Financial Review

“

2025 has been a strong year featuring significant revenue and EBITDA growth, while maintaining the Group’s highly cash-generative profile and strong balance sheet. With leverage at 0.7X EBITDA, this performance gives us the platform to accelerate our strategic priorities and deploy capital in a targeted, value-accretive way.

CHRIS BREWSTER
Chief Financial Officer

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, provides more useful and relevant information of business performance to stakeholders. IFRS results include these items to provide the statutory results.

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

The financial year has been marked by strong execution and strategic progress. The acquisition of Randlab has proved transformational, accelerating our growth and enhancing profitability and operating leverage. With our growing international footprint, continued growth in our leading brands and an increasingly attractive product portfolio and pipeline, we are confident in our ability to build on this momentum into 2026.

	2025 £’m	2024 £’m	% Change at AER
Revenue	**89.1**	74.2	20.0%
Gross profit	**52.4**	41.2	27.2%
Gross margin %	**58.8%**	55.6%	3.2%
Underlying EBITDA	**17.7**	11.6	52.6%
Basic underlying continuing EPS (p)	**15.7p**	10.9p	44.0%

Revenue – Randlab acquisition accelerates growth

Group revenue increased by 20.0% (20.1% at CER) to £89.1m, reflecting the marked beneficial effect of the successful integration of Randlab, underpinned by like-for-like organic growth of 1.7% at AER (0.7% at CER) with all three product category revenues increasing versus prior year in trading conditions, which were varied across our end markets.

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

	2025 £’m	2024 £’m	% Change at AER
Companion Animals	**50.3**	49.8	1.0%
Production Animals	**17.7**	17.0	4.0%
Equine (including acquisition of Randlab)	**21.1**	7.4	185.1%
Total	**89.1**	74.2	20.0%

Companion Animals

Revenue in Companion Animals increased by 1.0% to £50.3m, reflecting sustained and strong momentum across several of our flagship brands, including continued double-digit growth in Daxocox (+23%) and our dental range, with Orozyme (+30%) and Plaqtiv+ (+42%) performing particularly well. This solid performance was underpinned by ongoing focus and investment in sales and marketing excellence.

Growth in the category was tempered by two factors outside of our control: reduced Conofite sales, which, as reported at the half-year stage, resulted from the unexpected regulatory monitoring of topically applied antibiotics in Spain, and the cessation of distribution arrangements across a number of older, lower-margin brands. Taken together, these factors resulted in a c.8–9% sales impact. Notwithstanding this, our Companion Animals business delivered overall growth, underscoring the resilience and strength of our core portfolio and the robustness of demand for our key brands.

Production Animals

Production Animal revenue growth returned to more typical demand patterns, increasing by 4.0% to £17.7m during a period marked by changes within our distribution partner supply base and end markets.

This follows a strong FY24, which saw sales rise by 7.8%. Growth was primarily supported by several larger-selling brands, including two owned brands within our Top 10 products.

Equine

Revenue within Equine increased by 185.1% to £21.1m, compromising revenue from the existing portfolio of £7.5m and acquired revenue from Randlab of £13.6m. Randlab delivered very strong like-for-like organic growth of, approximately, 12.0% at CER (c.6.0% at AER), above management expectations at CER set at the time of the acquisition on 3 January 2025. This strong performance was principally driven by significant growth and expansion of export market sales alongside growth within the core portfolio in Australia and New Zealand, including Ulcershield, which is now the Group's fifth-largest brand. Within the existing Animalcare portfolio, continued growth in Danilon (up 7.4%) helped to offset a decline in the Equine fluids range, which was affected by market changes and competition.

Underlying EBITDA and underlying earnings per share

Accelerating growth through R&D investment

The Group is committed to expanding and enhancing our product development pipeline. With this in mind, we are targeting investment of c.5% of revenue per annum to support future growth through an increased proportion of innovative products within the portfolio. As we move into a period of pipeline expansion and, with this, a step-up of investment in innovation to support our medium-to-long-term growth ambitions, we expect an increasing proportion of all overall R&D expenditure to be expensed in the income statement.

To aid understanding on the performance of our core operations, underlying EBITDA before R&D expenditure is used to reflect the contribution from our commercial operations prior to the Group's investment in R&D and is the basis on which cash conversion is calculated, as described later in this review.

	2025 £'m	2024 £'m	% Change at AER
Underlying EBITDA (reported)	**17.7**	11.6	52.6%
Research and development expenditure – expensed in the year	**0.7**	–	–
Underlying EBITDA before R&D expenditure	**18.4**	11.6	58.6%
Underlying EBITDA margin %	**20.6%**	15.6%	5.0%

The Group's underlying EBITDA before R&D expenditure increased by 58.6% to £18.4m (2024: £11.6m). This growth was primarily driven by Randlab's significant contribution to EBITDA of £6.4m, underpinned by its high gross margins, further enhancing the Group's overall profitability and leading to a 500bps improvement in underlying EBITDA margin to 20.6%.

Gross margins improved by 320bps to 58.8%, again predominantly reflecting the benefits of the acquired Randlab Equine portfolio, which delivered gross margins of 72.9%, in line with expectations after taking into account reclassification of certain costs from operating expenses to cost of goods to align with Group accounting policies. Excluding Randlab, like-for-like gross margins moderately improved versus the prior year to 56.3% (2024: 55.6%) with a positive sales mix largely offsetting input cost inflation (COGS). The Group's targeted pricing strategies mitigated a proportion of cost increases while maintaining competitiveness across key brands and geographies.

Underlying overheads, defined as gross profit less underlying EBITDA before R&D expenditure, increased to £33.0m (2024: £29.7m), of which £3.4m represents additional operating costs associated with Randlab. As we have progressed with our integration and engagement with the local management team, our confidence in the growth opportunity has been underpinned, leading to accelerated investment in our commercial infrastructure within Australia and the UAE. The balance of £0.9m principally encompasses organic investment in people costs alongside disciplined control of our overall SG&A costs.

Basic underlying continuing EPS increased by 44.0% to 15.7 pence (2024: 10.9 pence) primarily driven by the strong profit contribution from Randlab and higher net finance income largely resulting from unrealised foreign currency translation exchange gains, partially offset by a c.2.0p dilutive impact of the equity raise completed in December 2024. The underlying effective tax rate increased to 24% (2024: 18.9%), principally reflecting the shift in the Group profit mix towards higher tax jurisdictions, notably in relation to Randlab, partly mitigated by recognition of tax losses

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 £5.1m (2024: £18.5m), with reported earnings per share at 7.3 pence (2024: 30.3 pence per share).

	2025 Underlying results £'m	Amortisation and impairment of intangibles £'m	Acquisition, restructuring, integration and other costs £'m	2025 Reported results £'m	2024 Reported results £'m
Continuing operations					
Revenue	**89.1**	–	–	**89.1**	74.2
Gross profit	**52.4**	–	(1.0)	**51.4**	41.2
Selling, general and administrative expenses	**(37.7)**	(5.6)	–	**(43.3)**	(36.7)
Research and development expenses	**(0.7)**	–	–	**(0.7)**	–
Net other operating (expense)/income	**–**	–	(1.2)	**(1.2)**	2.6
Impairment losses	**–**	(0.1)	–	**(0.1)**	–
Operating profit/(loss)	**14.0**	(5.7)	(2.2)	**6.1**	7.1
Net finance income / (expense)	**0.3**	–	–	**0.3**	(1.3)
Profit/(loss) before tax	**14.3**	(5.7)	(2.2)	**6.4**	5.8
Taxation	**(3.4)**	1.5	0.6	**(1.3)**	(1.0)
Profit/(loss) for the year	**10.9**	(4.2)	(1.6)	**5.1**	4.8
Profit from discontinued operations	**–**	–	–	**–**	13.7
Total profit/(loss) for the year	**10.9**	(4.2)	(1.6)	**5.1**	18.5
Basic earnings per share (p)	**15.7p**	–	–	**7.3p**	30.3p

Non-underlying items totalling £7.9m (2024: net income of £11.2m) relating to profit before tax have been incurred in the year, as further described in note 4. In summary, the principal items in 2025 are as follows:

- Amortisation and impairment of acquisition-related intangibles of £5.7m (2024: £4.0m) reflecting the ongoing non-cash charges associated with the Group's acquired intangible asset base, largely in relation to the reverse acquisition of Animalcare Group plc and the acquisition of Randlab
- Restructuring costs of £0.6m relating to targeted organisational changes designed to streamline operations and enhance efficiency across key parts of the business
- Acquisition and integration costs of £1.9m, the majority of which relates to the Group's acquisition of Randlab, completed on 3 January 2025, including a £1.1m non-cash charge within cost of sales due to the reversal of a fair value uplift on acquired inventories

Strong cash flow and balance sheet position

Operating cash flow and cash conversion

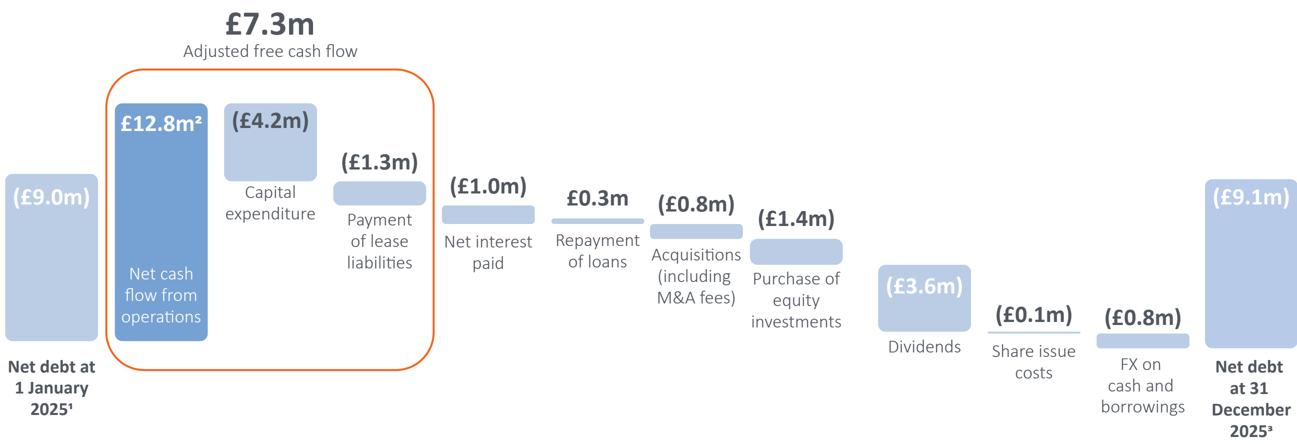
The Group continues to generate strong operating cash flows demonstrating the highly cash-generative qualities of our business. Underlying cash conversion was 79.7%, in line with our guidance.

As noted earlier, the Group assesses operating cash flow relative to Underlying EBITDA before R&D expenditure. This reflects the Group's decision to treat R&D as a growth investment rather than a core trading cost. In prior periods, cash conversion was calculated against Underlying EBITDA after R&D; the methodology has changed in 2025 to align with the Group's capital allocation framework as shown below:

	2025 £'m	2024 £'m
Underlying EBITDA – continuing operations	**18.4**	11.6
Underlying EBITDA – discontinued operations	**–**	0.2
Total Underlying EBITDA	**18.4**	11.8
Change in net working capital	**(1.5)**	(0.7)
Taxation	**(3.2)**	(0.8)
Non-cash and other adjusting items	**(1.2)**	1.1
Net cash flow from operations before R&D expenditure	**12.5**	11.4
Non-underlying cash items	**2.2**	0.8
Underlying net cash flow from operations	**14.7**	12.2
Underlying cash conversion %	**79.7%**	103.1%

Underlying net cash flow generated from our operations increased to £14.7m (2024: £12.2m). The net working capital outflow of £1.5m was primarily driven by a £2.1m decrease in payables, partially offset by a £1.0m reduction in inventories. These movements reflect trading and inventory purchasing patterns towards the year end. Cash taxes significantly increased compared to 2024, reflecting Randlab tax payments of £1.4m and a £1.0m increase in like-for-like cash taxes. The rise in tax outflows was mainly attributable to the geographic distribution of profits and a higher level of Animalcare balancing tax payments relating to previous years.

Net debt bridge



1 Excluding IFRS 16 lease liabilities.
2 Excluding non-underlying M&A expenses
3 Prior to accounting for IFRS 16 leases.

Net capital expenditure of £4.3m (2024: £2.5m) largely comprised of investment in our product development pipeline with the balance of expenditure relating chiefly to our IT business systems and infrastructure.

The Group continued to advance its R&D pipeline of new products that address significant market opportunities and unmet needs within the veterinary sector. Total investment increased to £4.0m (2024: £2.1m) across the five key projects progressing through various stages within our pipeline, analysed as follows:

	2025 £'m	2024 £'m
Research and development expenditure – expensed in the year	**0.7**	–
Research and development expenditure – capitalised as intangible assets	**3.3**	2.1
Total expenditure	**4.0**	2.1
% of revenue	**4.5%**	2.8%

Total investment in our VHH NGF antibody programme was £1.9m, comprising:

- Gross cash consideration of £0.9m relating to the acquisition of the VHH NGF antibody programme and related assets in August 2025
- R&D expenditure and an up-front licence payment to access and develop a half-life extension technology for Equine biologics totalling £1.0m

The balance of investment in our pipeline of £2.1m primarily related to Sweet Itch, E-6132 and life cycle management activities across key brands, notably Daxocox.

The Group delivered strong free cash generation before Randlab acquisition costs and after accounting for lease costs of £7.3m (2024: £7.9m, including £0.4m Identicare contribution). Net debt ended the year, pre IFRS 16 leases, at £9.1m (2024: £9.0m). Net debt, including IFRS 16 lease liabilities, was £12.3m (2024: £11.5m), representing a net debt: underlying EBITDA leverage ratio of 0.7 times.

Borrowing facilities

As at 31 December 2025, the Group had total credit facilities of €54.0m, provided by a syndicate of four banks, with all facilities set to mature on 31 March 2029. These facilities include a committed €44.0m revolving credit facility (RCF) and a €10.0m acquisition line, which is restricted to acquisition purposes 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 2025, net debt (excluding IFRS 16 lease liabilities) was £9.1m (2024: £9.0m). Including net cash balances, total on headroom on the revolving credit facility (RCF) was £36.1m as at 31 December 2025.

As at 31 December 2025, and throughout the financial year, the Group was in full compliance with all covenant requirements, maintaining significant headroom across all three measures.

Going concern

Going concern is addressed in detail in note 2 of the financial statements.

Summary

The Group delivered a resilient trading performance in 2025, with strong execution across our core portfolio and material momentum from the Randlab acquisition. Randlab has performed ahead of expectations, contributing significantly to revenue growth in Equine and reinforcing our strategy of increasing exposure to higher growth, higher margin categories. We continue to see increasing commercial traction as we expand Randlab's reach across our geographies and integrate our portfolio into our broader commercial platform.

The Group ends 2025 in a position of strength with Animalcare a more resilient, more scalable and more growth-focused business. The addition of Randlab has elevated our Equine leadership position and provides a platform for further international expansion, while our investment in InVetro offers a valuable entry point into the Australian Companion Animal market.

CHRIS BREWSTER
Chief Financial Officer

13 May 2026