial resistance

Antimicrobial resistance (AMR) continues to be subject to regulatory and market trends. While it is a systemic risk that impacts multiple sectors, including food and agriculture, the impact on our sector has been significant in recent years.

Our failure to align with these regulations and market forces would result in a reduction in sales, reputational and ethical implications.

Significant steps have already been taken to reduce our portfolio reliance on antibiotics, both in Production and Companion Animals. Despite the disposal of our investment in STEM Animal Health Inc. during the year, we are still able to exploit biofilm-targeting technologies in anti-infective roles.

Our regulatory department ensures that we maintain our deep understanding of changing requirements through regular dialogue with relevant authorities. We also ensure mitigating the risk of AMR is prioritised in the development of new products.

SOCIAL

Our people

Our employees are our most valuable asset. Their contribution is critical to achieving our long-term success, and our growth plans are dependent on our ability to attract, develop and retain high-calibre and experienced talent in key roles.

TALENT MANAGEMENT AND PEOPLE DEVELOPMENT

Overall employee engagement remains of paramount importance. We have implemented targeted plans across various countries to enhance specific areas, such as communication, reward and development.

Our primary emphasis has been on implementing a competency development assessment as part of our talent review process. This is aligned with our competency framework and aims to bolster the skills of our sales and marketing managers. Additionally, our sales managers have undergone training to enhance their coaching abilities and we have extended our leadership development programme to our sales and marketing managers.

Our "Pioneering Professional" programme, incorporating blended training methods and regular peer-to-peer coaching sessions continues to nurture the development of our high-potential employees.

To address reward and recognition, we simplified our performance management process, reviewed our bonus strategy, implemented work anniversary rewards and continued with the roll out of our benchmarking process. These initiatives aim to enhance employee motivation, align compensation with performance and maintain market competitiveness.

WELLBEING

During 2023, we launched our Global Wellbeing and Resilience Strategy, "We Care", with the aim to strengthen individual and organisational engagement, involvement and resilience by providing resources to support employees with their overall wellbeing and change management.

As part of our We Care wellbeing strategy, we aim to integrate ESG-related activities to contribute to our broader sustainability goals, encourage a positive organisational culture, enhance our brand reputation and mitigate risks associated with environmental and social issues.

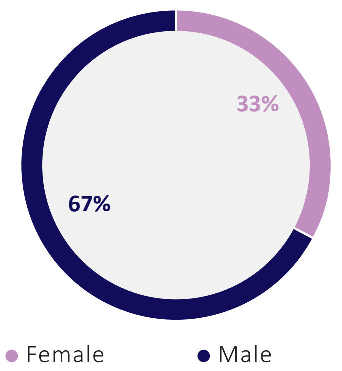
In addition to the above, the Group operates an external employee assistance programme, Workplace Options. This includes a confidential around-the-clock counselling and information service to assist employees with personal or work-related challenges that may affect health, wellbeing or performance.

DIVERSITY AND INCLUSION

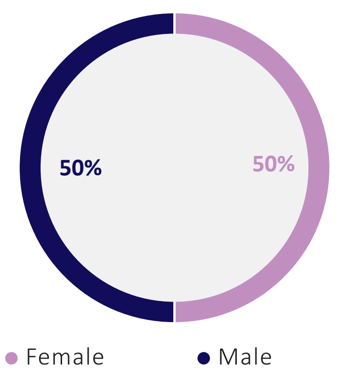
Animalcare's policy is that recruitment, promotion and any other selection exercises will be conducted on the basis of merit against objective criteria that avoid discrimination. No individual should be discriminated against on the grounds of race, colour, ethnicity, religious belief, political affiliation, 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.

BOARD GENDER DIVERSITY



SENIOR EXECUTIVE TEAM



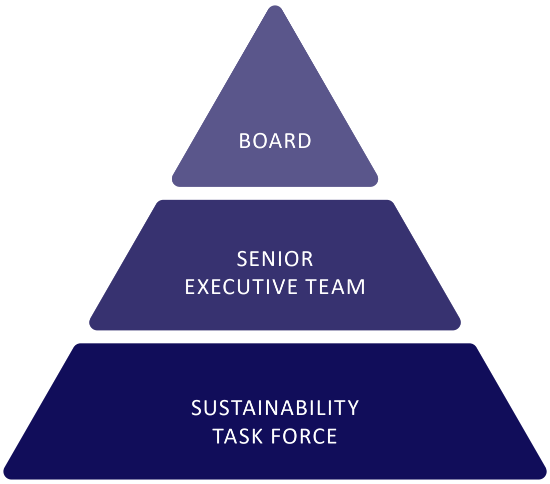
The Board currently consists of 67% (four) male and 33% (two) female members. As at the year end, the Senior Executive Team consisted of 50% (four) male and 50% (four) female members.

Future appointments will continue to be made on merit, with due consideration given to the need for diversity, and to complement the existing balance of skills and experience across the Group.

GOVERNANCE STRUCTURE

Our Sustainability Task Force (STF) is made up of Jenny Winter, our CEO, and a cross section of employees representing key functions and our geographical presence.

The composition of the STF is built upon a foundation that aligns with and complements the existing business model and organisational structures. This kind of governance structure is, typically, more successful.



Members of the STF take collective responsibility for the Group's sustainability agenda and the implementation of a sustainability action plan linked to the delivery of our strategy, and will review the internal sustainability scorecard each quarter.

Stakeholder engagement

Throughout the year, we utilised the Animalcare Group materiality assessment as a vehicle with several stakeholders to address their concerns, explore sustainability areas of mutual interest and share priorities.

This informal and formal dialogue showed that there is increasing demand from stakeholders to understand our environmental strategy, including our approach to climate change, responsible animal testing and ethical procurement and sales.

In connection with this, Animalcare Ltd is in partnership with Vet Sustain, a UK-based social enterprise working to enable and inspire veterinary professionals to continually improve the health and wellbeing of animals, people and the environment, centred around their six goals for sustainability, which provide a framework for contributing to the UN's Sustainability Development Goals.

We will further engage with stakeholders during 2025 and continue to embed sustainability into our business in an agile and prioritised way.

SALES AND MARKETING

Our values and behaviours (one team, passion, integrity, taking ownership, having fun) guide employee conduct along with the Group's Code of Conduct and supporting policies, which help us ensure we do business in the right way.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

Animalcare does not own any manufacturing assets and we work with contract manufacturers of finished goods, mainly across Europe and with suppliers that are not in 'Highest Risk' countries, which are prone to political unrest, poor regulatory practices, or low voice and accountability. One of our key principles with external suppliers is to ensure they share the same commitment as we do to being a responsible and ethical employer, both to their own staff and their suppliers. The Group's external suppliers are required to conform to Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) requirements. This means there are audits and inspections performed and recorded by national regulators. We have to conform to GDP practices, which we embrace and completely support.

Sustainability objectives and our Sustainability Action Plan

At the formation of the STF, and following a materiality assessment, we prioritised six initial high-level objectives to help build the foundations of our sustainability strategy. These remain our core focus.

SUSTAINABILITY STRATEGY

Objective 1: Create a formal governance structure with remit and terms of reference to effectively implement sustainability strategy across the business.

Objective 2: Develop and publish an Animalcare Group sustainability action plan (and supporting internal scorecard) for 2025 and beyond.

CLIMATE CHANGE AND CARBON FOOTPRINT

Objective 3: Expand the reporting of Scope 1 and Scope 2 greenhouse gas emissions for Animalcare Group beyond that of Animalcare's UK trading subsidiary. Initiate Scope 3 reporting.

Objective 4: Assess the feasibility of achieving carbon neutral status for the Animalcare Group. Post the feasibility assessment, initiate the roll out of a regional phased approach.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

Objective 5: Establish a screening process across Animalcare Group's major suppliers to highlight any risks associated with modern-day slavery and human rights.

SUSTAINABLE PACKAGING

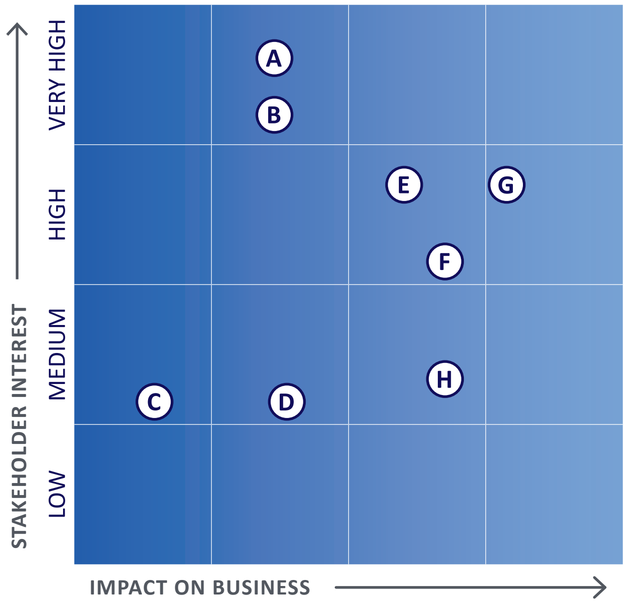
Objective 6: Develop a Group-wide approach to sustainable packaging with both reduction and recycling.

The above goals act as the foundation for a formal framework that implements our corporate commitments and develops a relevant Sustainability Action Plan (SAP), ultimately helping create value for the Group in line with our business strategy. As the SAP continues to evolve, it will address internal risk drivers identified within our risk management framework and define the Group's actions to respond to external stakeholder expectations, including those of potential investors and shareholders.

MATERIALITY

To guide and support the development of our sustainability strategy, we undertook an initial materiality assessment via an internal employee focus group and informal stakeholder engagement. From this, we have identified the material issues of importance to our stakeholders and their potential impact on our business.

MATERIALITY MATRIX



- **A** Climate change, energy and water management
- **B** Animal testing (animal welfare, 3Rs – replacement, reduction, refinement)
- **C** Antimicrobial resistance
- **D** Diversity and inclusion
- **E** Supply chain and responsible procurement
- **F** Sustainable packaging
- **G** Employee wellbeing, health and safety
- **H** Ethical promotion of veterinary medicines

This will help guide our strategy by identifying the issues that matter most to Animalcare and our stakeholders and shows where we can have the most positive impact.

Board of Directors

The Group's Board has a diverse mix of skills and experiences with a strong background in pharmaceutical and animal-related businesses. The collective skills and experience of the Directors enable constructive debate and challenge, which is crucial to ensuring decisions made by the Board are in the best interests of our shareholders and stakeholders over the long term.

ED TORR
Independent Non-Executive Chair

Appointment:
Independent Non-Executive Director July 2017; Chair June 2024

Committee membership:

Responsibilities, relevant skills and experience:
As Chair, Ed provides leadership of the Board, promoting a culture of openness and debate.

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.

Ed previously served as a Non-Executive Director of Intervacc AB, a company listed on NASDAQ Stockholm.

Key external appointments:
None

JENNIFER WINTER
Chief Executive Officer

Appointment:
October 2018

Committee membership:
N/A; attends certain 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:
- EKF Diagnostics Holdings plc (Non-Executive Director)
- Royal Brompton and Harefield Hospitals Charity (Chair of Trustees)
- Qureight Limited (Executive Director)

Our succession plans have enabled a successful transition of Ed Torr into the role of Chair following Jan Boone's resignation in June 2024, as well as Sylvia Metayer moving to Senior Independent Director and Doug Hutchens to Chair of the Remuneration and Nomination Committee.

CHRIS BREWSTER
Chief Financial Officer & Company Secretary

Appointment:
September 2017

Committee membership:
N/A; attends certain Committee meetings by invitation.

Responsibilities, relevant skills and experience:
Chris joined Animalcare in 2012 and has gained significant experience in M&A, raising finance, financial and risk management and, working alongside Jennifer, developing and executing the Group's growth strategy. As part of Chris' role, his responsibilities cover Group ICT and Legal.

Previously, Chris worked as Group Accounting Manager at Findus and prior to this at KPMG, where he qualified as a Chartered Accountant in 2003.

Key external appointments:
None

COMMITTEE MEMBERSHIP

- Audit and Risk Committee
- By invitation
- Remuneration and Nomination Committee
- Chair of Committee

MARC COUCKE
Non-Executive Director

Appointment:
July 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 Chair 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:
- Smartphoto Group NV (Non-Executive Director)
- Director of various Belgian private companies

ELS DEGROOTE
Els was appointed as an alternate Director to Marc Coucke in December 2024 and attends certain Board meetings in Marc's absence. Els currently serves as a Director to a number of companies in Belgium and the Netherlands.

DR DOUG HUTCHENS
Independent Non-Executive Director

Appointment:
February 2022

Committee membership:

Responsibilities, relevant skills and experience:
Doug has held several senior positions in research and development 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:
- Animal Discovery Inc. (Chief Scientific Officer)

SYLVIA METAYER
Senior Independent Director

Appointment:
Independent Non-Executive Director May 2022;
Senior Independent Director June 2024

Committee membership:

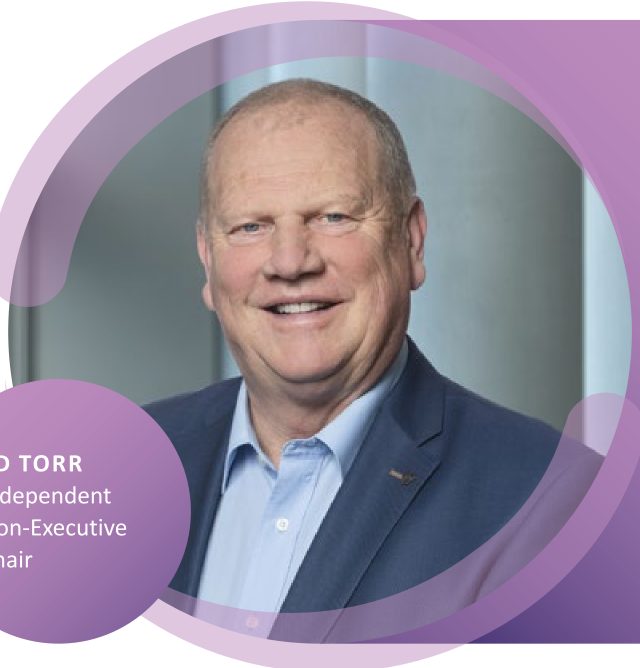
Responsibilities, relevant skills and experience:
Sylvia was the Chief Growth Officer of Sodexo SA leading strategy, digital marketing and sales, and a member of the Sodexo Group Executive Committee, having previously held roles as Group Financial Controller, CFO for Europe and CEO of Sodexo's Corporate Services Worldwide segment. She has also held a variety of finance and general management roles in companies operating in a number of sectors, including Danone SA, Mattel Inc, Vivendi Universal Publishing SA, and Houghton Mifflin Harcourt & Co. 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 the University of Ottawa, Canada.

Key external appointments:
- Groupe ADP (Aéroports de Paris SA) (Non-Executive Director and Chair of Nomination and Remuneration Committee)
- PageGroup plc (Non-Executive Director, due to step down on 3 June 2025)
- Clariane SE (Non-Executive Director, and Chair from 14 May 2025)
- Mace Group Limited (Non-Executive Director) Keolis, SAS (member of Supervisory Board and Chair of the Audit and Compliance Committee)

COMMITTEE MEMBERSHIP

- Audit and Risk Committee
- Remuneration and Nomination Committee
- By invitation
- Chair of Committee

Corporate Governance Statement



ED TORR
Independent
Non-Executive
Chair

"

As Chair of the Company, I am pleased to present the Corporate Governance Statement for the financial year ended 31 December 2024.

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 provide advice, counsel and support to the Executive 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 delivery of the Group strategy 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 that 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. For the year ended 31 December 2024, the Company has applied the 2018 Quoted Companies Alliance Corporate Governance Code (2018 QCA Code), and the Board followed all 10 principles of the 2018 QCA Code during the year under review. Further details on this can be found in our Governance Statement on the Group's website www.animalcaregroup.com/investors/corporate-governance/governance-statement/.

We have conducted a review of our governance framework against the latest version of the Quoted Companies Alliance Corporate Governance Code published in November 2023 (2023 QCA Code). Working with our advisers, the Board has an action plan for adoption in 2025 and progress against that plan will be reviewed and considered at each Board meeting in 2025. From the year ended 31 December 2025, we will apply and report fully against the 2023 QCA Code. In line with Principle 9 of the 2023 QCA Code, we have put our Directors' Remuneration Report to an advisory shareholder vote at all Annual General Meetings since the Company was listed on AIM in 2017.

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 reviewing and implementing the Group's strategy, while taking into account the risks and opportunities facing the Group. 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 objectives.

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, 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 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 and risk management
- Governance

Board Performance Review

The Board agreed to focus on implementing the action plan arising from the 2023 performance review and, therefore, carried out a more informal Board performance review in 2024. Further information on the process undertaken and actions agreed can be found in the Remuneration and Nomination Committee Report. The next full review will take place in summer 2025, the outcome of which will be reported in the 2026 Annual Report.

ED TORR
Non-Executive Chair

28 April 2025

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 the establishing the Company's strategic direction and overseeing a robust framework of governance.	Ed Torr	Independent Non-Executive Chair
Executive Directors Responsible for the day-to-day management of the Company's operations and the delivery of the Group's 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 Els Degroote acts as Alternate to Marc at certain Board meetings	Non-Independent Non-Executive Director
	Sylvia Metayer	Senior Independent Director Chair of Audit and Risk Committee
	Doug Hutchens	Independent Non-Executive Director Chair of Remuneration and Nomination Committee

BOARD COMMITTEES

Audit and Risk Committee

This committee is 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

This committee is 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.

The Board recognises the benefits of diversity, including gender balance, and is committed to creating an inclusive culture, free from discrimination of any kind. This also 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 independent Non-Executive Chair and three other Non-Executive Directors, two of whom are independent, and one alternate Director as set out above. The 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, as a whole, the Board 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 the 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 Cosec, also provides updates to the Board about developments in corporate governance practice and forthcoming changes to legislation or regulation that may impact on the Company.

Independence

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

22.63% 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.

During the year, Jan Boone stepped down as Non-Executive Chair and Director of the Group and was succeeded by Ed Torr. Consequently, Sylvia Metayer was appointed Senior Independent Director and Doug Hutchens as Chair of the Remuneration and Nomination Committee. Following Jan Boone's indication of his intention to resign as a Director, the Remuneration and Nomination Committee established a sub-Committee to oversee the selection process. Further detail on the appointment process can be found in the Remuneration and Nomination Committee report. Els Degroote was appointed as the alternate Director to Marc Coucke in December 2024 and attends Board meetings when Marc Coucke is absent.

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:

- The Group's strategic aims and objectives
- The structure and capital of the Group, and dividend policy
- Financial reporting and internal controls
- 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).

Board meetings

The Board met formally five times during the year, including one meeting that related solely to matters concerning the Randlab acquisition and associated equity raise. 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. In December 2024, the Board approved the appointment of Els Degroote as the alternate Director to Marc Coucke; Els attends Board meetings when Marc Coucke is absent.

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[1]	1/1	–	1/1
Chris Brewster[2]	5/5	–	–
Marc Coucke[3]	4/5	–	–
Els Degroote[3]	1/1	–	–
Doug Hutchens	5/5	4/4	2/2
Sylvia Metayer[4]	5/5	4/4	1/1
Ed Torr[5]	5/5	2/4	2/2
Jennifer Winter[6]	5/5	–	–

1 Jan Boone resigned as a Director on 20 June 2024.

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

3 Els Degroote was appointed as the alternate Director to Marc Coucke on 10 December 2024 and attends Board meetings when Marc Coucke is absent. She attended the December Board meeting in Marc's absence.

4 Sylvia Metayer was appointed as a member of the Remuneration and Nomination Committee in June when Jan Boone resigned as a Director.

5 Ed Torr did not attend two Audit and Risk Committee meetings held in September due to other internal meetings; Ed and the Board were fully briefed by the Chair of the Committee after the meetings.

6 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	M&A opportunities
	New Product Development plan and opportunities
	Board strategy discussions
Performance	Trading updates
	Review of budgets and forecasts
	Going concern and cash flow
	Approval of 2023 Annual Report, final dividend recommendation, 2024 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
	Review of regulatory and governance updates
	Review of Committee Terms of Reference
Stakeholders	People update
	Investor relations and shareholder update
	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

At year end the Senior Executive Team (SET) comprised the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Director of Strategic Alliances and Acquisitions, Commercial Strategy Director, Group People and Culture Director, Group Supply Chain Director and Group Finance Director. The team meets weekly 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 Liberum). 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 report to the Board at each regular meeting 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.

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; and
- 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 performance review

An internal Board performance review 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. Following changes to the Board's composition in June 2024, it was agreed that a formal Board evaluation would be carried out in the summer of 2025.

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 Cosec.

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 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.

As the Group grows and develops we maintain an active focus on culture and the importance of a highly engaged workforce.

During the year, we have applauded extraordinary efforts of our people with newly introduced peer-driven awards while keeping employees informed about developments in the Group through regular senior leader town hall meetings, and global and local intranets.

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 Tuesday 10 June 2025. Further details of the AGM arrangements can be found in the Notice of 2025 AGM, which is available on the Company's website www.animalcaregroup.com/investors/shareholder-centre/agm/.

Audit and Risk Committee Report

SYLVIA METAYER
Chair of the Audit and Risk Committee

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

I am pleased to present the Audit and Risk Committee's Report for the year ended 31 December 2024.

The Audit and Risk Committee is responsible for ensuring the Group maintains a strong control environment and risk culture. Its role is to provide effective governance over the Group's financial reporting, including 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 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.

Although only Committee members have the right to attend meetings, the Chief Financial Officer and the recently appointed Group Finance Director are invited to attend our meetings, and other members of the finance team and other internal teams attend meetings from time to time, 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 findings 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, and are available on the Company's website (www.animalcaregroup.com). The current Terms of Reference were approved by the Board on 11 December 2024.

Audit	Risk
Monitoring the integrity of the Group's financial statements Reviewing all significant financial reporting issues and judgements Overseeing the relationship with the external auditors including appointment and remuneration, expertise and resources Assessing the effectiveness of the audit process and auditor independence and objectivity	Monitoring the scope, adequacy and effectiveness of the Group's internal controls and risk management systems Reviewing the effectiveness of and any changes to the risk framework Reviewing the overall approach to setting risk appetite, tolerance levels and risk exposure to ensure it is aligned to the Group's strategic objectives

The Committee reports 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.

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 2024 financial statements is set out below. The Committee also reviewed the principal risks disclosures.

External audit tender and appointment of Grant Thornton

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

During late 2023 and early 2024, the Committee undertook an audit tender process, which I led as the Audit Committee Chair with the Chief Financial Officer and Group Finance Director. Initial discussions were held with several firms and a shortlist was put forward to the Committee. Meetings were arranged with two prospective firms and, after due consideration and following the conclusion of the 2023 audit, the Committee proposed to the Board that Grant Thornton UK LLP (Grant Thornton) be appointed and this was approved by the Board. The appointment of Grant Thornton as the Company's auditor was approved by shareholders at the 2024 AGM in June. The Group's Audit Partner is Mark Overfield.

The Committee considers the fees payable to the external auditors 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 Group's external 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.

Having reviewed and assessed the auditors' independence and performance, the Committee recommended to the Board that a resolution to reappoint Grant Thornton as the Group's external auditors be proposed at the forthcoming Annual General Meeting.

Risk management framework

In 2024, the Committee continued to oversee the operation of the risk management framework (RMF). This included a risk review carried out by the Group's third-party risk consultant, The Value Circle, across all countries and business functions. Their report highlighted improvements in the management of supply chain processes, which was an area of focus during the year, and 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. Another focus for 2024 was the development of the risk appetite framework management and an initial review of our R&D pipeline risk.

Review of the structure of the Finance team

During the year, the Group Finance Director, Lorna Miall, appointed in November 2023, continued the review of the finance organisation to strengthen overall capabilities within the team. This resulted in a realignment of the team into three distinct pillars to provide strong foundations for our strategic objectives. Commercial Finance is firmly focused on providing the tools and insight to support organic growth. Corporate Finance's responsibilities comprise treasury management, accounting technical expertise, tax, risk management, and support for the Group's inorganic growth and new product development ambitions. Operational Finance is the core pillar driving robust financial discipline and internal control throughout the Group's processes and reporting.

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, which 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 fundraise in December 2024 and the completion of the acquisition of Randlab Pty Ltd in January 2025. The external auditors have reviewed management's assessment and discussed this review with the Committee.

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 Chief Financial Officer, as well as assessing the Committee's own interactions with the external auditors. Following the appointment of Grant Thornton, the Chief Financial Officer and Group Finance Director worked with the new audit team to discuss the audit process and agreed ways of working to ensure an efficient and effective external audit process for the 2024 year end, and the Group Finance Director updated the Committee on progress with the transition and audit planning. The Committee will review the 2024 year-end audit process during the course of 2025.

Internal audit

The Committee continues to review the need for an internal audit function and is 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.

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.

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 are 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 2024, are set out below:

Disposal of Identicare Limited	Evaluating critical judgements, such as whether the disposed operations met the definition of discontinued operations under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, and whether they satisfied the criteria for classification as assets held for sale before disposal. Key estimates also included assessing the allocation of Goodwill to the disposed subsidiary, determining the fair value of the consideration received, and reviewing the carrying values of other assets at the disposal date.
Disposal of STEM Animalcare Health Inc	Since two related contracts were signed concurrently, an evaluation was conducted to ascertain whether they should be regarded, in substance, as distinct transactions or as a unified accounting transaction. This decision was pivotal as it directly influenced the calculation of the profit on disposal.
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 Limited share-based payment scheme.
Going concern assessment	Key judgements were applied in assessing the Group's cashflow forecasts for a period of at least 12 months from the date of signing these financial statements. This analysis confirmed that the Group has sufficient headroom to satisfy its obligations as they fall due. In addition, assumptions were also applied in modelling a reverse stress test scenario to evaluate the performance decline necessary to breach banking covenants. In completing this exercise, the required decline was found to be so severe that it was considered implausible as it would necessitate a significant reduction in both gross margin and cash conversion to breach the Group's tightest covenant.

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 2025

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). A risk review was undertaken by the Group's third-party risk consultant, The Value Circle, and 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 RMF and internal control systems are operating effectively. We continue to refine and strengthen our internal control framework, where required, in response to changes in the risk profile of our business.

During 2025, the Committee will continue its focus on further developing the framework for R&D risk and monitor the integration of the newly acquired Randlab business.

Whistleblowing and Anti-bribery

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. An anti-bribery and corruption policy is also in place, which provides information and guidance to those working for the Group on how to recognise and deal with potential bribery and corruption.

The Committee is satisfied that the procedures are operating effectively. No concerns were raised during the year.

SYLVIA METAYER
Chair of the Audit and Risk Committee

28 April 2025

Remuneration and Nomination Committee Report

DR DOUG HUTCHENS
Independent Non-Executive Director

> The Committee considers the Group's strategy 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

The Committee comprises the following independent Non-Executive Directors:

- Doug Hutchens (Chair)
- Sylvia Metayer
- Ed Torr

Following Jan Boone's resignation from the Board and Ed Torr's appointment as Chair, I was appointed Chair of the Committee and Sylvia Metayer was appointed as a member of the Committee.

Key responsibilities

The Committee considers the Group's strategy when recommending the appointment of Directors and setting and reviewing remuneration. The Committee works closely with the Board to review Board and committee composition and manage succession planning for Directors, considering skills, knowledge, experience and diversity before making appropriate recommendations to the Board regarding any changes. The Committee formulates the remuneration policy having regard to the views of shareholders, the recommendations of the QCA Corporate Governance Code and the AIM Rules for Companies. The Committee, on behalf of the Board, also agrees all aspects of the remuneration of the Executive Directors.

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

The main duties of the Committee are set out in its Terms of Reference, which are reviewed annually and are available on the Company's website (www.animalcaregroup.com). The Board approved the current Terms of Reference on 11 December 2024, which include the following responsibilities:

Nomination	Remuneration
Board composition	Executive Director remuneration
Succession planning	Design and awards of long and short-term incentive plans
Board appointments	Senior management remuneration policy

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. 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 Officer and external advisers, may be invited to attend for all, or part of, any meeting.

In March 2024, the Committee considered and approved Executive Director bonus awards for 2023, reviewing performance criteria against the financial performance in that year and the performance targets for the 2024 bonus scheme.

As disclosed in last year's Annual Report, the Executive Directors and certain members of the Senior Executive Team were excluded from the grant of nil-cost options under the LTIP award granted on 30 October 2023 (the 2023 LTIP Award) due to MAR-related restrictions. Subsequently, on 25 April 2024, the Committee approved the grant of nil-cost options under the 2023 LTIP Award over an additional 439,690 ordinary shares with a nominal value of 20.0 pence per share ("the Options") to the Executive Directors and certain members of the Senior Executive Team and senior management.

Achievement of the EPS and TSR performance criteria of the 2021 LTIP award was reviewed by the Committee in December 2024. Following assessment of performance criteria post year end, the Committee confirmed that the TSR target had been achieved in full given the upper quartile performance compared to the peer group. The EPS target had not been met. Therefore, 50% of the LTIP award would vest.

In December 2024, the Committee also discussed the remuneration of the Directors and, after due consideration, it was agreed that Executive Directors' salaries would increase by 5% with effect from 1 January 2025, in line with the discretionary increase range applied across the Group. It was further agreed by the Board that no change be made to Non-Executive Directors' fees as their remuneration had been updated during 2024 and current rates were deemed competitive.

The Committee also considered the structure of the LTIP for the Executive Directors and senior management, and agreed that this would be reviewed during 2025.

Full details of the annual bonus outcome, 2023 LTIP award and the vesting of the 2021 LTIP are set out in the Directors' Remuneration Report.

Chair succession

Jan Boone retired from the Board as Non-Executive Chair and Non-Executive Director at the AGM on 20 June 2024. The Remuneration and Nomination Committee established a sub-Committee comprised of Sylvia Metayer and Doug Hutchens, who jointly managed the process to consider Jan's succession. Ed Torr did not have any involvement in the 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 Ed's deep knowledge of the Company and extensive experience of the animal pharmaceutical sector, they recommended Ed Torr as the preferred candidate and the Board unanimously agreed with their recommendation.

Board and Committee Composition

Following Ed Torr's appointment as Chair, the Board agreed that Doug Hutchens would be appointed Chair of the Committee. Given the number of independent Non-Executive Directors, it was appropriate that Ed remain a member of both the Remuneration and Nomination Committee and the Audit and Risk Committee. In December 2024, Els Degroote was appointed as alternate Director to Marc Coucke. The Committee will continue to consider whether the Board would be strengthened with the appointment of an additional independent Non-Executive Director in due course.

Board Performance Review

Considering the approach to the Board performance review process for 2024, the Committee agreed to focus on implementing the action plan arising from the 2023 performance review and, therefore, carried out a more informal Board performance review in 2024. The Committee has proposed to the Board that the next full review be carried out in the summer of 2025, with a detailed questionnaire to be completed by each Director. The results of the review will be discussed by the Board and the outcome reported in the 2025 Annual Report. The independent Non-Executive Directors meet informally before Board meetings and discuss ongoing Board effectiveness. The Senior Independent Director will review the Chair's performance.

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, 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 67% (four) male and 33% (two) female members. At the year end, the Senior Executive Team consisted of 50% (four) male and 50% (four) female members.

DR DOUG HUTCHENS
Chair of the Remuneration and Nomination Committee

28 April 2025

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 Directors are rewarded.

This report covers the financial year ended 31 December 2024.

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 Board recognises the pivotal role of the Senior Leadership Team in delivering the Group's growth strategy and performance, and with this, the long-term success of the Company while creating shareholder value. Our reward philosophy is to drive and reward high performance.

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 the Long-Term Incentive Plan.

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 5% salary increase with effect from 1 January 2025, 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 the achievement of Group financial performance targets (budgeted revenue (45%) and underlying EBITDA (45%)), and 10% is dependent on the 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 confirmed Group revenue and Group cash conversion targets and personal objectives 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).

The LTIP will normally vest three years after the date of grant subject to the following performance criteria based on EPS and TSR being met over a three-year financial period:

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 EPS 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 the 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, and other general employee benefits. The Committee also retains the discretion to offer additional benefits as appropriate, such as assistance with relocation, tax equalisation and overseas tax advisory fees.

Employees' pay

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

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.

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
Marc Coucke	17 June 2017	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
Ed Torr	17 June 2022	13 June 2023	2026 AGM	3 months	3 months

Alternate Director	Date of contract	Notice period by Company	Notice period by Director
Els Degroote (alternate to Marc Coucke)	10 December 2024	3 months	3 months

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 the annual fees for Non-Executive Directors and the Non-Executive Chair and agreed that they were in line with the benchmark for similar companies and would, therefore, remain unchanged.

Remuneration policy for 2025

The remuneration policy for 2025 will operate as follows:

	Role	Basic salary/fee £'000	Maximum bonus potential
Executive			
Jennifer Winter	Chief Executive Officer	364	50%
Chris Brewster	Chief Financial Officer	249	40%
Non-Executive			
Ed Torr	Chair	75	–
Sylvia Metayer	Chair of Audit and Risk Committee	50	–
Doug Hutchens	Chair of Remuneration and Nomination Committee	50	–
Marc Coucke[1]	Non-Executive Director	45	–

1 Els Degroote is appointed as Marc Coucke's alternate. In accordance with the Company's Articles of Association, the Company does not pay fees to alternate Directors.

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 2024.

Directors' remuneration

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 December 2024:

£'000		Salary and fees	Annual bonus	Benefits	Total
Executive					
Jennifer Winter[1]	**2024**	**347**	**90**	**16**	**453**
	2023	336	155	15	506
Chris Brewster[2]	**2024**	**237**	**68**	**16**	**321**
	2023	230	86	16	332
Non-Executive					
Jan Boone[3]	**2024**	**35**	**–**	**–**	**35**
	2023	70	–	–	70
Marc Coucke[4]	**2024**	**45**	**–**	**–**	**45**
	2023	40	–	–	40
Doug Hutchens[5]	**2024**	**48**	**–**	**–**	**48**
	2023	45	–	–	45
Sylvia Metayer[6]	**2024**	**50**	**–**	**–**	**50**
	2023	45	–	–	45
Ed Torr[7]	**2024**	**60**	**–**	**–**	**60**
	2023	45	–	–	45
Total	**2024**	**822**	**158**	**32**	**1,012**
	2023	811	241	31	1,083

1 Jennifer Winter's benefits comprised a car allowance (£10,500) and private medical insurance (£5,036).

2 Chris Brewster's benefits comprised a company car (£13,800) and private medical insurance (£2,690). Chris Brewster's annual bonus included an additional £10,000 discretionary award in recognition of the successful acquisition of Randlab.

3 Jan Boone stepped down as Chair on 20 June 2024. His annual fee of £75,000 was pro-rated from 1 January to 20 June 2024.

4 Marc Coucke received an annual fee of £45,000. Els Degroote was appointed as alternate to Marc Coucke in December 2024; the Company does not pay fees to alternate directors.

5 Doug Hutchens received an annual fee of £45,000, and an additional fee of £5,000 for his role as Chair of the Remuneration and Nomination Committee, which was pro-rated from 21 June to 31 December 2024.

6 Sylvia Metayer received an annual fee of £50,000, including an additional annual fee of £5,000 for her role as Chair of the Audit and Risk Committee.

7 Ed Torr received an annual fee of £45,000 and an additional fee of £5,000 for his role as Chair of the Remuneration and Nomination Committee, which were pro-rated for the period 1 January to 20 June 2024. Following his appointment as Chair of the Board, he received an annual fee of £75,000, which was pro-rated for the period 21 June to 31 December 2024.

Long-Term Incentive Plan

As disclosed in last year's Annual Report, the Executive Directors and certain members of the Senior Executive Team were excluded from the grant of nil-cost options under the LTIP award granted on 30 October 2023 (the 2023 LTIP Award) due to MAR-related restrictions. The 2023 LTIP Award to these participants was deferred until 25 April 2024, when the Board approved the grant of nil-cost options under the 2023 LTIP Award over an additional 439,690 ordinary shares with a nominal value of 20.0 pence per share ("the Options") to the Executive Directors and certain members of the Senior Executive Team and senior management. The 2023 LTIP Award will vest on confirmation of achievement of the performance criteria being met over the three-year financial period ending 31 December 2026.

No further options were granted under the LTIP in 2024.

On 15 May 2024, Jennifer Winter and Chris Brewster exercised outstanding options over 156,612 and 65,245 shares, respectively, under the 2019 and 2020 LTIP awards. The aggregate gain on exercise of LTIP options was £392,000.

The performance period for the 2021 LTIP awards ended on 31 December 2024. Details of the performance targets set and actual achievement against them, based on three-year performance to 31 December 2024, are set out in the table below:

Performance measure	Weighting	Performance priod end	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% vesting for this part of the award
Underlying EPS	50%	31 December 2024	12.9p	14.9p	11.0p	0%
TSR	50%	31 December 2024	Median	Upper quartile	Upper quartile	100%

On assessment of the three-year performance period as set out above, a total of 124,307 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.

The individual interests of the Executive Directors under the LTIP, as at the date of this report, are set out below:

Director	Date of grant	End of three-year performance period	Number of LTIP nil cost options award	Vested	Lapsed	Exercised	Total outstanding
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	53,422	53,422	–	53,422
	28/04/22	01/07/25	130,620	N/A	–	–	130,620
	23/04/24	31/12/26	243,913	N/A	–	–	243,913
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	21,903	21,903	–	21,903
	28/04/22	01/07/25	53,488	–	–	–	53,488
	23/04/24	31/12/26	100,004	–	–	–	100,004

Directors' interests in the share capital of the Company

The Directors' interests in the share capital of the Company as at 31 December 2024 and the movements during the year are set out below:

Director	Number of shares held as at 1 January 2024	Acquired/ (disposed) during the period	Number of shares held as at 31 December 2024	Percentage of ISC as at 31 December 2024
Chris Brewster[1]	280,513	5,000	285,513	0.41
Marc Coucke[2]	14,751,674	860,215	15,611,889	22.63
Douglas Hutchens[3]	0	5,000	5,000	0.01
Ed Torr	107,455	–	107,455	0.16
Jennifer Winter[4]	7,000	93,650	100,650	0.15

1 Chris Brewster exercised options over 65,245 shares on 15 May 2024 and sold these on the same day. He acquired 5,000 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

2 Marc Coucke acquired 860,215 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

3 Douglas Hutchens acquired 5,000 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

4 Jennifer Winter exercised options over 156,612 shares on 15 May 2024 and sold 95,220 shares on the same day. She acquired 32,258 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

As at 1 January 2024, Jan Boone had a beneficial interest in 137,890 shares; this number was the same when he ceased to be a Director on 20 June 2024.

There were no changes in the Directors' interests in shares between 31 December 2024 and the date of these financial statements.

DR DOUG HUTCHENS
Chair of the Remuneration and Nomination Committee

28 April 2025

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 2024.

Principal activities

Animalcare Group plc is a public limited company incorporated in England and Wales with the registered number 01058015, and 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 to the 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.

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, a Streamlined Energy and Carbon Reporting (SECR) has been prepared and is contained in 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 financial 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 15 November 2024 to shareholders whose names were on the Register of Members at close of business on 18 October 2024.

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 (2023: 3.0 pence per share), giving a total dividend for the year of 5.0 pence per share (2023: 5.0 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on Tuesday 10 June 2025, the final dividend will be paid on Friday 18 July 2025 to shareholders whose names are on the Register of Members at close of business on Friday 20 June 2025. The ordinary shares will become ex-dividend on Thursday 19 June 2025.

Post balance sheet events

On 3 January 2025, the Group completed the acquisition, through its newly incorporated Australian entity Animalcare Australia Pty Ltd, of Randlab Australia Pty Ltd (and its wholly owned subsidiaries, Randlab (New Zealand) Limited), Randlab Pty Ltd and Randlab Middle East Veterinary Medicine Trading Single Owner L.L.C. (together "Randlab"), a leading equine veterinary business, for an enterprise value of AUD$121.0m (£59.7m), on a debt-free, cash-free, normalised working capital basis subject to customary post-completion adjustments. The acquisition was funded through a combination of cash realised on the disposals of Identicare and STEM, net proceeds from the placing and debt drawdown, the latter facilitated by a new €10m acquisition line which was partly drawn down pre year end. Further details are set out in note 30 of the Notes to the Consolidated Financial Statements.

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

On 5 December 2024, 902,473 new ordinary shares were issued as part of a fundraise to part fund the acquisition of Randlab and enable the Company to maintain an appropriate leverage position to continue to invest in its growth strategy. The Company's issued share capital, as at 31 December 2024, was £13,795,283.60 divided into 68,976,418 ordinary shares of 20.0 pence each.

On 20 January 2025, 8,497 new ordinary shares were issued pursuant to an exercise of options under the Company's LTIP scheme. The Company's issued share capital as at 31 March 2025, being the latest practicable date prior to publication of this report, is 68,984,915 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).

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 20 June 2024, 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 6,010,792 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 (or, if earlier, at the close of business on 19 September 2025) save that the Company may, before such expiry, make a contract or agreement to make a market purchase of its own ordinary shares, which will, or may be executed wholly, or partly, after the expiry of such authority and the Company may purchase such shares as if the authority conferred hereby had not expired.

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 £4.6m (2023: £3.9m).

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 2024 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 (2023: £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 or is otherwise aware of the following interests representing 3% or more of the issued share capital of the Company as at 31 March 2025:

Name of holder	No. of ordinary shares	% Holding[1]
Alychlo NV	15,611,889	22.63
Liontrust Asset Management	7,570,131	10.97
Harwood Capital LLP	6,947,000	10.07
BlackRock, Inc.	4,925,112	7.14
Canaccord Genuity Wealth Management Inc.	4,309,904	6.25
BGF Investment Management Ltd	4,001,651	5.80
SEB Investment Management AB	3,745,498	5.43

1 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 (including Randlab) taking into account the Group's current financial position and principal risks. This review considered forecasts of future trading, including working capital and investment requirements for at least 12 months from the reporting date, which 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. The Group also conducted a reverse stress test assessment to evaluate the performance decline necessary to breach its banking covenants. The required decline was found to be so severe that it was considered implausible, as it would necessitate a significant reduction in both gross margin and cash conversion to breach the Group's tightest covenant. 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 are Directors at the date of this Annual Report confirm 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.

Grant Thornton UK LLP was appointed as the Company's auditor in June 2024 following the passing of a shareholder resolution at the Annual General Meeting, and have indicated their willingness to continue in office. Resolutions seeking to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting. This is the first year Grant Thornton has carried out a statutory audit for the Company.

Annual General Meeting

At the 2024 Annual General Meeting, all resolutions put to shareholders were passed by a majority. The Company's 2025 Annual General Meeting will be held on Tuesday 10 June 2025. The Notice of 2025 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 28 April 2025 and signed on its behalf by

CHRIS BREWSTER
Chief Financial Officer and Company Secretary

28 April 2025

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.

CHRIS BREWSTER
Chief Financial Officer and Company Secretary

28 April 2025

Independent Auditor's Report to the members of Animalcare Group plc

Opinion

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Animalcare Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, Notes to the Consolidated Financial Statements including Summary of material accounting policies, the Company Statement of Financial Position, the Company Statement of Changes in Equity and Notes to the Company Financial Statements, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

A description of our evaluation of management's assessment of the ability to continue to adopt the going concern basis of accounting, and the key observations arising with respect to that evaluation is included in the Key Audit Matters section of our report.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

OVERVIEW OF OUR AUDIT APPROACH

Overall materiality:

Group: £466,000, which represents 0.6% of the group's revenue for the year.

Parent company: £1,500,000, which represents 0.8% of the parent company's total assets. The parent company materiality is solely for the purposes of the parent company statutory audit. A lower component materiality has been used in respect of the parent company for the group financial statements audit.

Key audit matters in respect of both the group and parent company were identified as:

- Going concern (new in current year)

Two key audit matters relating only to the group were identified as:

- Revenue recognition includes fraudulent transactions (new in current year); and
- Completeness and accuracy of customer rebate related liabilities (same as previous year)

The predecessor auditor identified two key audit matters during the audit of the year ended 31 December 2023 that have not been reported as key audit matters in our current year's report. These related to:

- Classification of items as non-underlying (Group). This is not considered to be key audit matter given the limited judgement involved within this assessment in the current year; and
- Risk of impairment of investments in subsidiaries (parent). This is not considered to be key audit matter given the lack of indicators of impairment identified during the current year audit.

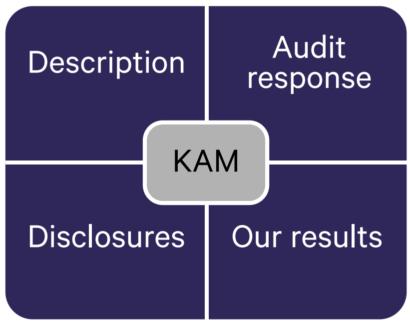
Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements, specifically:

- Group revenue 78%
- Group profit before tax 82%

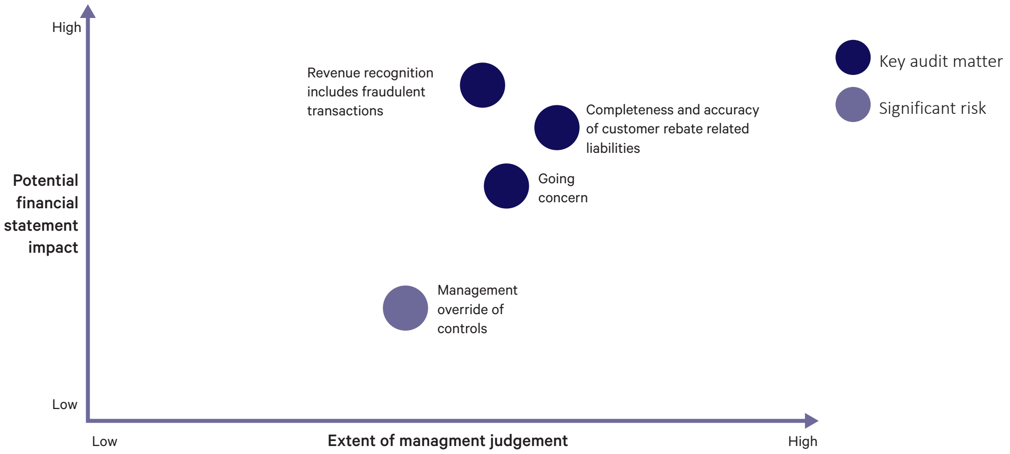
We performed an audit of the financial information of three components using component performance materiality (full-scope audit) and an audit of one or more account balances, classes of transactions or disclosures of the component (specific-scope audit) for three components assessed to be material (including the parent company). We performed analytical procedures at group level (analytical procedures) on the financial information of all the remaining group components and performed tests on material balances where appropriate.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.



Key audit matter – Group	How our scope addressed the matter – Group
REVENUE RECOGNITION INCLUDES FRAUDULENT TRANSACTIONS We identified the possibility that the revenue cycle included fraudulent transactions as one of the most significant assessed risks of material misstatement due to fraud. Revenue is the most significant item in the Consolidated Income Statement (£74m) and impacts several of the Group's key performance indicators set out in the Annual Report and Financial Statements. Revenue is recognised in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and requires management judgement and estimation where adjustments are made. The majority of transactions are non-complex. Hence, unusual account combinations outside of the normal business processes therefore pose a risk of fraud due to their abnormality. We therefore determined that the significant risk in revenue relates to entries falling outside of the expected transaction flow, including the year-end adjustments and adjustments in respect of customer rebates, as identified using audit data analytic techniques.	In responding to the key audit matter, we performed the following audit procedures: • Assessed the relevant accounting policies for consistency and appropriateness with the financial reporting framework, including IFRS 15; • Utilised audit data analytic techniques to identify unusual postings to revenue, including the year-end adjustments and adjustments in respect of customer rebates, by interrogating the revenue population and analysing revenue postings from inception to cash receipt; • Agreeing those unusual postings identified to supporting documentation and explanation and considering whether they are consistent with our audit work in other areas, including that performed on customer rebate related liabilities; • Tested the operating effectiveness of controls over the bank reconciliation process to support the audit data analytics techniques which depend upon the relationship between revenue and cash; • Tested a sample of revenue transactions to supporting documentation to verify the occurrence and accuracy of revenue and the data which is being used within the audit data analytics; and • Assessed the adequacy of the revenue recognition disclosures included within the Annual Report and Accounts.
RELEVANT DISCLOSURES IN THE ANNUAL REPORT • Financial statements: Note 5, Revenue	**OUR RESULTS** • Based on our audit work, we did not identify any material misstatements in the revenue recognised in the year to 31 December 2024.

Key audit matter – Group	How our scope addressed the matter – Group
COMPLETENESS AND ACCURACY OF UK CUSTOMER REBATE RELATED LIABILITIES We identified the possibility that UK customer rebate related liabilities were misstated as one of the most significant assessed risks of material misstatement due to fraud and/or error given there is a high degree of estimation uncertainty within the rebate agreements. Rebates are recognised in the Consolidated Income Statement as a deduction to the revenue transaction price and hence, there is a risk of rebate understatement to maximise revenue. Any rebates outstanding at the year-end are recognised as Trade Payables within the Consolidated Statement of Financial Position. We have pinpointed this significant risk to the UK operation as there is a greater level of complexity and estimation uncertainty within these calculations because rebates are payable to both wholesale customers and the wholesaler's customers. The total rebate obligation is estimated at the point a sale is made to a wholesaler based on an average rebate percentage for that product over the prior 12 months. Rebates are payable to the wholesaler at the point of sale to the wholesaler and then payable to the ultimate customer at the point of onward sale by the wholesaler to their customer. The timing difference and estimation uncertainty involved means that rebates are susceptible to misstatement due to fraud and/or error.	In responding to the key audit matter, we performed the following audit procedures: • Assessed the relevant accounting policies for consistency and appropriateness with the financial reporting framework, including IFRS 15; • Obtained the year end rebate accrual and tested a sample of the data to underlying rebate agreements to ensure was consistent with those contractual arrangements; • Selected a sample of year end accrual balances and recalculated the rebate liability based on the sales pre-year end and agreed back to post year end settlement where applicable; • Recalculated the accuracy of the rebate accrual thereby assessing the mathematical accuracy of management's year-end calculation; • Assessed the stock held with the wholesalers at the year-end to ensure this balance (which is subject to future rebate payment) is complete, by confirming the balance directly with the wholesaler; • Agreed a sample of items from management's calculation of the 12-month weighted average rebate to third-party service provider reports, payments made to customers in the year, and approved price listings; and • Assessed the adequacy of the revenue recognition and customer rebate liabilities disclosures included within the Annual Report and Accounts.
RELEVANT DISCLOSURES IN THE ANNUAL REPORT • Financial statements: Note 3, Summary of material accounting policies.	**OUR RESULTS** • Based on our audit work, we did not identify any material misstatements in the Completeness and accuracy of customer rebate related liabilities in the year to 31 December 2024.

Key audit matter – Group	How our scope addressed the matter – Group
GOING CONCERN We identified going concern as one of the most significant assessed risks of material misstatement due to error as a result of the judgement required to conclude whether there is a material uncertainty related to going concern. The increased level of judgement has arisen because of the acquisition after the year end given there was more uncertainty within forecasting of the acquired operations as well as the utilisation of surplus cash and drawdown on the debt facility. The financial statements, for both the group and parent company, are prepared on the going concern basis and this assessment continues to be an area of increased focus for regulators and other stakeholders. External factors, including macro-economic uncertainties, such as high interest rates, heighten the going concern risk for the group, and the Credit Facility covenants attached. Lower than forecast trading performance could give rise to a breach of facility covenants or limits which would impact on the group's ability to continue as a going concern.	In responding to the key audit matter, we performed the following audit procedures: • Obtained management's going concern assessment, including management's base case and reverse stress test, covering the assessment period; • Validated the mathematical accuracy of management's forecasts; • Evaluated the key assumptions within the cash flow forecasts, including the quantum and timing of cash outflows and inflows and determined whether these have been applied appropriately. We have also considered whether the key assumptions are consistent with our understanding of the business, including relevant uncertainties such as high interest rates; • Assessed whether the forecasts used for going concern are consistent with those used in other areas of the audit, including the impairment review; • Assessed the accuracy of management's past forecasting by comparing management's forecasts for at least the last two financial periods to the actual results for those periods and considered the impact on the cash flow forecast; • Corroborated the existence of the Group's facilities and related covenant requirements for the period covered by management's forecasts and tested the covenant compliance in the going concern period; • Compared post year-end results achieved to those forecasted to determine if the business is trading in line with its forecast; • Evaluated management's stress testing and sensitivity analysis to ensure that this appropriately considers the current and potential future impact of wider cost inflations and other external economic factors on the Groups financial performance; and • Assessed the adequacy of the going concern disclosures included within the Annual Report and Accounts.
RELEVANT DISCLOSURES IN THE ANNUAL REPORT • Financial statements: Note 2, Basis of preparation.	**OUR RESULTS** • We have nothing to report in addition to that stated in the 'Conclusions related to going concern' section of our report.

Our application of materiality

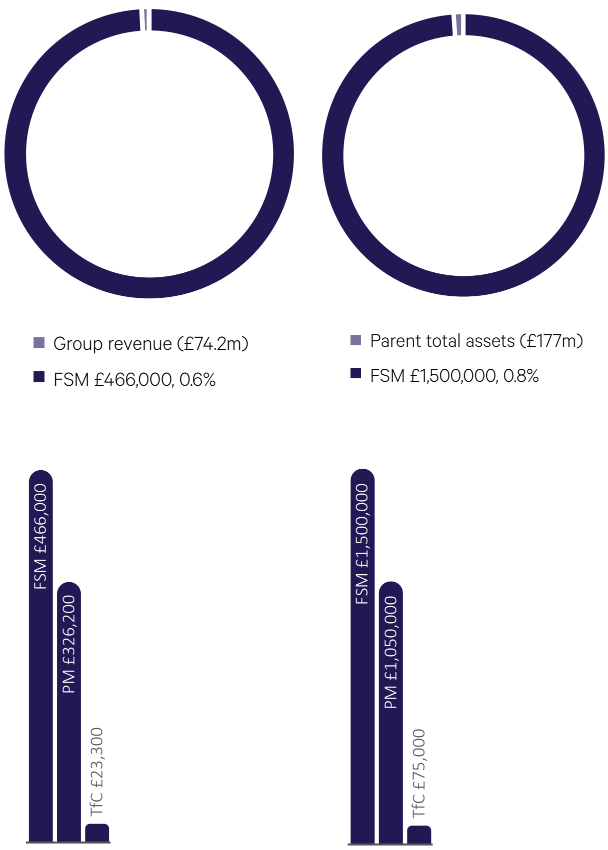
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent company
MATERIALITY FOR FINANCIAL STATEMENTS AS A WHOLE	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£466,000 (2023: £333,000) which represents 0.6% of the Group's revenue.	£1,500,000 (2023: £160,000) which represents 0.8% of the parent company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements • The Group's revenue is considered the most appropriate benchmark because it is the most relevant stable performance measure to the stakeholders of the Group and is presented as the first financial highlight on page 01 of the Annual Report and Accounts. Materiality for the current year is higher than the level that was determined for the year ended 31 December 2023 to reflect a change in the benchmark used (the predecessor auditor used 2.5% of Earnings Before Interest, Tax, Depreciation and Amortisation, adjusted for non-underlying items ('underlying EBITDA') as a base) and the improved performance of the Group.	In determining materiality, we made the following significant judgements • The parent company's total assets is considered the most appropriate benchmark because it is the most relevant measure of financial position for the stakeholders of the parent company, which is a holding company. Materiality for the current year is higher than the level that was determined for the year ended 31 December 2023 to reflect a change in the benchmark being used (the predecessor auditor used 1% of total assets as a base (capped below Group materiality).
PERFORMANCE MATERIALITY USED TO DRIVE THE EXTENT OF OUR TESTING	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£326,200 (2023: £249,750), which is 70% (2023: 75%) of financial statement materiality.	£1,050,000 (2023: £120,000) which is 70% (2023: 75%) of financial statement materiality.
Significant judgements made by auditor in determining materiality	In determining performance materiality, we made the following significant judgements in the following areas: • The strength of the control environment based on our assessment of the design and implementation of controls in both the prior year and the current year planning procedures; • The level of misstatements identified in previous audits; and • Whether significant issues were noted in the prior year, through the predecessor auditor review, that have not been addressed or are expected to reoccur. In determining component performance materiality, we made the following significant judgements: • Extent of disaggregation of financial information across components, including the relative risk and size of a component to the group. For each component in scope for our group audit, we allocated a performance materiality that is less than our overall group performance materiality.	In determining performance materiality, we made the following significant judgements in the following areas: • The strength of the control environment based on our assessment of the design and implementation of controls in both the prior year and the current year planning procedures; • The level of misstatements identified in previous audits; and • Whether significant issues were noted in the prior year, through the predecessor auditor review, that have not been addressed or are expected to reoccur.

Materiality measure	Group	Parent company
SPECIFIC MATERIALITY	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Identified related party transactions outside of the normal course of business	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Identified related party transactions outside of the normal course of business
COMMUNICATION OF MISSTATEMENTS TO THE AUDIT COMMITTEE	We determine a threshold for reporting unadjusted differences to the audit and risk committee.	
Threshold for communication	£23,300 (2023: £16,650) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£75,000 (2023: £16,650) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit and risk committee.



FSM: Financial statement materiality, PM: Performance materiality, TfC: Threshold for communication to the audit and risk committee

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

UNDERSTANDING THE GROUP, ITS COMPONENTS, THEIR ENVIRONMENTS, AND ITS SYSTEM OF INTERNAL CONTROL INCLUDING COMMON CONTROLS

- The group engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;
- The group engagement team obtained an understanding of the individual components, including component specific controls, through planning discussions held between the engagement team and the group's management team; and
- The group engagement team performed walkthroughs on key areas of focus to identify the key controls and assess their design and implementation.

IDENTIFYING COMPONENTS AT WHICH TO PERFORM AUDIT PROCEDURES

- The engagement team identified in-scope components, based on the risk of material misstatement to the group financial information and the financial significance to key performance and position measures within the financial information of the group; and

- The engagement team did not identify any in-scope components based on qualitative factors, such as concerns over specific components.

TYPE OF WORK TO BE PERFORMED ON FINANCIAL INFORMATION OF PARENT AND OTHER COMPONENTS (INCLUDING HOW IT ADDRESSED THE KEY AUDIT MATTERS)

- The Group engagement team identified three components which were subject to audit of the entire financial information of the component which were:
  - Animalcare Ltd
  - Ecuphar NV
  - Ecuphar Veterinaria SA
- There were three components which were subject to specific audit procedures designed by the Group auditor which were:
  - Animalcare Group plc
  - Ecuphar GmbH
  - Ecuphar Italia

Of the specified components above, only Ecuphar GmbH included work on a key audit matter which was Revenue recognition includes fraudulent transactions.

The remaining 8 components were subject to analytical procedures performed at a Group level.

Performance of our audit

- The group engagement team visited the group's primary location in York to perform audit procedures and visited the third party stock logistics provider to perform the year-end inventory count.
- The group engagement team visited the Belgium location to hold discussions with the corporate finance team and to meet key management specialists.
- The group engagement team held communications with all component auditors throughout the audit, each of whom visited the client locations for all in-scope components.
- The group engagement team, with the support of their specialist, obtained an understanding of the IT systems and controls across all components within the group given the common controls in place for these systems.
- Advanced audit procedures were performed on key transactions which were included within the interim results including the disposals of Identicare Limited and STEM Animal Health Inc..

Further audit procedures performed on components subject to specific scope and specified procedures may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the group auditor, considered had the potential for the greatest impact on the group financial statements either due to risk, size or coverage.

The components within the scope of further audit procedures accounted for the following percentages of the group's results, including the key audit matters identified:

Audit approach	No. of components	% of coverage revenue	% coverage profit before tax
Full-scope audit	3 (2023: 6)	63% (2023: 79%)	54%
Specific scope procedures	3 (2023: 2)	15% (2023: 0%)	28%
Full-scope and specific scope procedures coverage	6 (2023:8)	78% (2023:79%)	82%
Analytical procedures	8 (2023: 5)	22% (2023: 21%)	18%
Total	14 (2023:13)	100%	100%

Communications with component auditors

- We engaged with component auditors for the audit of Ecuphar NV, Ecuphar Veterinaria SL and Ecuphar GmbH. These component auditors were all part of the Grant Thornton network.
- Component auditors assisted us in gaining an initial understanding of components at the planning stage. Subsequently, we held a meeting with the component auditor to discuss identified and assessed risks, communicated group instructions, maintained communications throughout the audit, reviewed component auditors' audit documentation, attended site visits in Belgium, and held key meetings at the planning, fieldwork and completion stages of the audit.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 80, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which they operate. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Directors, Audit and Risk Committee members. We determined that the most significant are applicable law and UK-adopted international accounting standards (for the group), United Kingdom Generally Accepted Accounting Practice (for the parent company) and relevant tax legislation.
- We enquired of the Directors, Audit and Risk Committee members and management to obtain an understanding of how the Group and the parent company are complying with those legal and regulatory frameworks, whether there were any instances of non-compliance with laws and regulations, and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of Board minutes and of the minutes of the Audit and Risk Committee and compliance meetings.
- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the

engagement team in connection with the risks identified included:

- assessing the design and implementation of controls that management has put in place to prevent and detect fraud;
- checking the completeness of journal entries and identifying and testing journal entries, in particular those journals determined to be in respect of our principal risk documented above;
- challenging the assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing related party transactions by agreeing to underlying records and obtaining confirmation for directors' emoluments

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the group and parent company operate; and
  - understanding of the legal and regulatory frameworks applicable to the group and the parent company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group's and the parent company's operations, including the nature of their revenue sources, and of their principal activities, to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and
  - the Group's and the parent company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations; the significant judgements and assumptions made by management in its significant accounting estimates or in applying its accounting policies.
- Communication with component auditors to request identification of any instances of non-compliance with laws and regulations that could give risk to a material misstatement of the group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK OVERFIELD BSC FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

28 April 2025

Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December					
	Note	**Underlying 2024 £'000**	**Non-Underlying (note 4) 2024 £'000**	**Total 2024 £'000**	Underlying 2023	Non-Underlying (note 4) 2023	Total 2023
Revenue	5	**74,228**	**–**	**74,228**	70,733	–	70,733
Cost of sales	7.1	**(32,984)**	**–**	**(32,984)**	(30,586)	–	(30,586)
Gross profit		**41,244**	**–**	**41,244**	40,147	–	40,147
Research and development expenses	7.2	**(2,270)**	**(639)**	**(2,909)**	(2,455)	(646)	(3,101)
Selling and marketing expenses	7.3	**(12,458)**	**–**	**(12,458)**	(12,034)	–	(12,034)
General and administrative expenses	7.4	**(18,049)**	**(3,326)**	**(21,375)**	(16,870)	(3,726)	(20,596)
Net other operating income/(expenses)	7.5	**30**	**2,546**	**2,576**	2	(390)	(388)
Impairment losses		**–**	**(23)**	**(23)**	–	(22)	(22)
Operating profit/(loss)		**8,497**	**(1,442)**	**7,055**	8,790	(4,784)	4,006
Finance expenses	7.8	**(1,520)**	**(988)**	**(2,508)**	(1,254)	–	(1,254)
Finance income	7.9	**1,205**	**–**	**1,205**	674	–	674
Finance cost net		**(315)**	**(988)**	**(1,303)**	(580)	–	(580)
Share of net profit/(loss) of joint venture accounted for using the equity method	12	**31**	**–**	**31**	(142)	–	(142)
Profit/(loss) before tax		**8,213**	**(2,430)**	**5,783**	8,068	(4,784)	3,284
Income tax (expense)/income	7.10	**(1,554)**	**588**	**(966)**	(2,095)	(92)	(2,187)
Net profit/(loss) for the period from continuing operations		**6,659**	**(1,842)**	**4,817**	5,973	(4,876)	1,097
Profit/(loss) for the period from discontinued operations	6	**48**	**13,629**	**13,677**	572	(470)	102
Profit/(loss) for the period		**6,707**	**11,787**	**18,494**	6,545	(5,346)	1,199
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:							
Total profit for the period							
Basic earnings per share	8	**11.0p**		**30.3p**	10.9p		2.0p
Diluted earnings per share	8	**10.9p**		**29.9p**	10.8p		2.0p
Continuing underlying profit for the period							
Basic earnings per share	8	**10.9p**		**7.9p**	9.9p		1.8p
Diluted earnings per share	8	**10.8p**		**7.8p**	9.8p		1.8p

In order to aid understanding of underlying business performance, the Directors have presented underlying results before the effect of exceptional and other items. These exceptional and other items are categorised as non-underlying and are analysed in detail in note 4 to these financial statements. The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2024

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Profit for the period	**18,494**	1,199
Other comprehensive expense		
Exchange differences on translation of foreign operations*	**(528)**	(290)
Other comprehensive expense, net of tax	**(528)**	(290)
Total comprehensive income for the year, net of tax	**17,966**	909
Total comprehensive income attributable to:		
The owners of the parent	**17,966**	909
Total continuing other comprehensive income for the period, net of tax	**4,289**	807
Total discontinued other comprehensive income for the period, net of tax	**13,677**	102
	17,966	909

* May be reclassified subsequently to profit and loss

Consolidated Statement of Financial Position

YEAR ENDED 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	Note	**£'000**	£'000
Assets			
Non-current assets			
Goodwill	9	**39,360**	50,656
Intangible assets	10	**16,597**	20,584
Property, plant and equipment	11	**305**	403
Right-of-use-assets	24	**2,316**	2,819
Investments in joint ventures	12	**–**	1,119
Deferred tax assets	7.10	**2,192**	1,726
Other financial assets	14	**82**	70
Total non-current assets		**60,852**	77,377
Current assets			
Inventories	13	**11,754**	10,062
Trade receivables	14	**13,501**	13,294
Current tax receivables[1]	14	**694**	810
Other current assets	14	**60,297**	607
Cash and cash equivalents	15	**11,715**	4,642
Total current assets		**97,961**	29,415
Total assets		**158,813**	106,792
Liabilities			
Current liabilities			
Borrowings	17	**(976)**	–
Lease liabilities	24	**(841)**	(914)
Trade payables	16	**(12,908)**	(10,808)
Current tax liabilities	7.10	**(623)**	(125)
Accrued charges and contract liabilities	20	**(47)**	(1,159)
Other current liabilities	21	**(5,213)**	(5,412)
Total current liabilities		**(20,608)**	(18,418)
Non-current liabilities			
Borrowings	17	**(19,754)**	(2,933)
Lease liabilities	24	**(1,594)**	(2,029)
Deferred tax liabilities	7.10	**(3,395)**	(4,015)
Contract liabilities	20	**–**	(293)
Provisions	18	**(150)**	(160)
Other non-current liabilities	19	**–**	(1,049)
Total non-current liabilities		**(24,893)**	(10,479)
Total liabilities		**(45,501)**	(28,897)
Net assets		**113,312**	77,895
Equity			
Share capital	23	**13,795**	12,022
Share premium		**149,992**	132,798
Reverse acquisition reserve		**(56,762)**	(56,762)
Accumulated profits/(losses)		**4,197**	(12,781)
Other reserves		**2,090**	2,618
Equity attributable to the owners of the parent		**113,312**	77,895
Total equity		**113,312**	77,895

1 This line was previously reported within other current assets but in the current year it has been reported separately on the face of the statement of finance position to satisfy the requirements of IAS 1 Presentation of financial statements. The prior year comparatives have been updated accordingly.

The accompanying notes on pages 98 to 145 form an integral part of these consolidated financial statements.

The financial statements on pages 92 to 145 were approved by the board of directors and authorised for issue on 28 April 2025 They were signed on their behalf by:

JENNIFER WINTER
Chief Executive Officer

CHRIS BREWSTER
Chief Financial Officer

Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2024

	Note	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Accumulated losses/ profits £'000	Other reserve £'000	Total equity £'000
At 1 January 2024		**12,022**	**132,798**	**(56,762)**	**(12,781)**	**2,618**	**77,895**
Profit for the period		**–**	**–**	**–**	**18,494**	**–**	**18,494**
Other comprehensive expense		**–**	**–**	**–**	**–**	**(528)**	**(528)**
Total comprehensive income		**–**	**–**	**–**	**18,494**	**(528)**	**17,966**
Dividends paid	23	**–**	**–**	**–**	**(3,019)**	**–**	**(3,019)**
Exercise of share options	23	**53**	**–**	**–**	**–**	**–**	**53**
Capital increase (net of costs)	23	**1,720**	**17,194**	**–**	**–**	**–**	**18,914**
Share-based payments		**–**	**–**	**–**	**1,503**	**–**	**1,503**
At 31 December 2024		**13,795**	**149,992**	**(56,762)**	**4,197**	**2,090**	**113,312**

	Note	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Accumulated losses £'000	Other reserve £'000	Total equity £'000
At 1 January 2023		12,019	132,798	(56,762)	(11,977)	2,908	78,986
Profit for the period		–	–	–	1,199	–	1,199
Other comprehensive income		–	–	–	–	(290)	(290)
Total comprehensive income		–	–	–	1,199	(290)	909
Dividends paid	23	–	–	–	(2,644)	–	(2,644)
Exercise of share options	23	3	–	–	–	–	3
Share-based payments		–	–	–	641	–	641
At 31 December 2023		12,022	132,798	(56,762)	(12,781)	2,618	77,895

Reverse acquisition reserve

Reverse acquisition reserve represents the reserve that has been created upon the reverse acquisition of Animalcare Group plc.

Other reserve

Other reserve relates to currency translation differences. These exchange differences arise on the translation of subsidiaries with a functional currency other than sterling.

Consolidated Cash Flow Statement

YEAR ENDED 31 DECEMBER 2024

	Note	For the year ended 31 December 2024 £'000	2023 £'000
Operating activities			
Profit before tax from continued operations		**5,783**	3,284
Profit before tax from discontinued operations	6	**13,685**	239
Profit before tax		**19,468**	3,523
Non-cash and operational adjustments			
Share in net (profit)/loss of joint venture	12	**(31)**	142
Depreciation of property, plant and equipment	11/24	**1,138**	1,092
Amortisation of intangible assets	10	**6,043**	6,613
Impairment of intangible assets	10	**23**	22
Share-based payment expense	27	**678**	1,278
Gain on disposal of intangible assets	4	**(430)**	–
Non-cash movement in provisions		**488**	(2)
Gain on sale of discontinued operation	6	**(13,723)**	–
Movement allowance for bad debt, inventories and provisions		**1,193**	757
Finance income		**(426)**	(675)
Finance expense		**230**	1,419
Impact of foreign currencies		**1,552**	–
Gain from sale of joint venture and release of associated liabilities	4	**(3,375)**	–
Gain from IFRS 16 lease modification		**(1)**	(9)
Other		**(3)**	–
Exercise of share options	23	**–**	3
Movements in working capital			
Decrease/(increase) in trade receivables		**1,008**	(319)
(Increase)/decrease in inventories		**(3,465)**	2,257
Increase/(decrease) in payables		**1,762**	(3,261)
Income tax paid		**(777)**	(1,913)
Net cash flow from operating activities		**11,352**	10,927
Investing activities			
Purchase of property, plant and equipment	11	**(208)**	(52)
Purchase of intangible assets	10	**(2,802)**	(2,501)
Proceeds from the sale of intangible assets		**505**	–
Proceeds from the sale of joint venture	4	**3,780**	–
Loans given		**(300)**	–
Proceeds from sale of subsidiary, net of cash disposed	6	**24,522**	–
Transaction costs from sale of subsidiary	6	**(634)**	–
Advanced payments to acquire subsidiaries	30	**(59,712)**	–
Capital contribution in joint venture	12	**–**	(306)
Interest income		**989**	–
Net cash flow used in investing activities		**(33,860)**	(2,859)
Financing activities			
Proceeds from loans and borrowings	17	**17,812**	–
Repayment of loans and borrowings		**–**	(5,252)
Repayment of IFRS 16 lease liability	24	**(976)**	(955)
Exercise of share options	23	**53**	–
Receipts from issue of share capital	23	**20,000**	–
Share issue costs	23	**(956)**	–
Dividends paid	23	**(3,019)**	(2,644)
Interest paid		**(408)**	(646)
Other finance expense		**(386)**	(99)
Net cash flow used in financing activities		**32,120**	(9,596)
Net increase/(decrease) of cash and cash equivalents		**9,612**	(1,528)
Cash and cash equivalents at beginning of year	15	**4,642**	6,035
Exchange rate differences on cash and cash equivalents		**(2,539)**	135
Cash and cash equivalents at end of year	15	**11,715**	4,642

	Note	For the year ended 31 December 2024 £'000	2023 £'000
Reconciliation of net cash flow to movement in net debt			
Net increase/(decrease) in cash and cash equivalents in the year		**9,612**	(1,529)
Cash flow from (increase)/decrease in debt financing		**(17,812)**	5,252
Foreign exchange differences on cash and borrowings		**(2,524)**	377
Movement in net debt during the year		**(10,724)**	4,100
Net debt at the start of the year		**(1,234)**	(5,402)
Movement in lease liabilities during the year	24	**508**	68
Net debt at the end of the year		**(11,450)**	(1,234)

Notes to the Consolidated Financial Statements

YEAR ENDED 31 DECEMBER 2024

1. Financial information

Animalcare Group plc ("the Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is domiciled in the United Kingdom. The address of its registered office is Moorside, Monks Cross, York, YO32 9LB. The Group comprises Animalcare Group plc and its subsidiaries. The nature of the Group's operations and its principal activities are set out within the Directors' Report. Details of the subsidiaries can be found in note 29.

2. Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("IFRS") and the applicable legal requirements of the Companies Act 2006 under the historical cost convention except for certain financial assets and liabilities measured at fair value. They have also been prepared in accordance with the requirements of the AIM Rules.

As presented in note 6, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the income statement and related notes have been presented to show the disposed Identicare Limited subsidiary as discontinued and the remaining pharmaceuticals business as continuing. Comparative information has been represented to align with this format.

The consolidated financial statements are presented in thousands of pound sterling (£k or thousands of £) and all currency values are rounded to the nearest thousand (£'000), except when otherwise indicated.

Animalcare Group plc has provided a guarantee under section 479a of the Companies Act 2006 to Animalcare Limited (Company number: 01500876) for the company to take exemption from audit.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3. The accounting policies have been applied consistently.

Changes to significant accounting policies are described in note 3, if applicable.

The consolidated financial statements cover the year ended 31 December 2024 and comprise the consolidated results of the Group.

In preparing the financial statements of the Group we have considered the impact of climate change, with reference to our principal risks and the environmental disclosures made in the Sustainability Report. There has been no material impact on the financial statements for the current year, including estimates and judgements made in respect of impairment and going concern analyses. The Directors have also assessed that climate change is not expected to have a significant impact on the Group in the medium term.

Going concern

As of 31 December 2024, the Group had total credit facilities of €49m, provided by a syndicate of four banks, with all facilities set to mature on 31 March 2029. These facilities include a committed €44m revolving credit facility (RCF) and a €5m acquisition line, which is restricted to acquisition purposes and cannot be used for operational funding. In 2025, the Group agreed with two of the four syndicate banks to increase the acquisition line by an additional €5m, raising the total to €10m. This adjustment ensures an equal distribution of the total credit facility across all four syndicate banks, with the maturity date for all facilities remaining 31 March 2029.

The Group manages its banking arrangements centrally through cross-currency cash pooling. Funds are swept daily from its various bank accounts into central bank accounts to optimise the Group's net interest payable position.

The facilities remain subject to the following covenants which are in operation at all times:

- Net debt to underlying EBITDA ratio of 3.5 times;
- Underlying EBITDA to interest ratio of minimum 4 times;
- Solvency (total assets less goodwill/total equity less goodwill) greater than 25%.

As at 31 December 2024 and throughout the financial year, all covenant requirements were met with significant headroom across all three measures. The principal risks and uncertainties facing the Group are set out in the Strategic Report.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds and liquidity to meet its obligations as they fall due, in particular when taking into account the potential impact of "severe but plausible" downside scenarios to factor in a range of downside revenue estimates, higher than expected inflation across our cost base, and nil EBITDA and cash generation from the newly acquired Randlab Group, with corresponding mitigating actions. The Group also conducted a reverse stress test assessment to evaluate the performance decline necessary to breach its banking covenants. The required decline was found to be so severe that it was considered implausible, as it would necessitate a significant reduction in both gross margin and cash conversion to breach the Group's tightest covenant. The output from these scenarios shows that the Group expects to comply with its banking covenants associated with the current committed facilities throughout the going concern assessment period. Accordingly, the Directors have concluded that preparing the financial statements on a going concern basis is appropriate.

3. Summary of material accounting policies

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries.

Entities are fully consolidated from the date of acquisition, which is the date when the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the entities are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-Group balances, transactions, unrealised gains and losses resulting from intra-Group transactions and dividends are fully eliminated.

The Group attributes profit or loss and each component of other comprehensive income to the owners of the parent Company and to the non-controlling interest based on present ownership interests, even if the results in the non-controlling interest have a negative balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over the subsidiary, it will derecognise the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interest and the other components that are equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains an interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost.

The proportion allocated to the parent and non-controlling interests in preparing the consolidated financial statements is determined based solely on present ownership interests.

Non-underlying items

The Directors believe that presenting the Group's financial results on an underlying basis, which excludes non-underlying items, offers a clearer picture of business performance and hence provides useful information for shareholders. These measures are used by the Board and management for planning, internal reporting and setting Director and management incentive arrangements. In addition, they are used by the investor analyst community and are aligned to our strategy and KPIs. Underlying measures are not intended to be a substitute for, or superior to, IFRS results which include non-underlying items to provide the statutory results.

Non-underlying items are items of income or expense which, because of either their size, nature and/or the expected frequency of the events giving rise to them, merit separate presentation and disclosure as detailed in note 4. The following key items are adjusted for in the calculation of underlying operating profit:

- Amortisation and impairment of acquired intangible assets through business combinations – these items are a result of past transactions, principally the reverse acquisition of Animalcare Group plc and the pre-reverse acquisition of Esteve, and while they are recorded as a cost to the Group each financial year, are not reflective of the underlying costs of the Group. Impairment is classified as non-underlying due to the significance and one-off nature.
- Gain on disposal of STEM Animalcare Health Inc – the gain on the disposal of STEM Animalcare Health Inc has been excluded from the Group's underlying results based on the significance and non-recurring nature of the transaction. The specific nature of this transaction has been explained in note 4 and note 12.
- Acquisition, integration & foreign currency hedging costs – these items principally relate to acquisition and subsequent integration activity which we view as strategic in nature, and therefore they are excluded from underlying EBITDA, hence underlying operating profit, as this is principally used to manage the performance of our operations.
- Restructuring costs – the Group has recognised historical restructuring costs and we expect such costs will likely arise in future as the Group develops and evolves. The specific nature of the activities will be explained in note 4 or its future equivalent. We consider restructuring costs strategic in nature, and therefore they are excluded from underlying EBITDA, hence underlying operating profit, as this is principally used to manage the performance of our operations.
- Expenses relating to M&A and business development activities – these costs primarily relate to legal and professional fees associated with these activities and are not reflective of the underlying costs of the Group and therefore, in order to provide an explanation of results that is not distorted by the costs of acquiring or disposing of a business rather than organically developed, these costs have been excluded from underlying EBITDA, hence underlying operating profit.

Notes to the Consolidated Financial Statements CONTINUED

YEAR ENDED 31 DECEMBER 2024

3. Summary of material accounting policies CONTINUED

Non-controlling interests

The Group has the choice, on a transaction-by-transaction basis, to initially recognise any non-controlling interest in the acquiree that is a present ownership interest and entitles its holders to a proportionate share, of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

Segment reporting

Our operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Senior Executive Team (SET).

Foreign currency translation

FUNCTIONAL AND PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in pounds sterling ("GBP"), which is the functional currency of the parent company and presentational currency of the Group. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using the functional currency. The functional currency of most subsidiaries of the Group is the euro. The statement of financial position is translated into GBP at the closing rate on the reporting date and their income statement is translated at the average exchange rate at month-end for both the years ended 31 December 2023 and 2024. Differences resulting from the translation of the financial statements of the parent and the subsidiaries are recognised in other comprehensive income as Exchange differences on translation of foreign operations.

Within the financial statements the Group has disclosed balances in currency other than GBP, where this is the case the following exchange rates have been applied:

Currency	Closing rate (31 December 2024)	Average rate (31 December 2024)
Euro (EUR)	1.206	1.181
Australian Dollar (AUD)	2.023	1.938

Foreign currency transactions

Transactions denominated in foreign currencies are translated into functional currency at spot rate at the transaction date. Monetary items in the statement of financial position are translated at the closing rate at each reporting date and the relevant translation gain or loss is recognised in financial or operating result depending on its nature.

The presentation of foreign exchange gains or losses corresponds to the nature of the underlying transaction, as follows:

- Foreign exchange differences arising in the course of the Group's ordinary activities are included within the operating result.
- Foreign exchange differences arising from financing activities are presented as part of finance costs or income.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Equipment	5 years
• Office furniture and office equipment	3–5 years or lease term if shorter
• Leasehold improvements	5 years or lease term if shorter
• Warehouse and office fittings	5–10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Leases

The Group leases various vehicles and buildings. Rental contracts are typically made for fixed periods 1–10 years but may have extension options. Contracts may contain both lease and non-lease components. However, for lease of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, which is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The term varies between four to five years.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Goodwill

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is attributable to one cash-generating unit for the purpose of impairment testing, being the lowest level at which business operations are monitored for internal management purposes.

3. Summary of material accounting policies CONTINUED

Intangible assets

Intangible assets comprise the acquired product portfolios, research and development assets, licensing and distribution rights, customers acquired in connection with business combinations, product portfolios and product development costs, capitalised software and assets under construction related to intangible assets.

The useful life of the intangible assets is as follows:

• Capitalised software	5 years
• Patents, distribution rights and licenses	7–12 years
• Product portfolios and product development	10 years
• R&D assets	10 years

Intangible assets not yet available for use are assessed annually for impairment. Assets under construction are not amortised.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement based on its function which may be cost of sales, sales and marketing expenses, research and development expenses and general and administrative expenses.

Further, the Group has acquired certain intangible assets related to licenses with a fixed and variable consideration contingent upon the realisation of certain milestones and sales volumes. Due to the recognition of this license asset, the Group extends its accounting policies on intangible assets as follows:

The Group recognises an intangible asset for licenses obtained initially measured at the fixed consideration paid. The variable consideration subject to the realisation of the milestones will only be recognised when the milestones are met and will be recognised as an addition to the intangible license asset. Once market authorisation is obtained, the Group will start amortising the intangible asset over its useful life and recognise any future milestone payments as a cost of sale.

Internally generated intangible assets – research and development expenditures

Research and development includes the costs incurred by activities related to the development of software solutions (new products, updates and enhancements), guides and other products. Expenditures in research and development activities are recognised as an expense in the period in which they are incurred.

Development activities involve the application of research findings or other knowledge to a plan or a design of new or substantially improved (software) products before the start of the commercial use.

Internal development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Internal development expenditures not satisfying the above criteria and expenditures on the research phase are recognised in the consolidated income statement as incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets which are acquired separately.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows: its cash-generating units ("CGUs"). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to future cash flows projected after the fifth year.

Impairment charges are included in profit or loss, except, where applicable, to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Investments in joint ventures

Until 12 April 2024, the Group carried an investment in a joint venture STEM Animal Health Inc. ("STEM"). The Group's investments in its joint venture were accounted for using the equity method.

Under the equity method, the investment in the joint venture was initially recognised at cost. The carrying amount of the investment was adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture was included in the carrying amount of the investment and was not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the joint venture up to the point of sale of the Group's investment. Any change in other comprehensive income of the joint venture is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of the change in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

Business combinations

The Group applies IFRS 3 Business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, being the date in which control is transferred to the Group.

Identifiable assets and liabilities are recognised at fair value on the acquisition date, and goodwill is calculated as the excess of the consideration transferred over the fair value of net assets acquired.

Where appropriate, the Group discloses the nature, date, rationale, and financial effects of acquisitions, including details on the consideration transferred, assets acquired, and liabilities assumed. For the post-year end acquisition of Randlab, note 30 details the consideration transferred. Assets acquired, liabilities assumed and other requirements will be disclosed within the timeframe permitted by IFRS 3.

Discontinued operations

In accordance with IFRS 5 Non-current assets held for sale and discontinued operations a discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations which has been disposed of. Accordingly, the net results of Identicare Limited have been presented within discontinued operations in the Group income statement and are detailed further within note 6.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost determined using the weighted average cost method.
- Goods purchased for resale: purchase cost determined using the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions are made for obsolete, defective and slow moving stock.

3. Summary of material accounting policies CONTINUED

Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss or OCI. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost; and
- Financial assets at fair value through profit or loss.

Financial assets measured at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, trade and other receivables, cash and cash equivalents at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial instruments measured at fair value through profit or loss

During the year ended 31 December 2024, the Group derecognised the following financial assets classified as financial assets at fair value through profit or loss:

- A call option on an additional stake in STEM as disclosed in note 12 on investments in joint ventures.

The above call option was derecognised by the Group as the Group had transferred its rights to receive cash flows from the assets at the balance sheet date.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. A loss allowance is recognised at each reporting date based on lifetime ECLs. The Group established a provision matrix that is based on its historical loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other receivables, ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities

The Group has financial liabilities measured at amortised cost which include loans and borrowings, trade payables and other payables and financial liabilities resulting from an interest rate swap.

Financial liabilities at amortised cost

Those financial liabilities are recognised initially at fair value plus directly attributable transaction costs and are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Derivative financial liabilities

The Group uses derivative financial instruments to hedge the exposure to changes in interest rates; however, the use of derivatives is limited and does not represent significant amounts. Derivative financial instruments are initially measured at fair value. After initial recognition, the financial instruments are measured at fair value through profit or loss.

Such transactions do not qualify for hedge accounting criteria, although they offer economic hedging according to the Group's risk policy. Changes in the fair value of such instruments are recognised directly in the consolidated statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Share capital

Financial instruments issued by the Group are classified as share capital only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Shares issued by the company are recognised through equity and measured at the fair value of the proceeds received, net of directly attributable transaction costs. The par value of issued shares is recorded in share capital, and any amount received in excess of the par value is recorded through share premium. Direct costs related to the issuance of shares are deducted from the proceeds and recorded as a reduction in share premium. Indirect costs are expensed as incurred.

Dividends

Dividends paid are recognised within the statement of changes in equity only when an obligation to pay the dividends arises prior to the year end.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of such equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions (with a corresponding movement in equity).

Fair value is measured by use of industry standard methods. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of the shares issued under the new long-term incentive plan were valued on a discounted cash flow basis in conjunction with a third-party valuation specialist.

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period. This policy is also applied to shares already in issue and subject to potential redemption by the Group, which are in effect redeemable shares.

Where the choice of settlement method lies beyond the control of both the employee and the entity, a hybrid approach is applied, initially treating the arrangement as cash-settled and transitioning to equity-settled as the settlement method is determined.

Details of the arrangements in place are given in note 27, along with details of the derivation of fair value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Consolidated Financial Statements CONTINUED

YEAR ENDED 31 DECEMBER 2024

3. Summary of material accounting policies CONTINUED

Employee benefits

SHORT-TERM EMPLOYEE BENEFITS

The Group has short-term employee benefits which are recognised when the service is performed as a liability and expense. The short-term employee benefit is the undiscounted amount expected to be paid.

MANAGEMENT INCENTIVE PLANS

The Group operates incentive plans for certain of its employees. The liability recognised is the undiscounted amount expected to be paid.

EMPLOYEE BENEFITS – PENSIONS

The Group operates a stakeholder defined contribution pension scheme available to eligible employees. Payments to this scheme are charged as an expense as they fall due.

Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration and excludes intra-group sales and value added and similar taxes. The primary performance obligation is the transfer of goods to the customer. Revenue from the sale of goods is recognised when control of the goods is transferred to the customer, at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods.

As sales arrangements differ from time to time (for example by customer and by territory), each arrangement is reviewed to ensure that revenue is recognised when control of the goods has passed to the customer. This review and the corresponding recognition of revenue encompass a number of factors which includes reviewing delivery arrangements and whether the buyer has accepted title, recognising revenue at the point at which full title has passed.

Provision for rebates and discounts is reflected in the transaction price at the point of recognition to the extent that it is highly probable there will not be a significant reversal. The methodology and assumptions used to estimate rebates and discounts are based on contractual and legal obligations, stock with wholesalers and historical trends and averages based on the last 12 months.

Sales of services – discontinued operations only

The Group recognises service revenue by reference to the stage of completion. As there is no contractual restriction on the amount of times the customer makes use of the services, at the commencement of the contract, it is not possible to determine how many times the customer will make use of the services, nor does historical evidence provide indications of any future pattern of use. As such, income is recognised evenly over the term of the contract. Service sales includes commission income which is recognised at a point in time.

Up-front income received in relation to long-term service contracts is deferred and subsequently recognised over the life of the relevant contracts.

Interest income

For all financial instruments measured at amortised cost, interest income would be recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or liability. Interest income would be included under financial income in the income statement.

Financing costs

Financing costs relate to interests and other costs incurred by the Group related to the borrowing of funds. Such costs mostly relate to interest charges on short- and long-term borrowings as well as the amortisation of additional costs incurred on the issuance of the related debt. Financing costs are recognised in profit and loss for the year or capitalised in case they are related to a qualifying asset.

Other financial income and expenses

Other financial income and expenses include mainly foreign currency gains or losses on financial transactions and bank-related expenses.

Taxes

CURRENT INCOME TAX

Income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

Current income tax relating to items that are recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Events after balance sheet date

Events after the balance sheet date that provide additional information about the Company's position as at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes where material.

New standards adopted as of 2024

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2024

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The Group has no transactions that would be affected by the newly effective standards or its accounting policies are already consistent with the new requirements. The Group has not early adopted any standards.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 1 JANUARY 2024

The IFRS accounting standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for annual periods beginning on or after 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability – Disclosures (applicable for annual periods beginning on or after 1 January 2027)
- Amendments to IFRS 9 and IFRS 7 Classification and measurement of financial instruments (applicable for annual periods on or after 1 January 2026)
- Annual Improvements – Volume 11 (applicable for annual periods beginning on or after 1 January 2026)

Material accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities for future periods.

3. Summary of material accounting policies CONTINUED

On an ongoing basis, the Group evaluates its estimates, assumptions and judgements, including those set out below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Internally developed intangible assets (judgement)

Under IAS 38, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include technical feasibility, intention to complete, the ability to use or sell the asset under development, and the demonstration of how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable costs necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

Determining whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in determining whether the activities are considered research activities or development activities, whether the product enhancement is substantial, whether the completion of the asset is technically feasible considering a company-specific approach, and the probability of future economic benefits from the sale or use.

Management has determined that the conditions for recognising internally generated intangible assets resulting from product development activities are fulfilled only when the product attains technical and commercial feasibility. The Group continually evaluates this assessment to ensure compliance with established criteria.

Income taxes (estimate and judgment)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at 31 December 2024, the Group had tax losses carried forward and other tax credits such as investment tax credits and notional interest deduction. These losses relate to the subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group – see note 7.10.

Rebate arrangements (estimate, judgement and assumption)

Provisions for customer rebates and discounts are reflected in the transaction price at the point of revenue recognition to the extent that it is highly probable there will not be a significant reversal. The methodology and assumptions used to estimate customer rebates and discounts are based on contractual and legal obligations, stock held by wholesalers and historical trends and averages based on the last 12 months.

Cash generating unit (judgement)

In preparing the financial statements, management has determined that the Group operates as a single cash-generating unit (CGU). This conclusion is based on the judgment that the Group's assets generate cash inflows which are interdependent. Products are marketed through the same broad channels and strategic decisions are made centrally. As a result, the Group has been treated as one CGU for impairment testing and other relevant accounting purposes.

Goodwill attributable to Identicare Limited (judgement)

Goodwill allocated to the pharmaceuticals cash-generating unit ("CGU"), of which Identicare Limited formed a part, includes goodwill recognised as a result of past business combinations. Management have applied judgment in assessing the portion of this goodwill that should be disposed as part of the sale of the Identicare business. In performing this assessment the transaction value was taken as a percentage of the total Group's market capitalisation at the point of disposal – see note 6.

Impairment of goodwill (estimate)

The Group has goodwill for a total amount of £39,360k (2023: £50,656k), which has been subject to an impairment test. The goodwill is tested for impairment based on the value in use ("VIU"). The key assumptions for the VIU calculations are disclosed and further explained in note 9.

Impairment of slow-moving and obsolete inventory (estimate)

The Group performs regular stockholding reviews, in conjunction with sales and market information, to help determine any slow- moving or obsolete lines. Where identified, adequate provision is made in the financial statements for writing down or writing off the value of such lines in order to reflect the realisable value of its stock.

4. Non-underlying (income)/expenses

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Amortisation and impairment of acquisition related intangibles		
Classified within research and development expenses	**639**	646
Classified within general and administrative expenses	**3,326**	3,539
Impairment losses	**23**	22
Total amortisation and impairment of acquisition-related intangibles	**3,988**	4,207
Restructuring costs	**166**	14
Gain on sale of joint venture and release of associated liabilities	**(3,375)**	–
Gain on disposal of intangible assets	**(430)**	–
UK and Spain office relocation costs	**–**	5
Expenses related to M&A and business development activities	**739**	193
Other non-underlying items	**354**	365
Foreign currency translation on acquisition prepayment	**988**	–
Total non-underlying items before taxes from continuing operations	**2,430**	4,784
Tax impact	**(588)**	92
Total non-underlying items after taxes from continuing operations	**1,842**	4,876
Other non-underlying items from discontinued operations	**94**	470
Gain on disposal of discontinued operation, net of tax	**(13,723)**	–
Total non-underlying items after taxes	**(11,787)**	5,346

The following table shows the breakdown of non-underlying items from continuing operations before taxes by category for 2024 and 2023:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Classified within research and development /expenses	**639**	646
Classified within general and administrative expenses	**3,326**	3,539
Classified within net other operating expense/(income)	**(2,546)**	577
Impairment losses	**23**	22
Classified within finance expenses	**988**	–
Total non-underlying items before taxes	**2,430**	4,784

Non-underlying items before taxes from continuing operations totalling £2,067k (2023: £4,784k) principally comprise:

- The amortisation and impairment of acquisition-related intangible charge totalling £3,988k (2023: £4,394k) largely relates to the historic Esteve acquisition of £1,125k (2023: £1,154) and the reverse acquisition of Animalcare Group plc of £2,840k (2023: £3,031).
- On 12 April 2024 the Group sold its minority interest (33,34%) in STEM Animalcare Health Inc. for a cash payment of US$4.7m (£3,780k). In total, a gain of £3,375k was realised resulting from two distinct agreements. The sale of the Group's equity holding generated a profit on disposal of £2,654k. In addition, the Group's requirement to pay a capital contribution of CAD$0.5m (£289k) in September 2024 was terminated. As part of a separate agreement, future milestone commitments totalling CAD$748k (£432k) were renounced – see note 12.
- Expenses relating to M&A and business development activities of £739k (2023: £193k) primarily relate to costs associated with the acquisition of the shares in Randlab Australia Pty Ltd after year-ending, refer to note 30 subsequent events.
- Foreign currency translation of £988k related to a hedging arrangement established to support with the acquisition of shares in Randlab Australia Pty Ltd – see note 30.

4. Non-underlying (income) / expenses CONTINUED

On 28 February 2024 the Group disposed of its subsidiary Identicare Limited, resulting in a gain on disposal of £13,723k (note 6).

Other non-underlying items from discontinued operations primarily relate to share-based payment arrangements in respect of growth shares in the disposed subsidiary (net of tax). The fair value of this long-term incentive plan was connected to the future value of the subsidiary and not trading; hence it has been treated as non-underlying since inception on 1 January 2022.

Non-underlying items are excluded for KPI purposes as shown in the section on Key Performance Indicators.

5. Segment information – from continuing operations

The pharmaceutical segment is active in the development and marketing of innovative pharmaceutical products that provide significant benefits to animal health.

The measurement principles used by the Group in preparing this segment reporting are also the basis for segment performance assessment. The Board of Directors of the Group acts as the chief operating decision maker. As a performance indicator, the chief operating decision maker controls performance by the Group's revenue, cost of sales, gross margin, underlying EBITDA and EBITDA. EBITDA is defined by the Group as net profit plus finance expenses, less finance income, plus income taxes and deferred taxes, plus depreciation, amortisation and impairment and is an alternative performance measure. Underlying EBITDA equals EBITDA plus non-underlying items and is an alternative performance measure. EBITDA and underlying EBITDA are reconciled to statutory measures below.

The table below summarises the segment reporting from continuing operations for 2024 and 2023. As management's internal reporting structure is principally revenue and profit-based, the reporting information does not include assets and liabilities by segment and is as such not presented per segment.

Following the July 2024 IFRIC agenda decision the Group has presented the material cost of sales per segment within the table below.

	For the year ended 31 December	
	2024	2023
	Pharma	Pharma
From continuing operations	**£'000**	£'000
Revenues	**74,228**	70,733
Cost of sales	**(32,984)**	(30,586)
Gross profit	**41,244**	40,147
Gross profit %	**55.6%**	56.8%
Segment underlying EBITDA	**11,556**	11,601
Segment underlying EBITDA %	**15.6%**	16.4%
Segment EBITDA	**14,102**	11,026
Segment EBITDA %	**19.0%**	15.6%

The underlying and segment EBITDA is reconciled with the consolidated net profit of the year as follows:

	For the year ended 31 December	
	2024	2023
From continuing operations	**£'000**	£'000
Underlying EBITDA	**11,556**	11,601
Non-recurring expenses (excluding amortisation and impairment)	**2,546**	(577)
EBITDA	**14,102**	11,024
Depreciation, amortisation and impairment	**(7,047)**	(7,018)
Operating profit	**7,055**	4,006
Finance costs	**(2,508)**	(1,254)
Finance income	**1,205**	674
Share of net loss of joint venture accounted for using the equity method	**31**	(142)
Income taxes	**(1,800)**	(1,063)
Deferred taxes	**834**	(1,124)
Profit for the period	**4,817**	1,097

Segment assets excluding deferred tax assets located in Belgium, Spain, Portugal, the United Kingdom and other geographies are as follows:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Belgium	**8,139**	9,484
Spain	**3,380**	3,458
Portugal	**3,932**	4,080
UK	**42,331**	56,252
Other	**878**	2,377
Non-current assets excluding deferred tax assets	**58,660**	75,651

Revenue by product category

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Companion animals	**49,828**	48,212
Production animals	**17,027**	15,790
Equine	**7,373**	6,723
Other	**–**	8
Total	**74,228**	70,733

Revenue by geographical area

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Belgium	**3,369**	3,560
The Netherlands	**2,210**	2,115
United Kingdom	**14,403**	13,242
Germany	**10,958**	10,045
Spain	**20,135**	20,419
Italy	**9,739**	8,785
Portugal	**4,175**	4,357
European Union – other	**7,935**	6,875
Asia	**656**	490
Middle East & Africa	**13**	12
Other	**635**	833
Total	**74,228**	70,733

6. Discontinued operations

On 28 February 2024, the Group sold its entire interest in its majority stake in its subsidiary Identicare Limited. Identicare Limited was not previously classified as held-for sale or as discontinued operation based on this not meeting the requirements of IFRS 5 as at 31 December 2023. The comparative consolidated income statement and statement of other comprehensive income have been represented to show the discontinued operation separately from continuing operations.

The Group recognised a gain in relation to the sale of £13,723k. This is based on the total consideration (net associated costs) of £24,228k and a net asset value of £10,505k.

In accordance with IFRS 5, the income statement as per 31 December 2024 and 31 December 2023 have been restated to show continuing operations separately from discontinued operations. Restatements have been performed in relation to transactions between Identicare Limited and the other entities.

	For the year ended 31 December					
	Underlying 2024 £'000	**Non-Underlying (note 4) 2024 £'000**	**Total 2024 £'000**	Underlying 2023 £'000	Non-Underlying (note 4) 2023 £'000	Total 2023 £'000
Revenue	**610**	**–**	**610**	3,618	–	3,618
Cost of sales	**(91)**	**–**	**(91)**	(419)	–	(419)
Gross profit	**519**	**–**	**519**	3,199	–	3,199
Research and development expenses	**–**	**–**	**–**	–	–	–
Selling and marketing expenses	**(66)**	**–**	**(66)**	(282)	–	(282)
General and administrative expenses	**(365)**	**–**	**(365)**	(1,900)	(614)	(2,514)
Net other operating expenses	**–**	**(94)**	**(94)**	–	–	–
Operating profit/(loss)	**88**	**(94)**	**(6)**	1,017	(614)	403
Finance expenses	**(35)**	**–**	**(35)**	(164)	–	(164)
Finance income	**3**	**–**	**3**	–	–	–
Finance costs net	**(32)**	**–**	**(32)**	(164)	–	(164)
Profit/(loss) before tax	**56**	**(94)**	**(38)**	853	(614)	239
Income tax expense	**(8)**	**–**	**(8)**	(281)	144	(137)
Gain on sale of discontinued operations	**–**	**13,723**	**13,723**	–	–	–
Net profit/(loss) for the period from discontinued operations	**48**	**13,629**	**13,677**	572	(470)	102
Net profit/(loss) attributable to:						
The owners of the parent	**48**	**13,629**	**13,677**	572	(470)	102
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:						
Basic earnings per share	**0.1p**		**22.7p**	0.9p		0.2p
Diluted earnings per share	**0.2p**		**22.6p**	0.9p		0.2p

There are no discontinued gains and losses in the current or prior period other than those presented in the income statement.

The net cash flow by discontinued operations can be found below:

	For the year ended 31 December	
	2024 £'000	2023 £'000
Operating	**432**	935
Investing	**24,364**	(473)
Financing	**(59)**	(462)
Net increase in cash generated by the discontinued operations	**24,737**	–

The major classes of assets and liabilities of Identicare Limited at the disposal date can be found below:

	28 February 2024 £'000
Consideration received in cash	24,862
Associated transaction costs	(634)
Net cash inflow	**24,228**
Net book value of assets disposed of:	**–**
Goodwill	(10,855)
Intangible assets	(390)
Property, plant and equipment	(72)
Right-of-use assets	(361)
Inventories	(144)
Trade receivables	(342)
Other receivables	(20)
Cash and cash equivalents	(340)
Provisions	7
Deferred tax liabilities	10
Lease liabilities	297
Trade payables	197
Current tax liabilities	232
Other payables	(5)
Accrued charges and contract liabilities	1,281
Net assets disposed of	**(10,505)**
Profit on disposal	**13,723**

Net cash inflow arising on disposal:	
Consideration received in cash	24,862
Associated transaction costs	(634)
Cash and cash equivalents disposed of	(340)
Net cash inflow	**23,888**

Goodwill allocated to the pharmaceuticals cash-generating unit ("CGU"), of which Identicare Limited formed a part, includes goodwill recognised as a result of past business combinations. In assessing the portion of this goodwill that should be disposed as part of the sale of the Identicare business, the transaction value was taken as a percentage of the total Group's market capitalisation at the point of disposal.

Within the consolidated statement of changes in equity, a net credit of £860k is recognised within the £1,503k share-based payments movement in the accumulated profits reserve. This relates to the crystallisation of the fair value of the long-term incentive plan ("LTIP") scheme as a result of the disposal of Identicare Limited. £802k of the £860k represents the release of the previous cash settled liability held within the statement of financial position. The ownership of the shares required ongoing employment and carried value to the holder on either the sale of Identicare, or after five years the holder could obligate the Group to repurchase the shares at market value via a put option. The Group could also obligate the holder to sell the shares to the Group at market value via a call option. The shares carried preferential rights to return upon the sale of Identicare with an increasing ratchet depending on the equity value of Identicare.

In line with IFRS 2 Share-Based Payments, the accounting immediately prior to the disposal was updated to reflect the position that the revised form of settlement had always been expected.

7. Income and expenses – from continuing operations

7.1 Cost of sales – from continuing operations

Cost of sales includes the following expenses:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Purchase of goods and services	**31,050**	27,992
Stock write off	**856**	441
Movement in stock provision	**324**	591
Payroll expenses	**–**	99
Other expenses	**754**	1,463
Total	**32,984**	30,586

7.2 Research and development expenses – from continuing operations

Research and development expenses include the following:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Amortisation and depreciation	**1,067**	1,018
Payroll expenses	**1,712**	1,583
Other R&D expenses	**130**	500
Total	**2,909**	3,101

7.3 Selling and marketing expenses – from continuing operations

Selling and marketing expenses include the following:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Transport costs of sold goods	**902**	840
Promotion costs	**1,978**	1,700
Payroll expenses	**9,007**	8,969
Amortisation and depreciation	**–**	1
Other	**571**	524
Total	**12,458**	12,034

7.4 General and administrative expenses – from continuing operations

General and administrative expenses include the following:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Amortisation and depreciation	**5,952**	5,977
Payroll expenses	**6,214**	5,617
Professional, regulatory and management fees	**5,273**	5,184
Travel and representation expanses	**1,080**	875
Other	**2,856**	2,943
Total	**21,375**	20,596

The expenses in "Other" mainly relate to fees paid for warehousing, energy and, IT and software-related costs.

7.5 Net other operating expense/(income) – from continuing operations

The net other operating (income)/expense can be detailed as follows:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Re-invoicing of costs	**(18)**	2
Non-cash movement in IFRS 16 liability	**(1)**	(11)
Other operating income	**(3,805)**	–
Other operating expenses	**1,243**	397
Extraordinary depreciations	**5**	–
Total	**(2,576)**	388

Other operating expenses of £1,243k (2023: £397k) principally relate to the non-underlying items disclosed in note 4.

Other operating income in 2024 relates to income on the sale of the minority interest (see note 12) in STEM Animal Health Inc (£3,375k) and the gain on disposal of intangible assets.

7.6 Expenses by nature – from continuing operations

The table below relates to operating expenses and does not include cost of sales.

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Other operating lease rentals/short-term leases	**182**	155
Employee expenses	**16,933**	16,268
Depreciation and amortisation	**7,024**	6,996
Transport costs sold goods	**902**	840
Promotion costs	**1,978**	1,701
Other operating expense – See note 7.5	**(2,576)**	388
Impairment losses	**23**	22
Other expenses	**9,723**	9,771
Total expenses	**34,189**	36,141

7. Income and expenses – from continuing operations CONTINUED

7.7 Payroll expenses – from continuing operations

The following table shows the breakdown of payroll expenses for 2024 and 2023:

	For the year ended 31 December	
	2024 £'000	2023 £'000
Wages and salaries	**14,015**	13,853
Social security costs	**2,580**	2,112
Other pension costs	**337**	303
Total	**16,932**	16,268
The monthly average number of employees during the year was as follows:		
Sales and administration	**201**	226

Included in the payroll expenses for the year is the total charge in respect of all share-based payments of £678k (2023: £1,278k). See note 27 for further details.

DIRECTORS EMOLUMENTS

The various elements of remuneration received by each Director were as follows:

Year ended 31 December 2024	**Salary £'000**	**Bonus £'000**	**Benefits £'000**	**Total £'000**
J Boone*	**35**	**–**	**–**	**35**
C Brewster	**237**	**68**	**16**	**321**
M Coucke*	**45**	**–**	**–**	**45**
D Hutchens*	**48**	**–**	**–**	**48**
S Metayer*	**50**	**–**	**–**	**50**
E Torr*	**60**	**–**	**–**	**60**
J Winter	**347**	**90**	**16**	**453**
Total	**822**	**158**	**32**	**1,012**

Year ended 31 December 2023	Salary £'000	Bonus £'000	Benefits £'000	Total £'000
J Boone*	70	–	–	70
C Brewster	230	86	16	332
M Coucke*	40	–	–	40
D Hutchens*	45	–	–	45
S Metayer*	45	–	–	45
E Torr*	45	–	–	45
J Winter	336	155	15	506
Total	811	241	31	1,083

*Indicates Non-Executive Directors

Jennifer Winter's benefits comprised a car allowance (£10,500) and private medical insurance (£5,036).

Chris Brewster's benefits comprised a company car (£13,800) and private medical insurance (£2,690). Chris Brewster's annual bonus included an additional £10,000 discretionary award in recognition of the successful acquisition of Randlab.

Jan Boone stepped down as Chair on 20 June 2024. His annual fee of £75,000 was pro-rated from 1 January to 20 June 2024.

Marc Coucke received an annual fee of £45,000. Els Degroote was appointed as alternate to Marc Coucke in December 2024; the Company does not pay fees to alternate directors.

Doug Hutchens received an annual fee of £45,000, and also an additional fee of £5,000 for his role as Chair of the Remuneration & Nomination Committee which was pro-rated from 21 June to 31 December 2024.

Sylvia Metayer received an annual fee of £50,000 including an additional annual fee of £5,000 for her role as Chair of the Audit & Risk Committee.

Ed Torr received an annual fee of £45,000 and an additional fee of £5,000 for his role as Chair of the Remuneration and Nomination Committee which were pro-rated for the period 1 January to 20 June 2024. Following his appointment as Chair of the Board, he received an annual fee of £75,000 which was pro-rated for the period 21 June to 31 December 2024.

The aggregate gain on exercise of LTIP options during the year amounted to £392,000 (2023: nil).

Long-Term Incentive Plan

During the year, a total of 439,690 options over ordinary shares we granted to certain members of the Senior Executive Team and senior management. The 2023 LTIP Award will vest on confirmation of achievement of performance criteria being met over the three-year financial period ending 31 December 2026. No further options were granted under the LTIP in 2024.

Details of the performance target set and actual achievement against them in respect of the 2021 LTIP awards vesting, based on three-year performance to 31 December 2024, are set out 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 2024	12.9p	14.9p	11.0p	0%
TSR	50%	31 December 2024	Median	Upper quartile	Upper quartile	100%

On assessment of the three-year performance period set out above, a total of 124,307, 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.

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 award	Vested	Lapsed	Exercised	Total outstanding
Jenny 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	53,422	53,422	–	53,422
	28/04/22	01/07/25	130,620	N/A	–	–	130,620
	23/04/24	31/12/26	243,913	N/A	–	–	243,913
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	21,903	21,903	–	21,903
	28/04/22	01/07/25	53,488	–	–	–	53,488
	23/04/24	31/12/26	100,004	–	–	–	100,004

7. Income and expenses – from continuing operations CONTINUED

Directors' interests in the share capital of the Company

The Directors' interests in share capital of the Company as at 31 December 2024 and the movements during the year are set out below:

Director	Number of shares held at 1 January 2024	Acquired/ (disposed) during the period	Number of shares held at 31 December 2024	Percentage of ISC* at 31 December 2024
Jan Boone	137,890	–	–	–
Chris Brewster[1]	280,513	5,000	285,513	0.41%
Marc Coucke[2]	14,751,674	860,215	15,611,889	22.63%
Ed Torr	107,455	–	107,455	0.16%
Douglas Hutchens[3]	–	5,000	5,000	0.01%
Jennifer Winter[4]	7,000	93,650	100,650	0.15%

* Issued share capital

1 Chris Brewster exercised options over 65,245 shares on 15 May 2024 and sold these on the same day. He acquired 5,000 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

2 Marc Coucke acquired 860,215 shares on 5 December 20243 as part of the Fundraise announced on 3 December 2024.

3 Douglas Hutchens acquired 5,000 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

4 Jennifer Winter exercised options over 156,612 shares on 15 May 2024 and sold 95,220 shares on the same date. She acquired 32,258 shares on 5 December 2024 as part of the Fundraise announced on 3 December 2024.

There were no changes in the Director's interest in shares between 31 December 2024 and the date of these financial statements.

Further information relating to Directors' share options is set out in note 27.

7.8 Finance costs – from continuing operations

Finance costs include the following elements:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Interest expense	**400**	646
Foreign currency losses	**2,012**	456
Unwind of discount on other liabilities	**–**	104
Other finance costs	**96**	48
Total	**2,508**	1,254

7.9 Finance income – from continuing operations

Finance income includes the following elements:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Foreign currency exchange gains	**148**	501
Income from financial assets	**1,057**	124
Other finance income	**–**	49
Total	**1,205**	674

7.10 Income tax expense – from continuing operations

CURRENT TAX LIABILITIES

Current tax liabilities solely relate to income taxes of £623k (2023: £125k).

INCOME TAX EXPENSE

The following table shows the breakdown of the tax expense for 2024 and 2023:

	For the year ended 31 December	
	2024 £'000	2023 £'000
Current tax charge	**(1,525)**	(1,159)
Tax adjustments in respect of previous years	**(275)**	96
Total current tax charge	**(1,800)**	(1,063)
Deferred tax – origination and reversal of temporary differences	**438**	(1,003)
Deferred tax – adjustments in respect of previous years	**396**	(121)
Total deferred tax credit/(charge)	**834**	(1,124)
Total tax expense for the year	**(966)**	(2,187)

The total tax expense can be reconciled to the accounting profit as follows:

	For the year ended 31 December	
	2024 £'000	2023 £'000
Profit before tax	**5,783**	3,284
Share of net profit/(loss) of joint ventures	**31**	(142)
Profit before tax, excl. share in net loss of joint venture	**5,752**	3,426
Tax at 25.0% (2023: 23.5%)	**(1,438)**	(806)
Effect of:		
Overseas tax rates	**16**	(66)
Non-deductible expenses	**(285)**	(340)
Income not subject to tax – gain on sale of joint venture	**844**	–
Changes in statutory enacted tax rate	**–**	(1,001)
Tax adjustments in respect of previous year	**121**	(25)
Non-recognition of deferred tax on current year losses	**(481)**	(15)
Non-recognised deferred tax assets on timing differences	**–**	108
Derecognition of formerly recognised deferred tax assets	**(49)**	–
Deferred tax on share-based payments	**251**	–
Other	**55**	(42)
Income tax expense as reported in the consolidated income statement	**(966)**	(2,187)

The tax credit of £588k (2023: expense of £92k) shown within Non-underlying items on the face of the consolidated income statement, which forms part of the overall tax charge of £966k (2023: £2,187k), relates to the items in note 4.

The tax rates used for the 2024 and 2023 reconciliation above are the corporate tax rates of 25.0% (Belgium), 19.0% (the Netherlands), 30.7% (Germany), 33.0% (France), 25.0% (Spain), 24.0% (Italy), 21.0% (Portugal) and 25.0% (the United Kingdom, prior year rate 23.5% representing a blended rate of 19.0% up until 1 April 2023 then 25.0% thereafter). These taxes are payable by corporate entities in the above-mentioned countries on taxable profits under tax law in that jurisdiction.

Deferred taxes at the balance sheet date have been measured using the enacted tax rates.

7. Income and expenses – from continuing operations CONTINUED

Deferred tax

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Total	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Goodwill	**–**	–	**(1,550)**	(1,444)	**(1,550)**	(1,444)
Intangible assets	**214**	335	**(2,129)**	(2,860)	**(1,915)**	(2,525)
Property, plant and equipment including right-of-use assets	**–**	–	**(511)**	(645)	**(511)**	(645)
Financial fixed assets	**1**	1	**–**	–	**1**	1
Inventory	**–**	–	**(24)**	(54)	**(24)**	(54)
Trade and other receivables/(payables)	**129**	30	**–**	–	**129**	30
Lease liabilities	**461**	580	**–**	–	**461**	580
Share-based payments	**488**	–	**–**	–	**488**	–
Accruals and deferred income	**189**	132	**–**	–	**189**	132
Tax losses carried forward	**1,529**	1,636	**–**	–	**1,529**	1,636
Netting by tax entity	**(819)**	(988)	**819**	988	**–**	–
Total	**2,192**	1,726	**(3,395)**	(4,015)	**(1,203)**	(2,289)

The table above presents deferred tax assets and liabilities on a gross basis prior to allowable offsetting within tax jurisdictions as presented on the face of the consolidated statement of financial position.

(B) MOVEMENTS DURING THE YEAR

Movement of deferred taxes during 2024:

	Balance as at 1 January 2024 £'000	Recognised in income £'000	Recognised in reserves £'000	Disposal of subsidiary £'000	Foreign exchange adjustments £'000	Balance as at 31 December 2024 £'000
Goodwill	**(1,444)**	**(171)**	**–**	**–**	**65**	**(1,550)**
Intangible assets	**(2,525)**	**626**	**–**	**–**	**(16)**	**(1,915)**
Property, plant and equipment including right-of-use assets	**(645)**	**66**	**–**	**40**	**28**	**(511)**
Financial fixed assets	**1**	**(1)**	**–**	**–**	**1**	**1**
Inventory	**(54)**	**26**	**–**	**–**	**4**	**(24)**
Trade and other receivables/(payables)	**30**	**95**	**–**	**–**	**4**	**129**
Accruals and deferred income	**132**	**63**	**–**	**–**	**(6)**	**189**
Lease liabilities	**580**	**(94)**	**–**	**–**	**(25)**	**461**
Share-based payments	**–**	**251**	**237**	**–**	**–**	**488**
Tax losses carry forward and other tax benefits	**1,636**	**(27)**	**–**	**–**	**(80)**	**1,529**
Net deferred tax	**(2,289)**	**834**	**237**	**40**	**(25)**	**(1,203)**

Movement of deferred taxes during 2023:

	Balance at 1 January 2023 £'000	Recognised in income £'000	Disposal of subsidiary	Foreign exchange adjustments £'000	Balance at 31 December 2023 £'000
Goodwill	(1,290)	(181)	–	27	(1,444)
Intangible assets	(2,393)	(125)	–	(7)	(2,525)
Property, plant and equipment including right-of-use assets	(707)	(10)	58	14	(645)
Financial fixed assets	1	–	–	–	1
Inventory	(54)	–	–	–	(54)
Trade and other receivables/(payables)	71	(28)	–	(13)	30
Accruals and deferred income	32	100	–	–	132
Lease liabilities	565	26	–	(11)	580
Provisions	4	–	–	(4)	–
Tax losses carry forward and other tax benefits	2,565	(906)	–	(23)	1,636
Net deferred tax	(1,206)	(1,124)	58	(17)	(2,289)

Tax losses

The Group has unused tax losses, tax credits and notional interest deduction available in an amount of £10,680k for 2024 (2023: £6,549k). The tax losses carry forward indefinitely, as there is no expiration date prescribed for their utilisation.

Deferred tax assets have been recognised on available tax losses carried forward for some legal entities, resulting in amounts recognised of £1,529k (2023: £1,636k). This was based on management's estimate that sufficient positive taxable profits will be generated in the near future for the related legal entities with fiscal losses. The deferred tax asset is not expected to be recovered within the next 12 months and is anticipated to be fully recovered thereafter.

The non-recognised deferred tax assets increased by £481k (2023: decreased by £108k). The total unrecognised tax losses as at 31 December 2024 are £4,961k (2023: £2,497k).

8. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all potential dilutive ordinary shares.

The following income and share data was used in the earnings per share computations:

Profit for the period

	As at 31 December			
	Underlying 2024 £'000	Underlying 2023 £'000	**Total 2024 £'000**	Total 2023
Net profit	**6,707**	6,545	**18,494**	1,199
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**6,707**	6,545	**18,494**	1,199
Net continuing profit	**6,659**	5.973	**4,817**	1,097
Net continuing profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**6,659**	5,973	**4,817**	1,097

Average number of shares (basic and diluted)

	As at 31 December			
	Underlying 2024 Number	Underlying 2023 Number	**Total 2024 Number**	Total 2023 Number
Weighted average number of ordinary shares for basic earnings per share	**61,110,644**	60,231,020	**61,110,644**	60,231,020
Dilutive potential ordinary shares	**666,052**	423,222	**666,052**	423,222
Weighted average number of ordinary shares adjusted for effect of dilution	**61,776,696**	60,654,242	**61,776,696**	60,654,242

Basic earnings per share

	As at 31 December			
	Underlying 2024 Pence	Underlying 2023 Pence	**Total 2024 Pence**	Total 2023 Pence
From total operations attributable to the ordinary equity holders of the company	**11.0**	10.9	**30.3**	2.0
Total basic earnings per share attributable to the ordinary equity holders of the company	**11.0**	10.9	**30.3**	2.0
From continuing operations attributable to the ordinary equity holders of the company	**10.9**	9.9	**7.9**	1.8
Total continuing basic earnings per share attributable to the ordinary equity holders of the company	**10.9**	9.8	**7.9**	1.8

Diluted earnings per share

	As at 31 December			
	Underlying 2024 Pence	Underlying 2023 Pence	**Total 2024 Pence**	Total 2023 Pence
From total operations attributable to the ordinary equity holders of the company	**10.9**	10.8	**29.9**	2.0
Total diluted earnings per share attributable to the ordinary equity holders of the company	**10.9**	10.8	**29.9**	2.0
From continuing operations attributable to the ordinary equity holders of the company	**10.8**	9.8	**7.8**	1.8
Total continuing diluted earnings per share attributable to the ordinary equity holders of the company	**10.8**	9.8	**7.8**	1.8

Earnings per share for discontinued operations are presented in note 6.

9. Goodwill

On acquisition, goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination. This CGU corresponds to the nature of the business, being pharmaceuticals. The goodwill has been allocated to CGU as follows:

	As at 31 December	
	2024 £'000	2023 £'000
CGU: Pharmaceuticals	**39,360**	50,656
Total	**39,360**	50,656

The changes in the carrying value of the goodwill can be presented as follows for the years 2024 and 2023:

	Total £'000
As at 1 January 2023	50,853
Currency translation	(197)
As at 31 December 2023	50,656
As at 1 January 2024	**50,656**
Disposal of Identicare Limited – see note 6	(10,855)
Currency translation	(441)
As at 31 December 2024	**39,360**

Goodwill allocated to the pharmaceuticals cash-generating unit (CGU), which includes Identicare Limited, arises from past business combinations. To determine the portion of this goodwill to be disposed of with the sale of Identicare Limited, the transaction value was calculated as a percentage of the Group's total market capitalisation at the time of disposal.

9. Goodwill CONTINUED

The two principal assumptions used in our value-in-use calculations are the discount rate and the perpetuity growth rate. The discount rate is determined to reflect the Group's cost of capital and risk profile, while the perpetuity growth rate represents the long-term sustainable growth of future cash flows. The discount rate and growth rate (in perpetuity) used for value-in-use calculations are as follows:

	2024	2023
	%	%
Discount rate (pre-tax)	**12.9**	13.3
Growth rate (in perpetuity)	**2.0**	2.0

The Group's discount rate, used in the impairment testing of goodwill, has been developed with the assistance of an independent third party advisor. Our advisor's approach reflects the Group's geographical exposure by weighting government bond yields in line with our operating footprint and incorporating a relevant country-specific risk premium. This methodology ensures that the risk-free rate accurately mirrors current market conditions while appropriately capturing the Group's inherent risks, thereby supporting a robust impairment assessment.

Cash flow forecasts are prepared using the current operating budget approved by the Directors, which covers a five-year period and an appropriate extrapolation of cash flows, using the long-term growth rate, beyond this. The cash flow forecasts assume revenue and profit growth in line with our strategic priorities. Further, we have assessed the potential impact of climate change, with reference to our principal risks and the environmental disclosures made in the Sustainability Report and consider that the impact on the valuation of goodwill is limited.

The Group conducts its impairment review by testing a range of reasonably possible changes in key assumptions, including discount rates and perpetuity growth rates. Sensitivity analyses indicate that while the calculated recoverable value is sensitive to these assumptions – for example, a 1.0% increase in discount rate would reduce the recoverable value by £10.4m and a 1.0% reduction in perpetuity growth rates would reduce it by £7.5m – none of these changes would result in an impairment. This demonstrates that although the model's headroom is sensitive, the overall outcome remains robust under all reasonably possible variations.

10. Intangible assets

The changes in the carrying value of the intangible assets can be presented as follows for the years 2024 and 2023:

	R&D assets £'000	Patents, distribution rights and licenses £'000	Product portfolios and product development costs £'000	Capitalised software £'000	Intangible assets under construction £'000	Total £'000
Acquisition value/cost						
As at 1 January 2023	12,799	19,008	41,058	4,399	127	77,391
Brought forward alignment*	(1,839)	2	(123)	(20)	–	(1,980)
Additions	294	29	452	889	427	2,091
Disposals	(52)	–	–	(261)	–	(313)
Transfers	(204)	31	485	37	(349)	–
Currency translation	(94)	(291)	(372)	(61)	(2)	(820)
As at 31 December 2023	10,904	18,779	41,500	4,983	203	76,369
At 1 January 2024	**10,904**	**18,779**	**41,500**	**4,983**	**203**	**76,369**
Additions	**812**	**59**	**788**	**589**	**554**	**2,802**
Disposals	**(74)**	**–**	**–**	**(3)**	**–**	**(77)**
Identicare disposal	**–**	**–**	**–**	**(1,554)**	**(198)**	**(1,752)**
Transfers	**(1,756)**	**58**	**2,115**	**130**	**(547)**	**–**
Currency translation	**(215)**	**(653)**	**(848)**	**(174)**	**(12)**	**(1,902)**
As at 31 December 2024	**9,671**	**18,243**	**43,555**	**3,971**	**–**	**75,440**

	R&D assets £'000	Patents, distribution rights and licenses £'000	Product portfolios and product development costs £'000	Capitalised software £'000	Intangible assets under construction £'000	Total £'000
Accumulated amortisation					–	
As at 1 January 2023	(6,537)	(16,392)	(26,346)	(2,833)	–	(52,108)
Brought forward alignment*	1,839	(2)	123	20	–	1,980
Amortisation	(1,019)	(1,061)	(3,209)	(1,324)	–	(6,613)
Disposals	52	–	–	261	–	313
Impairments	(22)	–	–	–	–	(22)
Currency translation	58	268	297	42	–	665
As at 31 December 2023	(5,629)	(17,187)	(29,135)	(3,834)	–	(55,785)
At 1 January 2024	**(5,629)**	**(17,187)**	**(29,135)**	**(3,834)**	**–**	**(55,785)**
Amortisation	**(876)**	**(870)**	**(3,402)**	**(895)**	**–**	**(6,043)**
Identicare disposal	**–**	**–**	**–**	**1,362**	**–**	**1,362**
Impairments	**(23)**	**–**	**–**	**–**	**–**	**(23)**
Currency translation	**163**	**629**	**715**	**139**	**–**	**1,646**
As at 31 December 2024	**(6,365)**	**(17,428)**	**(31,822)**	**(3,228)**	**–**	**(58,843)**
Net carrying value						
As at 31 December 2024	**3,306**	**815**	**11,733**	**743**	**–**	**16,597**
As at 31 December 2023	5,275	1,592	12,365	1,149	203	20,584

* This line item ensures that the opening balances within the standalone entities across the group align with the consolidated financial statements. This adjustment has no impact on the net carrying value and, as a result, the consolidated statement of financial position for the year ended 31 December 2023 and 31 December 2024 remains unchanged.

10. Intangible assets CONTINUED

R&D relates to acquired development projects as part of the Esteve business combination in 2015, the reverse acquisition of Animalcare Group plc in 2017 and external and internal R&D costs for which the capitalisation criteria are met. Patents, distribution rights and licenses include amounts paid for exclusive distribution rights as well as distribution rights acquired as part of the Esteve business combination in 2015 and the reverse acquisition of Animalcare Group plc in 2017.

Product portfolios and product development costs relate to amounts paid for acquired brands as well as external and internal product development costs capitalised on the development projects in the pipeline for which the capitalisation criteria are met.

The net book value of non-commercialised development projects, which refers to projects that have not yet reached the commercial launch phase (the point at which the asset becomes available for use), is £2,666k (2023: £2,047k) and is allocated to R&D assets for £1,731k and Product Portfolios and product development costs for £935k. No amortisation was charged.

The capitalised software includes IT driven by accelerated CRM software investment and website and platform development relating to Identicare Limited.

The total amortisation charge for 2024 is £6,043k (2023: £6,613k), which is included in lines R&D expenses, selling and marketing expenses and general and administrative expenses of the consolidated income statement. Included in the total amortisation charge is £3,988k (2023: £4,185k) relating to acquisition-related intangibles and £2,055k (2023: £2,428k) relating to other intangibles.

An impairment charge of £23k (2023: £22k) related to a non-cash impairment charge of acquisition-related intangibles of R&D assets. In 2024, Animalcare Group plc invested £2,802k (2023: £2,091k) in intangible assets.

On 24 March 2022, the Group entered into two agreements with Netherlands-based Orthros Medical, a company engaged in the further development and enhancement of its existing VHH antibody technology (small single-chain antibody fragments). Under the terms of the arrangement, Animalcare has made upfront payments totalling €600k in prior years, of which €530k has been recognised as an intangible asset under Product portfolios and product development costs. As the two licensed preclinical candidates progress, Orthros Medical may receive additional development, regulatory and commercial milestone payments up to a total value of €11m, a significant proportion of which is linked to successful commercialisation. In addition, single digit royalties will be due on the net sales of the products, with such payments expected to be funded from the Group's operating cash flow.

The transfers of intangible assets under construction involves the allocation of internally generated assets to various R&D projects, including those relating to patents, distribution rights, licences, as well as product portfolios and development costs.

Transfers from R&D assets to product portfolios and development costs occur when an R&D project advances to a stage where it is ready for commercialisation. Subsequently, the transferred value of these assets initiates depreciation in accordance with their remaining useful life.

11. Property, plant and equipment

The changes in the carrying value of the property, plant and for 2024 and 2023 are presented below:

	Equipment £'000	Office furniture and equipment £'000	Warehouse and office fittings £'000	Leasehold improvements £'000	Total £'000
Acquisition value/cost					
As at 1 January 2023	268	1,687	142	285	2,382
Additions	2	50	–	–	52
Disposals	(9)	(337)	–	–	(346)
Currency translation	(5)	(25)	–	(6)	(36)
As at 31 December 2023	256	1,375	142	279	2,052
As at 1 January 2024	**256**	**1,375**	**142**	**279**	**2,052**
Additions	**–**	**42**	**1**	**165**	**208**
Disposals	**(123)**	**(174)**	**–**	**(49)**	**(346)**
Identicare disposal	**–**	**(91)**	**(143)**	**–**	**(234)**
Currency translation	**(11)**	**(57)**	**–**	**(13)**	**(81)**
As at 31 December 2024	**122**	**1,095**	**–**	**382**	**1,599**
Accumulated depreciation					
As at 1 January 2023	(171)	(1,490)	(5)	(269)	(1,935)
Depreciation charge for the year	(11)	(57)	(20)	(3)	(91)
Disposals	9	337	–	–	346
Currency translation	3	23	–	5	31
As at 31 December 2023	(170)	(1,187)	(25)	(267)	(1,649)
At 1 January 2024	**(170)**	**(1,187)**	**(25)**	**(267)**	**(1,649)**
Depreciation charge for the year	**(10)**	**(61)**	**(2)**	**(37)**	**(110)**
Disposals	**123**	**174**	**–**	**49**	**346**
Identicare disposal	**–**	**19**	**27**	**–**	**46**
Currency translation	**7**	**52**	**–**	**14**	**73**
As at 31 December 2024	**(50)**	**(1,003)**	**–**	**(241)**	**(1,294)**
Net book value					
As at 31 December 2024	**72**	**92**	**–**	**141**	**305**
As at 31 December 2023	86	188	117	12	403

12. Investments in joint ventures

The Group carried an investment in a joint venture (STEM Animal Health Inc.) which was accounted for using the equity method up to 12 April 2024 when the interest in the joint venture was sold. In addition the Group's requirement to pay a capital contribution of CAD$0.5m (£289k) in September 2024 was terminated. As part of a separate agreement, future milestone commitments totalling CAD$748k (£432k) were renounced. As a result of these two agreements, the Group realised a gain of £3,375k comprising profit on disposal of the equity of £2,654k and a release of license and capital contribution liabilities of £721k (for further details see note 4). This gain is included in Net other operating income/(expenses).

Name of entity	Place of business/ country of incorporation	% of ownership interest 2024	% of ownership interest 2023	Nature of relationship	Measurement method	Carrying amount 2024 £'000	Carrying amount 2023 £'000
STEM Animal Health Inc.	Canada	–	33.34%	Joint Venture	Equity method	–	1,119

The tables below provide summarised financial information for the joint venture in STEM Animal Health Inc. which is material to the Group. The information disclosed first reflects the amounts presented in the financial statements of the joint venture followed by Animalcare's share of those amounts.

Summarised statement of comprehensive income:

	As at 12 April 2024 £'000	As at 31 December 2023 £'000
Sales	636	1,576
Operating expenses	(533)	(1,872)
Financial result, net	38	12
Net loss for the year	**141**	(284)

The below table shows the Animalcare group share at 33.34%:

	As at 12 April 2024 £'000	As at 31 December 2023 £'000
Group share in net gain/(loss)	**47**	(95)
Depreciation on fair value adjustments on intangible fixed assets (net of deferred tax)	(16)	(47)
Total Group share in net loss for the year	**31**	(142)
Other comprehensive (expense)/income	(25)	(44)
Group share in total comprehensive (expense)/income	**6**	(186)

Reconciliation of the aforementioned financial information with the net carrying amount of the investment of STEM Animal Health Inc. in the consolidated financial statements:

	£'000	£'000
As at 1 January	**1,119**	1,305
Group share of net gain/(loss)	31	(142)
Foreign currency translation differences	(25)	(44)
Sale of joint venture	(1,125)	–
As at 31 December	**–**	1,119

13. Inventories

Inventories include the following:

	As at 31 December	
	2024	2023
	£'000	£'000
Raw materials	**1,625**	1,826
Goods purchased for resale	**10,129**	8,236
Total inventories (at cost or net realisable value)	**11,754**	10,062

The amount of inventory recognised as an expense during 2024 amounts to £31,141k (2023: £28,411k). The inventory includes a provision for write-off of £1,220k (2023: £896k). Inventory write-offs during 2024 amounted to £821k (2023: £441k). These costs are classified as part of the costs of goods sold.

14. Trade receivables, current tax receivables, other current assets and other non-current financial assets

Trade receivables include the following:

	As at 31 December	
	2024	2023
	£'000	£'000
Trade receivables	**13,545**	13,326
Expected credit loss	**(44)**	(32)
Total	**13,501**	13,294

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. Trade receivables are non-interest-bearing and are generally on payment terms of between 30 and 90 days.

As at 31 December 2024, trade receivables of an initial value of £44k (2023: £32k) were impaired and fully provided for. The table below shows the changes in the allowance of receivables.

	£'000
As at 1 January 2023	(63)
Reversal impairment	44
Exchange difference	(13)
As at 31 December 2023	(32)
As at 1 January, 2024	**(32)**
Additional impairments	**(12)**
As at 31 December 2024	**(44)**

14. Trade receivables, current tax receivables, other current assets and other non-current financial assets CONTINUED

Other current assets include the following:

	2024 £'000	2023 £'000
Other receivables	**59,951**	319
Deferred charges	**346**	288
Total	**60,297**	607

Other current assets total £60,297k (2023: £607k) at 31 December 2024. Included within this balance is an amount of £59.7m relating to the upfront payment made to acquire Randlab Australia Pty Ltd (refer to note 30). The remainder of the balance relates to recoverable VAT.

Deferred charges comprise prepayments totalling £346k (2023: £288k).

Reclaimable current income taxes amount to £694k (2023: £810k).

Other non-current financial assets are cash guarantees and amount to £82k (2023: £70k) at the end of the reporting year.

15. Cash and cash equivalents

Cash and cash equivalents include the following:

	As at 31 December	
	2024 £'000	2023 £'000
Cash at bank	**11,715**	4,642
Total	**11,715**	4,642

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. There were no restrictions on cash during 2024 and 2023.

16. Trade payables

	As at 31 December	
	2024 £'000	2023 £'000
Trade payables	**12,908**	10,808
Total	**12,908**	10,808

The Directors consider that the carrying amount of trade payables approximates to their fair value.

17. Borrowings

The loans and borrowings include the following:

	Interest rate	Maturity	As at 31 December 2024 £'000	2023 £'000
Revolving credit facilities	Euribor +1.26%	March 2029	**16,584**	–
Acquisition loan	Euribor +1.50%	March 2029	**4,146**	2,933
Lease liabilities	See note 24		**2,435**	2,943
Total loans and borrowings			**23,165**	5,876
Of which				
Non-current borrowings			**19,754**	2,933
Non-current lease liabilities			**1,594**	2,029
Current borrowings			**976**	–
Current lease liabilities			**841**	914

Borrowing facilities

As at 31 December 2024, the Group had total credit facilities of €49m, provided by a syndicate of four banks, with all facilities set to mature on 31 March 2029. These facilities included a €44m revolving credit facility (RCF) provided by all four banks, and a €5m acquisition line, provided by two of the banks with a commitment for a further €5m from the remaining two. The acquisition line is restricted and cannot be used for operational funding.

The loans carry a variable, EURIBOR-based interest rate with an applicable margin of either 1.26% or 1.50%. The RCF features bullet repayment at maturity in March 2029, while the acquisition line is amortised through quarterly payments, also concluding in March 2029.

In early 2025, the Group finalised credit documentation with the remaining two of the four syndicate banks, bringing the total acquisition facility to the €10m committed in 2024. This completion ensures an equal allocation of the total credit facility across all four syndicate banks, with the maturity date for all facilities remaining 31 March 2029. The Group centrally manages its banking arrangements through a cross-currency cash pooling system, whereby funds are swept daily from various bank accounts into central accounts. This approach optimises the Group's overall net interest payable position.

The Group's credit facilities are subject to the following financial covenants, which are monitored and maintained at all times:

- Net debt to underlying EBITDA ratio of no more than 3.5x
- Underlying EBITDA to interest ratio of at least 4.0x
- Solvency ratio (total assets less goodwill/total equity less goodwill) of more than 25%

At 31 December 2024, net debt (excluding IFRS 16 lease liabilities) was £9.0m, compared to net cash of £1.7m as at 31 December 2023. The revolving credit facility (RCF) had £31.6m of available headroom as at 31 December 2024.

As of 31 December 2024, and throughout the financial year, the Group was in full compliance with all covenant requirements, maintaining significant headroom across all three measures.

Net debt reconciliation

	For the year ended 31 December 2024 £'000	2023 £'000
Net debt		
Cash and cash equivalents	**11,715**	4,642
Borrowings	**(20,730)**	(2,933)
Lease liabilities	**(2,435)**	(2,943)
Total	**(11,450)**	(1,234)

17. Borrowings CONTINUED

	Liabilities from financing activities		Other assets	
	Borrowings £'000	Leases £'000	Cash £'000	Total £'000
Net debt as at 1 January 2023	(8,426)	(3,011)	6,035	(5,402)
Financing cash flows	5,780	1,073	(1,529)	5,324
New leases	–	(941)	–	(941)
Foreign exchange adjustments	241	54	136	431
Interest expense	(528)	(118)	–	(646)
Net debt as at 31 December 2023	**(2,933)**	**(2,943)**	**4,642**	**(1,234)**
Financing cash flows	(17,812)	1,090	9,612	(7,110)
New leases	–	(874)	–	(874)
Foreign exchange adjustments	–	109	(2,539)	(2,430)
Disposal Identicare	–	297	–	297
Interest expense	15	(114)	–	(99)
Net debt as at 31 December 2024	**(20,730)**	**(2,435)**	**11,715**	**(11,450)**

18. Provisions

Provisions consist of the following:

	As at 31 December	
	2024 £'000	2023 £'000
Service warranties	**–**	7
Severance payments	**129**	132
Other	**21**	21
Total	**150**	160

Severance payment provisions relate to legal obligations towards commercial agents in Italy.

	Service warranties £'000	Severance payments £'000	Other £'000	Total £'000
Carrying amount at start of the year	**7**	**132**	**21**	**160**
Credited to profit and loss				
Amounts used during the year	(7)	(3)	–	(10)
Carrying amount at end of the year	–	**129**	**21**	**150**

19. Other non-current liabilities

Other non-current liabilities consisted in the previous year of the fair value of the outstanding payable of the STEM licensing agreement (£214k) and a liability in respect of the Identicare share-based payment arrangement (£835k). As a result of the sale of the joint venture and subsidiary, both liabilities were settled.

	As at 31 December	
	2024	2023
	£'000	£'000
Non-current liabilities	**–**	1,049
Total	**–**	1,049

20. Accrued charges and contract liabilities

Accrued charges and contract liabilities consists of the following:

	As at 31 December	
	2024	2023
	£'000	£'000
Accrued charges	**47**	286
Contract liabilities – due within one year	**–**	873
Total due within one year	**47**	1,159
Contract liabilities – due after one year	**–**	293

Accrued charges of £46k (2023: £286k) are mostly related to payroll and accrued bank interest costs.

Contract liabilities are liabilities that arose from certain services sold by the Group's subsidiary Identicare Limited. Historically, and in return for a single upfront payment, Identicare Limited committed to providing certain database, pet reunification and other support services to customers over the life of the pet. There was no contractual restriction on the number of times the customer could make use of the services. At the commencement of the contract, it was not possible to determine how many times the customer would make use of the services, nor did historical evidence provide indications of any future pattern of use. As such, income was recognised evenly over the term of the contract, generally between 5 and 14 years. Subsequent to the disposal of Identicare, the Group has no contract liabilities.

Movements in the Group's contract liabilities:

	As at 31 December	
	2024	2023
	£'000	£'000
Balance at the beginning of the year	**1,166**	884
Contract liabilities to following years	**314**	815
Release of contract liabilities from previous years	**(223)**	(533)
Movement in contract liabilities due to sale of Identicare Limited – see note 6	**(1,257)**	–
Balance at the end of the year	**–**	1,166

The contract liabilities fall due as follows:

	As at 31 December	
	2024	2023
	£'000	£'000
Within one year	**–**	873
After one year	**–**	293
Balance at the end of the year	**–**	1,166

21. Other current liabilities

Other current liabilities include the following:

	As at 31 December	
	2024	2023
	£'000	£'000
Payroll-related liabilities	**3,072**	3,041
Indirect taxes payable	**1,398**	1,843
Other current liabilities	**743**	528
Total	**5,213**	5,412

Indirect taxes payable relate to outstanding VAT payable.

Other current liabilities mainly consist of rebates payable.

22. Fair value

Financial assets

The carrying value and fair value of the financial assets for 31 December 2024 and 2023 are presented as follows:

	Carrying value		Fair value	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Financial assets measured at amortised cost				
Trade and other receivables (current)	**13,501**	13,294	**13,501**	13,294
Other financial assets (non-current)	**82**	70	**82**	70
Cash and cash equivalents	**11,715**	4,642	**11,715**	4,642
Total financial assets measured at amortised cost	**25,298**	18,006	**25,298**	18,006

The fair value of the financial assets has been determined on the basis of the following methods and assumptions:

- The carrying value of the cash and cash equivalents and the current receivables approximate their fair value due to their short-term character.
- Trade and other receivables are being evaluated on the basis of their credit risk and interest rate. Their fair value is not different from their carrying value on 31 December 2024 and 2023.

Financial liabilities

The carrying value and fair value of the financial liabilities for 31 December 2024 and 2023 are presented as follows:

	Carrying value		Fair value	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Financial liabilities measured at amortised cost				
Borrowings	**20,730**	2,933	**20,730**	2,933
Lease liabilities	**2,435**	2,943	**2,435**	2,943
Trade payables	**12,908**	10,808	**12,908**	10,808
Other non-current liabilities	**–**	1,049	**–**	1,049
Other current liabilities	**743**	528	**743**	528
Total financial liabilities measured at amortised cost	**36,816**	18,261	**36,816**	18,261
Total non-current	**21,348**	6,011	**21,348**	6,011
Total current	**15,468**	12,250	**15,468**	12,250

The fair value of the financial liabilities has been determined on the basis of the following methods and assumptions:

- The carrying value of trade payables and other liabilities approximates their fair value due to the short-term character of these instruments.
- Loans and borrowings are evaluated based on their interest rates and maturity date. Most interest-bearing debts have floating interest rates and their fair value approximates to their amortised cost value.

23. Share capital

	As at 31 December	
	2024	2023
	Number	Number
Allotted, called up and fully paid ordinary shares of 20p each	**68,976,418**	60,107,926

	As at 31 December	
	2024	2023
	£'000	£'000
Allotted, called up and fully paid ordinary shares of 20p each	**13,795**	12,022

The Company does not have a limited amount of authorised share capital.

The following share transactions have taken place during the year ended 31 December 2024:

	As at 31 December	
	2024	
	Number	**£'000**
At 1 January 2024	60,107,926	12,022
Exercise of share options	266,342	53
Capital increase (net of costs)	8,602,150	1,720
At 31 December 2024	**68,976,418**	**13,795**

During the year ended 31 December 2024, the company issued 8,602,150 ordinary shares, each having a nominal value of £0.20. The shares were issued at an issue price of 232.5 pence per share, with total proceeds net of costs of £18.9m. Cash in as per 31 December 2024 amounts to £19.0m.

23. Share capital CONTINUED

	As at 31 December 2023	
	Number	£'000
At 1 January 2023	60,092,161	12,019
Exercise of share options	15,765	3
At 31 December 2023	**60,107,926**	**12,022**

Dividends

	As at 31 December	
	2024	2023
	£'000	£'000
Ordinary final dividend as at 31 December 2022 of 2.4p per share	**–**	1,442
Ordinary interim dividend paid as at 31 December 2023 of 2.0p per share	**–**	1,202
Ordinary final dividend as at 31 December 2023 of 3p per share	**1,803**	–
Ordinary interim dividend paid as at 31 December 2024 of 2.0p per share	**1,216**	–
	3,019	2,644

The interim dividend of 2.0 pence per share was paid in November 2024.

The Board is proposing a final dividend of 3.0 pence per share (2023: 3.0 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on 10 June 2025, the final dividend will be paid on 18 July 2025 to shareholders whose names are on the Register of Members at close of business on 20 June 2025. The ordinary shares will become ex-dividend on 19 June 2025.

24. IFRS 16 leases

The balance sheet shows the following amounts relating to leases as at 31 December 2024:

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Buildings	**1,237**	1,585
Vehicles	**1,074**	1,220
Other	**5**	14
Total right-of-use assets	**2,316**	2,819
Current lease liabilities	**841**	914
Non-current lease liabilities	**1,594**	2,029
Total lease liabilities	**2,435**	2,943

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land and buildings £'000	Vehicles £'000	Other £'000	Total £'000
Acquisition value/cost				
As at 1 January 2023	2,114	2,756	33	4,903
Brought forward alignment*	7	(179)	–	(172)
Additions	–	678	4	682
Disposals	–	(682)	(4)	(686)
Currency Translation	(41)	(50)	–	(91)
Contract modifications	287	(5)	(14)	268
As at 31 December 2023	2,367	2,518	19	4,904
Additions	**178**	**594**	**3**	**775**
Disposals	**(97)**	**(519)**	**–**	**(616)**
Identicare disposal	**(351)**	**–**	**(7)**	**(358)**
Currency Translation	**(90)**	**(116)**	**(1)**	**(207)**
Contract modifications	**63**	**29**	**–**	**92**
As at 31 December 2024	**2,070**	**2,506**	**14**	**4,590**
Accumulated depreciation				
As at 1 January 2023	(475)	(1,499)	(5)	(1,979)
Brought forward alignment*	(7)	179	–	172
Depreciation charge for the year	(310)	(687)	(4)	(1,001)
Disposals	–	682	4	686
Currency translation	10	27	–	37
As at 31 December 2023	(782)	(1,298)	(5)	(2,085)
Depreciation charge for the year	**(294)**	**(730)**	**(4)**	**(1,028)**
Disposals	**97**	**519**	**–**	**616**
Identicare disposal	**111**	**–**	**–**	**111**
Contract modifications	**–**	**8**	**–**	**8**
Currency translation	**35**	**69**	**–**	**104**
As at 31 December 2024	**(833)**	**(1,432)**	**(9)**	**(2,274)**
Net book value				
At 31 December 2023	1,585	1,220	14	2,819
At 31 December 2024	**1,237**	**1,074**	**5**	**2,316**

* This line item ensures that the opening balances within the standalone entities across the group align with the consolidated financial statements. This adjustment has no impact on the net carrying value and, as a result, the consolidated statement of financial position for the year ended 31 December 2023 and 31 December 2024 remains unchanged.

Below are the values for the movements in lease liability:

	Lease liability £'000
As at 1 January 2024	**2,943**
Additions	775
Identicare disposal	(297)
Interest expense	114
Payments	(1,090)
Modifications	99
Currency translation adjustment	(109)
As at 31 December 2024	**2,435**

24. IFRS 16 leases CONTINUED

	Lease liability £'000
At 1 January 2023	**3,011**
Additions	677
Interest Expense	118
Payments	(1,073)
Modifications	264
Currency translation adjustment	(54)
At 31 December 2023	**2,943**

The following amounts are recognised in the income statement:

	As at 31 December	
	2024 £'000	2023 £'000
Depreciation expense of right-of-use assets	**(1,028)**	(1,001)
Interest expense on lease liabilities	**(114)**	(118)
Gain on IFRS 16 modification	**1**	9
Expense relating to short-term leases and low-value assets	**(182)**	(180)
Total amount recognised in the income statement	**(1,323)**	(1,290)

Cash-flows relating to leases are presented as follows:

- Cash payments for the principal portion of the lease liabilities as cash flows from financing activities;
- Cash payments for the interest portion consistent with presentation of interest payments chosen by the Group; and
- Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities. In the current and prior year, the cashflow for these items equalled the charge to the income statement.

25. Risks

In the exercise of its business activity, the Group is exposed to credit, liquidity and market risks.

Credit risk

As of 31 December 2024 the Group's maximum credit risk exposure amounted to £13,501k, corresponding to the trade receivables reported in the consolidated financial statements (2023: £13,294k).

The Group manages this risk through a stringent credit collection process. Historically, no significant bad debt losses have been incurred. Additionally, the Group does not have any individual customers that account for a material proportion of either the consolidated turnover or the year-end trade receivables balance.

The following is an ageing schedule of trade receivables:

	Total £'000	Non-due £'000	< 30 days £'000	31–60 days £'000	61–90 days £'000	91–180 days £'000	> 181 days £'000	Expected loss rate
31 December 2024	**13,501**	**12,806**	**637**	**185**	**(72)**	**(34)**	**(21)**	**0.3%**
Receivables	**13,544**	**12,806**	**637**	**185**	**(72)**	**(34)**	**22**	
Expected credit loss	**43**	**–**	**–**	**–**	**–**	**–**	**43**	
31 December 2023	13,294	12,134	877	156	95	71	(39)	0.2%
Receivables	13,326	12,134	877	156	95	71	(7)	
Expected credit loss	32	–	–	–	–	–	32	

Liquidity risk

Liquidity risk refers to the possibility that the Group may be unable to meet its financial obligations as they come due. The Group anticipates fulfilling its obligations under financing agreements primarily through operating cash flows. To mitigate this risk, the Group maintains adequate headroom on existing credit lines to provide an additional working capital buffer.

As at 31 December 2024, the Group had the following sources of liquidity available:

- Cash and cash equivalents: £11,715k
- Undrawn credit facilities with four banks: £19,901k

The table below provides an analysis of the maturity dates of the financial liabilities:

	< 1 year £'000	1–3 years £'000	4–5 years £'000	> 5 years £'000	Total £'000
At 31 December 2024					
Borrowings*	**(1,021)**	**(2,927)**	**(16,886)**	**–**	**(20,834)**
Lease liabilities	**(841)**	**(1,290)**	**(325)**	**(143)**	**(2,599)**
Trade payables	**(12,545)**	**–**	**–**	**–**	**(12,545)**
Other current liabilities	**(5,213)**	**–**	**–**	**–**	**(5,213)**
Total	**(19,620)**	**(4,217)**	**(17,211)**	**(143)**	**(41,191)**

	< 1 year £'000	1–3 years £'000	4–5 years £'000	> 5 years £'000	Total £'000
At 31 December 2023					
Borrowings	–	(2,933)	–	–	(2,933)
Lease liabilities	(914)	(1,478)	(386)	(287)	(3,065)
Trade payables	(10,808)	–	–	–	(10,808)
Other current liabilities	(5,412)	–	–	–	(5,412)
Total	(17,134)	(4,411)	(386)	(287)	(22,218)

The amounts disclosed in the table above are the contractual undiscounted cash flows. The lease liabilities are translated at closing rate. Balances due within one year equal their carrying balances as the impact of discounting is not significant.

The Group's indebtedness and its restrictions and covenants agreed upon in the financing agreements may adversely affect the Group's liquidity position. Any breach of covenants can lead to loans being immediately due and payable.

To enhance cash management, the Group operates an international cash pooling system across multiple banks, designed to reduce excess cash holdings. The Group closely monitors cash balances across its entities and utilises short–term credit line withdrawals to further optimise cash levels.

* The disclosed maturity amounts on the line borrowings include the interest components – £45k for debt due within one year and £58k for debt due in 4–5 years – reflecting the variable interest rate conditions at the reporting date, rather than merely the fixed principal amounts shown on the balance sheet.

25. Risks CONTINUED

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies which give rise to the risks associated with currency exchange rate fluctuations. Exposures are managed by a combination of matching foreign currency income and expenditure, maintaining foreign currency deposits and the use of forward contracts. The carrying values of the Group's foreign currency assets and liabilities, including intercompany balances, at the reporting date were:

	As at 31 December			
	Assets 2024 £'000	Assets 2023 £'000	**Liabilities 2024 £'000**	Liabilities 2023 £'000
EUR/GBP	**13,328**	28,406	**62,435**	50,621
GBP/EUR	**30,245**	22,612	**44,267**	35,968
EUR/USD	**1,460**	(96)	**703**	1
GBP/USD	**–**	(14)	**153**	145
EUR/CAD	**–**	–	**17**	768
EUR/SEK	**6**	6	**2**	–
EUR/DKK	**–**	–	**1**	–
EUR/AUD	**59,327**	–	**–**	–
GBP/AUD	**324**	–	**–**	–

The cumulative effect of the foreign currency translation effects is reported as other reserves in the statement of financial position and amounts to £2,090k (2023: £2,618k) with the movement of £528k charge (2023: charge of £290k) recognised through the consolidated statement of comprehensive income.

At the end of the reporting year, the Group is mainly exposed to EUR, AUD and USD. The following table details the effect of a 10.0% increase and decrease in the exchange rate of these currencies against the functional currencies GBP and EUR when applied to outstanding monetary items denominated in foreign currency as at 31 December 2024. A positive number indicates that an increase in profit would arise from a 10.0% change in value of GBP or EUR against these currencies; a negative number indicates that a decrease would arise.

	Strengthening £'000	Weakening £'000
EUR/GBP	4,911	(4,911)
GBP/EUR	1,402	(1,402)
GBP/USD	15	(15)
EUR/CAD	2	(2)
GBP/AUD	(32)	32
EUR/USD	(76)	76
EUR/AUD	(5,933)	5,933

Interest rate risk

The maturity dates and interest rates of the Group's financial debts and liabilities are detailed in note 17. The Group's exposure to interest rate risk primarily relates to its existing borrowing facilities, which are subject to variable interest rates. There are no significant differences between the nominal interest rates disclosed in note 17 and the effective interest rates of these loans.

In addition, this year's liquidity risk also includes the impact of credit interest on excess cash, as the Group actively manages cash balances across its entities to optimise interest income and minimise idle cash.

A 100 basis point (bp) increase or decrease in interest rates would have affected the Group's financial result by approximately £154k in 2024 and £54k in 2023. In 2024, a 100 bp increase would have improved the financial result, while a 100 bp decrease would have reduced it. This contrasts with 2023, where a 100 bp increase would have reduced the financial result, and a 100 bp decrease would have improved it. The higher potential impact in 2024 is primarily due to excess cash being invested in term deposits during the year, increasing sensitivity to interest rate fluctuations.

Capital management

The primary objective of the Group's shareholders' capital management strategy is to ensure it maintains healthy capital ratios to support its business and maximise shareholder value. Additionally, minimum solvency ratios are agreed upon in the financing agreements. Capital is defined as the Group shareholders' equity which amounts to £113,312k as at 31 December 2024 (2023: £77,895k).

The Group consistently reviews its capital structure and makes adjustments in light of changing economic conditions and performances of the Group. The Group made no changes to its capital management objectives, policies or processes during the years ended 31 December 2024 and 2023.

26. Remuneration paid to the Company's auditors

	For the year ended 31 December	
	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**324**	212
The audit of the Company's subsidiaries pursuant to legislation	**151**	337
Total audit fees	**475**	549
Other services	**9**	3
Total non-audit fees	**9**	3
Total auditors' remuneration	**484**	552
Of which paid to:		
Current auditor	**409**	–
Prior auditor	**75**	552

No non-audit fees were paid to the prior auditor in the year.

27. Share-based payments

The Group operates a number of equity-settled share-based payment programmes that allow employees to acquire shares in the Group. The Group also operates long-term incentive plans for certain members of the Senior Executive team and other members of the Leadership team. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of such equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions (with a corresponding movement in equity).

The fair value of the options issued under the long-term incentive plan have been determined using industry standard methods, in conjunction with a third-party valuation specialist.

Long-term incentive plan ("LTIP")

The Group has made a number of awards pursuant to the long-term incentive plan as follows:

	2024 LTIP option	2023 LTIP option	2022 LTIP option	2021 LTIP option	2020 LTIP option	2019 LTIP option
Outstanding at 1 January	**–**	**194,346**	**293,862**	**248,614**	**–**	**–**
Granted during the year	439,690	–	–	–	–	–
Vested during the year	–	–	–	(124,307)	–	–
Lapsed during the year	–	(26,338)	(13,283)	(124,307)	–	–
Outstanding at 31 December 2024	**439,690**	**168,008**	**280,579**	**–**	**–**	**–**
Exercisable at 31 December 2024				124,307	20,341	7,916

27. Share-based payments CONTINUED

The options outstanding and exercisable at the year-end have a weighted average remaining contractual life of 8.2 years.

The options granted will vest subject to the following performance conditions based on EPS being 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

All options granted are subject to the same TSR performance criteria as per the table below:

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%

2024 LTIP options

On 24 April 2024, the Board approved the grant of nil-cost options under the LTIP over a total of 439,690 ordinary shares with a nominal value of 20.0 pence per share which were awarded to certain members of the Senior Executive Team and Leadership Team. The options were originally intended to be granted on 30 October 2023, however were deferred due to MAR-related conditions. The LTIP awards will vest on 31 December 2026 subject to the performance criteria being met over the three-year financial period ending 31 December 2026. On vesting, awards can be exercised until 24 April 2034, being the tenth anniversary of the date of grant.

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.

Inputs into the option pricing models were as follows:

Weighted average share price	£2.17
Weighted average exercise price	£Nil
Expected volatility	27.90%
Expected life	2.69 years
Expected dividend yield	2.30%
Fair value per option – EPS tranche	£2.03
Fair value per option – TSR tranche	£1.50
Risk-free rate	3.85%

2023 LTIP options

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 which were awarded to certain members of the Senior Executive Team and Leadership Team. During the year 26,338 of the options lapsed due to cessation of employment, leaving 168,008 options outstanding.

The LTIP awards will vest on 31 December 2026 subject to the performance criteria being met over the three-year financial period ending 31 December 2026. On vesting, awards can be exercised until 30 October 2033, being the tenth anniversary of the date of grant.

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 fair value of the options issued under the LTIP have been determined using industry standard methods, in conjunction with a third-party valuation specialist.

Inputs into the option pricing models were as follows:

Weighted average share price	£1.73
Weighted average exercise price	£Nil
Expected volatility	31.8%
Expected life	3.2 years
Expected dividend yield	2.55%
Fair value per option – EPS tranche	£1.59
Fair value per option – TSR tranche	£1.08
Risk-free rate	4.39%

2022 LTIP options

On 28 April 2022, the Board approved the grant of nil-cost options under the LTIP over a total of 302,037 ordinary shares with a nominal value of 20.0 pence per share which were awarded to the Company's Executive Directors and certain members of the Senior Executive Team and Leadership Team. During 2023 and 2024 8,175 and 13,283 of the options lapsed respectively due to cessation of employment, leaving 280,579 options outstanding.

The LTIP awards will vest on 1 July 2025 subject to the performance criteria being met over the three-year financial period ending 30 June 2025. On vesting, awards can be exercised until 28 April 2032, being the tenth anniversary of the date of grant.

Fifty per cent 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 fair value of the options issued under the LTIP have been determined using industry standard methods, in conjunction with a third-party valuation specialist.

Inputs into the option pricing models were as follows:

Weighted average share price	£3.23
Weighted average exercise price	£nil
Expected volatility	30.1%
Expected life	3.2 years
Expected dividend yield	1.24%
Fair value per option – EPS tranche	£3.10
Fair value per option – TSR tranche	£2.57
Risk-free rate	1.58%

2021 LTIP options

On 5 November 2021, nil-cost options over a total of 264,981 ordinary shares with a nominal value of 20.0 pence per share were awarded to certain members of the Senior Executive Team and Group Leadership Team. During 2022 and 2023, 9,231 and 7,136 of the options lapsed respectively due to cessation of employment leaving 248,614 options subject to vest as at 31 December 2024.

On 31 December 2024, 124,307 options vested, with the remaining 124,307 options lapsed. These vested options have yet to be exercised; the participants have 7 years in which to exercise these options.

Details of the performance targets set and actual achievement against them in respect of the 2021 LTIP awards vesting, based on three-year performance to 31 December 2024, 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 2024	12.9p	14.9p	11.0p	0%
TSR	50%	31 December 2024	Median	Upper quartile	Upper quartile	100%

27. Share-based payments CONTINUED

2020 LTIP options

On 31 December 2023, 164,982 options vested, with the remaining 164,982 options lapsed. Of the 164,982 vested options brought forward to 1 January 2024, 144,641 options were exercised during the year, leaving 20,341 options unexercised as at 31 December 2024. The participants have 5.9 years in which to exercise these options.

2019 LTIP options

On 6 June 2022, 145,382 options vested, with the remaining 198,709 options lapsed. Of the 129,617 vested options brought forward to 1 January 2024, 121,701 options were exercised during the year, leaving 7,916 options unexercised as at 31 December 2024. The participants have 4.4 years in which to exercise these options.

Identicare share-based payment arrangement

As a result of the disposal of Identicare Limited the fair value of the LTIP scheme was crystallised and a net credit of £860k has been recognised within the £1,503k consolidated share-based payment movement in the accumulated profits reserve of the statement of changes in equity. £802k of the £860k represents the release of the previous cash settled liability held within the statement of financial position. The remainder is credited to non-operating income within non-underlying, discontinued profit or loss. The ownership of the shares required ongoing employment and carried value to the holder on either the sale of Identicare, or after five years the holder could obligate the Group to repurchase the shares at market value via a put option. The Group could also obligate the holder to sell the shares to the Group at market value via a call option. The shares carried preferential rights to return upon the sale of Identicare with an increasing ratchet depending on the equity value of Identicare. In line with IFRS 2 Share-Based Payments, the accounting immediately prior to the disposal was updated to reflect the position that the revised form of settlement had always been expected.

The Group recognised a total charge in respect of all share-based payments of £678k (2023: £1,278k), including £259k (2023: £801k) in non-underlying items.

28. Related party transactions

This disclosure provides an overview of all transactions with related parties. Interests in subsidiaries are disclosed in note 29.

Transactions between the Company and its subsidiaries, which are related parties, are eliminated in the consolidated financial statements and no information is provided thereon in this section. The Group carried an investment in a joint venture (STEM Animal Health Inc.) which was accounted for using the equity method up to 12 April 2024 when the interest in the joint venture was sold. In addition, a separate agreement regarding future milestone payments was reached. As a result of these two agreements, the Group realised a gain of £3,375k comprising profit on disposal of the equity of £2,654k and a release of license and capital contribution liabilities of £721k (for further details see note 4). This gain is included in Net other operating income / (expenses).

Remuneration of the Directors, who are the key management personnel of the Group, is included in the Directors' Remuneration Report, and further disclosed below:

	For the year ended 31 December	
	2024	2023
	£'000	£'000
Short-term employee benefits	**1,583**	947
Post-employment benefits	**27**	29
Share-based payments	**213**	299
Total	**1,823**	1,275

Short-term employee benefits include £392k (2023: £nil) arising from gains associated with the exercise of LTIP options during the year.

29. Subsidiary undertakings

Name	Country of incorporation	Registered address	% equity interest 2024	% equity interest 2023	Consolidation method
Ecuphar NV	Belgium	Legeweg 157i, 8020 Oostkamp	**100%**	100%	Fully consolidated
Ecuphar BV	The Netherlands	Verlengde Poolseweg 16, 4818 CL Breda	**100%**	100%	Fully consolidated
Ecuphar Veterinary Products BV	The Netherlands	Verlengde Poolseweg 16, 4818 CL Breda	**100%**	100%	Fully consolidated
Ornis Sarl	France	Rue de Roubaix 33, 59200 Tourcoing	**100%**	100%	Fully consolidated
Ecuphar GmbH	Germany	Brandteichstraße 20, 17489 Greifswald	**100%**	100%	Fully consolidated
Euracon Pharma Consulting und Trading GmbH	Germany	Max-Planck Str. 11, 85716 Unterschleißheim	**100%**	100%	Fully consolidated
Ecuphar Veterinaria Slu	Spain	C/ Cerdanya, 10–12, pl 6. 08173 Sant Cugat del Vallés, Barcelona	**100%**	100%	Fully consolidated
Ecuphar Italia S.r.l	Italy	Viale Francesco Restelli, 3/7, piano 1, 20124 Milano	**100%**	100%	Fully consolidated
Belphar LDA	Portugal	Sintra Business Park, Edifício 1, Escritório 2K 2710-089 Sintra	**100%**	100%	Fully consolidated
Animalcare Ltd	United Kingdom	Moorside, Monks Cross, York, YO32 9LB	**100%**	100%	Fully consolidated
Identicare Limited	United Kingdom	Moorside, Monks Cross, York, YO32 9LB	**0%**	100%	Fully consolidated
STEM Animal Health Inc.	Canada	Innovation Drive Winnipeg 162–196, Manitoba, R3T 2N2	**0%**	33%	Equity method
Animalcare Australia Pty Ltd	Australia	Suite 2, Level 1, 9–11 Grosvenor Street, Neutral Bay NSW 2089	**100%**	0%	Fully consolidated

30. Subsequent events

On 3 January 2025, the Group completed an acquisition of Randlab. The acquisition was executed through a newly incorporated Australian entity, Animalcare Australia Pty Ltd, which acquired the entire issued share capital of each Randlab Australia Pty Ltd (and its wholly owned subsidiary, Randlab (New Zealand) Limited), Randlab Pty Ltd and Randlab Middle East Veterinary Medicine Trading Single Owner L.L.C. (together “Randlab”) for an enterprise value of AUD$121m (£59.7m), on a debt-free, cash-free, normalised working capital basis, subject to customary post-completion adjustments. The acquisition is expected to deliver on our strategic goals of expanding our geographic reach, acquiring products and brands that enhance our existing portfolio and building our new product pipeline.

The financial effects of this transaction have not been recognised as of 31 December 2024, as control transferred after the year-end. The operating results and assets and liabilities of the acquired group will be consolidated from 3 January 2025.

Details of the consideration transferred are:

	£‘000
Purchase consideration:	
Cash Paid:	59,712
Total consideration:	**59,712**

Given the limited period of ownership prior to the issuance of the financial statements, the Group has not yet completed the acquisition accounting required to meet the disclosure requirements set out in IFRS 3 Business combinations. The Group is committed to ensuring compliance with all standards and will include the relevant disclosures within the 2025 annual report and accounts.

Company Statement of Financial Position

YEAR ENDED 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	Note	**£'000**	£'000
Non-current assets			
Investments in subsidiary companies	4	**148,293**	148,114
Trade and other receivables	5	**19,448**	–
Right-of-use-assets	8	**20**	32
Deferred tax asset	9	**571**	7
		168,332	148,153
Current assets			
Trade and other receivables	5	**8,643**	5,283
Cash and cash equivalents	6	**14**	15
		8,657	5,298
Total assets		**176,989**	153,451
Current liabilities			
Trade and other payables	7	**(1,180)**	(854)
Lease liabilities	8	**(12)**	(12)
		(1,192)	(866)
Net current assets		**7,465**	4,432
Non-current liabilities			
Lease liabilities	8	**(7)**	(20)
		(7)	(20)
Total liabilities		**(1,199)**	(886)
Net assets		**175,790**	152,565
Capital and reserves			
Called up share capital	10	**13,795**	12,022
Share premium account		**149,992**	132,798
Retained earnings		**12,003**	7,745
Total shareholders' funds		**175,790**	152,565

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present a separate Profit and Loss account in these separate financial statements. The profit dealt with in the financial statements of the Company was £6,883k (2023: £2,042k).

The notes on pages 148 to 155 are an integral part of these financial statements.

The financial statements of Animalcare Group plc, registered number 01058015, on pages 146 to 155, were approved by the Board of Directors and authorised for issue on 28 April 2025. They were signed on their behalf by:

JENNIFER WINTER
Chief Executive Officer

CHRIS BREWSTER
Chief Financial Officer

Company Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2024

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 January 2023		12,019	132,798	7,706	152,523
Total comprehensive income for the year		–	–	2,042	2,042
Transactions with owners of the Company, recognised in equity:					
Exercise of share options		3	–	–	3
Dividends paid	3	–	–	(2,644)	(2,644)
Share-based payments	11	–	–	641	641
Balance at 31 December 2023 and 1 January 2024		**12,022**	**132,798**	**7,745**	**152,565**
Total comprehensive income for the year		**–**	**–**	**6,883**	**6,883**
Transactions with owners of the Company, recognised in equity:					
Capital increase (net of costs)	10	**1,720**	**17,194**	**–**	**18,914**
Exercise of share options	10	**53**	**–**	**–**	**53**
Dividends paid	3	**–**	**–**	**(3,019)**	**(3,019)**
Share-based payments	11	**–**	**–**	**394**	**394**
Balance at 31 December 2024		**13,795**	**149,992**	**12,003**	**175,790**

Notes to the Company Financial Statements

YEAR ENDED 31 DECEMBER 2024

1. Material accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

Financial Information

Animalcare Group plc ("the Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is domiciled in the United Kingdom. The address of its registered office is Moorside, Monks Cross, York, YO32 9LB. The Company's principal activities are that of a holding company for the Group's subsidiaries.

Basis of preparation

The Company financial statements cover year from 1 January 2024 to 31 December 2024.

The financial statements have been prepared and approved by the Directors under the historical cost convention, in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and in conformity with the requirements of the Companies Act 2006. They have also been prepared in accordance with the requirements of the AIM Rules.

The Company has elected to adopt FRS 101 for the year ended 31 December 2024 and its comparatives. In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but has made amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions. The Company has departed from consistent accounting policies with the Group as the Group financial statements are prepared under UK-adopted international accounting standard and the Company Directors have taken the decision to prepare the Company financial statements in accordance with FRS 101.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present a separate Profit and Loss account in these separate financial statements. The profit dealt with in the financial statements of the Company was £6,883k (2023: £2,042k profit).

Disclosure exemptions adopted

Under FRS 101, the following disclosures exemptions have been adopted:

- Preparation of a cash flow statement – IAS 7 Statement of Cashflows
- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment requiring the details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group
- Paragraph 17 of IAS 24 Related Party Disclosures (key management compensation)
- Paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- IFRS 7 Financial Instruments: Disclosure

Going concern

The Company is the Parent of the Group, therefore for the purposes of the assessment of going concern the Group as a whole is considered, as financing is arranged on a group-wide basis.

As of 31 December 2024, the Group had total credit facilities of €49m, provided by a syndicate of four banks, with all facilities set to mature on 31 March 2029. These facilities include a committed €44m revolving credit facility (RCF) and a €5m acquisition line, which is restricted to acquisition purposes and cannot be used for operational funding. In 2025, the Group agreed with two of the four syndicate banks to increase the acquisition line by an additional €5m, raising the total to €10m. This adjustment ensures an equal distribution of the total credit facility across all four syndicate banks, with the maturity date for all facilities remaining 31 March 2029. The facilities remain subject to the following covenants which are in operation at all times:

- Net debt to underlying EBITDA ratio of 3.5 times;
- Underlying EBITDA to interest ratio of minimum 4 times; and
- Solvency (total assets less goodwill/total equity less goodwill) greater than 25%.

As at 31 December 2024 and throughout the financial year, all covenant requirements were met with significant headroom across all three measures. The principal risks and uncertainties facing the Group are set out in the Strategic Report.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds and liquidity to meet its obligations as they fall due, in particular when taking into account the potential impact of "severe but plausible" downside scenarios to factor in a range of downside revenue estimates, higher than expected inflation across our cost base, and nil EBITDA and cash generation from the newly acquired Randlab Group, with corresponding mitigating actions. The Group also conducted a reverse stress test assessment to evaluate the performance decline necessary to breach its banking covenants. The required decline was found to be so severe that it was considered implausible, as it would necessitate a significant reduction in both gross margin and cash conversion to breach the Group's tightest covenant. The output from these scenarios shows that the Group expects to comply with its banking covenants associated with the current committed facilities throughout the going concern assessment period. Accordingly, the Directors have concluded that preparing the financial statements on a going concern basis is appropriate.

Employee benefits – pensions

The Company operates a stakeholder pension scheme available to all eligible employees. Payments to this scheme are charged as an expense as they fall due.

Investments in subsidiaries

Investments in Group companies are stated at cost less provisions for impairment losses.

Share options issued by the Company to employees in a subsidiary of the Group are capitalised as an asset in the Company's financial statements. The capitalised amount is recorded as an investment in the subsidiary, and the value of the issued Share Options is transferred to the subsidiary. The transfer is recorded as an intercompany transaction, with the corresponding entry in the subsidiary's financial statements.

Impairment indicator assessments are undertaken annually at the financial year end.

Whenever events or changes in circumstances indicate that the carrying amount of investments may not be recoverable, they are subject to impairment tests.

Where the carrying value of investments exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the investments are written down accordingly.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to future cash flows projected after the fifth year.

Impairment charges are included in profit or loss.

Dividends

Dividends paid are recognised within the statement of changes in equity only when an obligation to pay the dividend arises prior to the year end.

Share-based payments

The Company operates a number of equity-settled share-based payment programmes that allow employees to acquire shares of the Company via a Long-Term Incentive Plan for certain members of the Leadership Team and Executive Directors. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of such equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions (with a corresponding movement in equity).

The fair value of the options issued under the Long-Term Incentive Plan has been determined using industry standard methods, in conjunction with a third-party valuation specialist.

1. Material accounting policies CONTINUED

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be financial instruments and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits repayable on demand, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Shares issued by the company are recognised through equity and measured at the fair value of the proceeds received, net of directly attributable transaction costs. The par value of issued shares is recorded in share capital, and any amount received in excess of the par value is recorded through share premium. Direct costs related to the issuance of shares are deducted from the proceeds and recorded as a reduction in share premium. Indirect costs are expensed as incurred.

New standards adopted as of 2024

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2024

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants;
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

The Company has no transactions that would be affected by the newly effective standards or its accounting policies are already consistent with the new requirements. The Company has not early adopted any standards.

Material accounting judgements, estimates and assumptions

CARRYING VALUE OF INVESTMENTS IN SUBSIDIARY COMPANIES

Investments in subsidiaries are reviewed annually for impairment. This assessment required management to make significant judgements and estimates, including an initial assessment as to whether indicators are identified. When indicators are identified, determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investment's value in use or consideration of the net asset value of the entity. These value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. Where such calculations are required, they prepared in conjunction with the impairment test in relation to goodwill, details of which are provided in note 8 of the consolidated financial statements.

2. Directors' remuneration and interests

Information relating to Directors' emoluments and share options, including awards made during the financial year, is set out in the note 7.7 of the Group's consolidated financial statements.

3. Dividends

	For the year ended 31 December	
	2024 £'000	2023 £'000
Ordinary final dividend for the year ended 31 December 2022 of 2.4p per share	**–**	1,442
Ordinary interim dividend paid for the year ended 31 December 2023 of 2.0p per share	**–**	1,202
Ordinary final dividend for the year ended 31 December 2023 of 3.0p per share	**1,803**	–
Ordinary interim dividend paid for the year ended 31 December 2024 of 2.0p per share	**1,216**	–
	3,019	2,644

An interim dividend of 2.0 pence per share was paid in November 2024. The Board is proposing a final dividend of 3.0 pence per share (2023: 3.0 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on 10 June 2025, the final dividend will be paid on 18 July 2025 to shareholders whose names are on the Register of Members at close of business on 20 June 2025. The ordinary shares will become ex-dividend on 19 June 2025.

4. Investments in subsidiary companies

Subsidiary undertakings

Cost and net book value	2024 £'000	2023 £'000
At 1 January	**148,114**	147,917
LTIP granted to employees of subsidiaries	**179**	197
At 31 December	**148,293**	148,114

Investments in subsidiaries are assessed annually to determine if there is any indication that these may be impaired.

A list of the subsidiary undertakings at the date of the statement of financial position, all of which are wholly owned, is given below. During the year, the Company disposed of an indirect subsidiary, Identicare Limited.

Name	Country of registration or incorporation	Registered address	Principal activity	Class
Ecuphar NV	Belgium	Legeweg 157i, 8020 Oostkamp	Holding company, marketer of veterinary pharmaceuticals	Ordinary
Animalcare Limited[1]	United Kingdom	Moorside, Monks Cross, York YO32 9LB	Developer and marketer of veterinary pharmaceuticals	Ordinary
Ecuphar BV[1]	The Netherlands	Verlengde Poolseweg 16, 4818 CL Breda	Marketer of veterinary pharmaceuticals	Ordinary
Ecuphar Veterinary Products BV[1]	The Netherlands	Verlengde Poolseweg 16, 4818 CL Breda	Non-trading	Ordinary
Ornis SARL[1]	France	Rue de Roubaix 33, 59200 Tourcoing	Non-trading	Ordinary
Ecuphar GmbH[1]	Germany	Brandteichstraße 20, 17489 Greifswald	Marketer of veterinary pharmaceuticals	Ordinary
Euracon Pharma Consulting & Trading GmbH[1]	Germany	Max-Planck Str. 11, 85716 Unterschleißheim	Non-trading	Ordinary
Ecuphar Veterinaria SLU[1]	Spain	Carrer Cerdanya, 10, 12, 08173 Sant Cugat del Vallès, Barcelona	Developer and marketer of veterinary pharmaceuticals	Ordinary
Ecuphar Italia SRL[1]	Italy	Viale Francesco Restelli, 3/7, piano 1, 20124 Milano	Marketer of veterinary pharmaceuticals	Ordinary
Belphar LDA[1]	Portugal	Sintra Business Park , nº 7, Edifício 1 – Escritório 2K, 2710 089 Sintra	Marketer of veterinary pharmaceuticals	Ordinary
Animalcare Australia pty[1]	Australia	Suite 2, Level 1, 9–11 Grosvenor Street, Neutral Bay NSW 2089	Holding company	Ordinary

1 These subsidiaries are indirectly owned through related undertakings in the list.

5. Trade and other receivables

Trade and other receivables include the following:

	As at 31 December	
	2024	2023
	£'000	£'000
Current receivables		
Corporation tax – Group relief	**2,843**	2,102
Prepayments and accrued income	**58**	54
Amounts due from subsidiaries	**5,742**	3,127
Total current receivables	**8,643**	5,283
Non-current receivables		
Amounts due from subsidiaries	**19,448**	–
Total non-current receivables	**19,448**	–
Total receivables	**28,091**	5,283

The corporation tax receivable reflects the relief allocated to fellow group companies within the same tax group, arising from the cumulative taxable loss built up within the Company.

The Directors consider that the carrying amount of other receivables approximates to their fair value.

Amounts due by Group undertakings at 31 December 2024 are unsecured, have no fixed date of repayment and are repayable on demand.

6. Cash and cash equivalents

	As at 31 December	
	2024	2023
	£'000	£'000
Cash and cash equivalents	**14**	15

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less

7. Other financial liabilities

	As at 31 December	
	2024	2023
	£'000	£'000
Current liabilities		
Trade payables	**296**	256
Lease liabilities	**12**	12
Taxes and social security costs	**126**	326
Other creditors	**201**	20
Accruals	**557**	252
Total current liabilities	**1,192**	866
Non-current liabilities		
Lease liabilities	**7**	20
Total non-current liabilities	**7**	20
Total financial liabilities	**1,199**	886

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

8. IFRS 16 leases

The balance sheet shows the following amounts relating to leases as at 31 December:

	2024 £'000	2023 £'000
Vehicles	**20**	32
Total right-of-use assets	**20**	32
Current lease liabilities	**12**	12
Non-current lease liabilities	**7**	20
Total lease liabilities	**19**	32

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Vehicles £'000	**Total £'000**
Acquisition value/cost		
At 1 January 2024 and 31 December 2024	**48**	**48**
Accumulated depreciation		
At 1 January 2024	**(16)**	(4)
Depreciation charge for the year	**(12)**	(12)
At 31 December 2024	**(28)**	**(16)**
Net book value		
At 31 December 2024	**20**	**32**

The following amounts are recognised in the income statement:

	For the year ended 31 December 2024 £'000
Depreciation expense of right-of-use assets	**(12)**
Total amount recognised in the income statement	**(12)**

Below are the values for the movements in lease liability during the year:

	Lease liability £'000
As at 1 January 2024	32
Payments	(13)
As at 31 December 2024	**19**

Interest expense on lease liabilities recognised in the income statement amounted to less than £1k and is therefore not disclosed in the tables above. There was no expense incurred during the current or prior year in respect of short-term leases, low-value assets or variable lease payments.

9. Deferred tax asset

	Accelerated tax depreciation £'000	Share-based payments £'000	Other £'000	Total £'000
Balance at 1 January 2024	(2)	–	(5)	(7)
Credit to income	–	(251)	(76)	(327)
Credit to equity reserves	–	(237)	–	(237)
At 31 December 2024	**(2)**	**(488)**	**(81)**	**(571)**

The following are the major components of the deferred tax assets recognised by the Company, and the movements thereon, during the current and prior reporting period:

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would move to 25% (rather than remain at 19%, as previously enacted). Deferred taxes as at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Called-up share capital

Share capital

	As at 31 December	
	2024 Number	2023 Number
Allotted, called up and fully paid ordinary shares of 20p each	**68,976,418**	60,107,926

	As at 31 December	
	2024 £'000	2023 £'000
Allotted, called up and fully paid ordinary shares of 20p each	**13,795**	12,022

The Company does not have a limited amount of authorised share capital.

The following share transactions have taken place during the year ended 31 December 2024:

	2024	
	Number	**£'000**
At 1 January 2024	**60,107,926**	**12,022**
Exercise of share options	**266,342**	**53**
Capital increase (net of costs)	**8,602,150**	**1,720**
At 31 December 2024	**68,976,418**	**13,795**

During the year ended 31 December 2024, the company issued 8,602,150 ordinary shares at an issue price of £0.20 per share. The total proceeds, net of costs from the share issue amounted to £18.9m.

11. Share-based payments

For details of the company's share-based payments arrangements see note 27 of the Group's consolidated financial statements.

The cash settled element portion and associated liability sits within the company's indirect subsidiary, Animalcare Limited.

Directors and Advisers

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E Leen Veerle Degroote (Appointed 10 December 2024)
E Torr
J Boone (Resigned 20 June 2024)
J Winter
M Coucke
S Metayer

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C J Brewster

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