

Board of Directors



We continue to develop our Board structure and remain committed to evolving our governance structure to support the Group's long-term success and strategy for growth."

JAN BOONE

Non-Executive Chairman



JAN BOONE



Non-Executive Chairman

Appointment:

Jan has been Non-Executive Chairman of the Group since 2017 following the acquisition of Ecuphar NV.

Committee membership:

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

Responsibilities, relevant skills and experience:

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

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

Jan started his career at PricewaterhouseCoopers and holds a master's degree in Applied Economics from KU Leuven and a master's degree in Audit from the University of Mons-Hainaut in Belgium. Between 2000 and 2005, Jan served as Head of Corporate Controlling and Member of the Executive Committee of Omega Pharma NV. He became Managing Director of Lotus Bakeries in 2005 and Chief Executive Officer in 2011.

Jan also serves as a Non-Executive Director of Club Brugge KV.



JENNIFER WINTER



Chief Executive Officer

Appointment:

Jennifer was appointed as Chief Executive Officer of the Group in 2018.

Committee membership:

N/A; attends some Committee meetings by invitation.

Responsibilities, relevant skills and experience:

As CEO, Jennifer has responsibility for developing and executing Group strategy as approved by the Board and drives the performance and results of the Group. She manages Group operations in conjunction with the Leadership Team. With her background in the healthcare sector, including senior commercial roles at AstraZeneca and GlaxoSmithKline, she brings significant experience of product development, change management, marketing and communications. On 1 February 2022, she was appointed as a Non-Executive Director of EKF Diagnostics Holdings plc, an AIM listed point-of-care, central lab devices and chemistry reagents business.

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

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.

**CHRIS BREWSTER**

Chief Financial Officer and Company Secretary

Appointment:

Chris was appointed Chief Financial Officer in 2012.

Committee membership:

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

Responsibilities, relevant skills and experience:

As CFO, Chris has responsibility for financial planning and reporting, managing financial risk and overseeing risk management, treasury and internal controls. He develops and executes Group strategy in collaboration with the CEO, leading on the financial side of M&A and investor relations. He is also responsible for Group IT, Legal and more recently ESG.

As a Chartered Accountant, Chris brings significant financial experience gained during his ten years at KPMG and as Group Accounting Manager at Findus and has gained significant animal health sector experience during his time with the Group.

**MARC COUCKE**

Non-Executive Director

Appointment:

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

Committee membership:

Member of the Remuneration and Nomination Committee.

Relevant skills and experience:

As a Non-Executive Director, Marc brings significant experience of maximising value creation and developing strategy. Marc founded Omega Pharma NV in 1987, developing the company into a leading pan-European OTC health and personal care business and serving as both Chairman and Chief Executive Officer. Following the sale of Omega Pharma in 2015, he invested, via his private investment firm Alychlo NV, in several listed and non-listed companies. He currently serves as Non-Executive Director of Fagron, Greenyard and Smartphoto Group, all Belgian companies, in addition to a number of private companies. Marc was awarded the EY Flemish Entrepreneur of the Year in 2002.

Committee membership



Audit and Risk Committee



Remuneration and Nomination Committee



Chair of committee



By invitation

Board of Directors

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NICK DOWNSHIRE



Independent Non-Executive Director

Appointment:

Nick joined the Board of Animalcare in 2008 when it was acquired by Ritchey plc.

Committee membership:

Chairman of the Audit and Risk Committee.

Relevant skills and experience:

As a Non-Executive Director, Nick brings significant financial and audit experience and provides objectivity and analysis in chairing the Audit and Risk Committee. Nick is a qualified chartered accountant and worked in corporate finance and venture capital before becoming the Finance Director of a software company. He has held non-executive directorships in a diverse range of businesses in the insurance, agricultural, hospitality, education and technology sectors.

Nick runs a rural estate in Yorkshire and is Chair of Audit and Risk for the CLA (Country Land and Business Association), as well as acting as a Trustee for a number of charitable and land-related trusts. He is a council member and chairs the Audit and Risk Committee for the Duchy of Lancaster.



DR DOUG HUTCHENS

Independent Non-Executive Director

Appointment:

Doug was appointed to the Board of Animalcare Group plc as an independent Non-Executive Director on 10 February 2022.

Committee membership:

To be confirmed; the Board will review the composition of the Committees in conjunction with the appointment of another Non-Executive Director.

Relevant skills and experience:

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

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.



ED TORR



Independent Non-Executive Director Senior Independent Director

Appointment:

Ed was appointed to the Board in 2017.

Committee membership:

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

Relevant skills and experience:

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

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

He is a Non-Executive Director of Intervacc AB, a Swedish biotechnology company listed on Nasdaq Stockholm.



Committee membership



Audit and Risk Committee



Remuneration and
Nomination Committee



Chair of committee



By invitation

Corporate Governance Statement



JAN BOONE
NON-EXECUTIVE CHAIRMAN



The Board provides effective leadership in promoting the sustainable long-term success of the Group.”

Dear shareholder,

I am pleased to present the Corporate Governance Report for 2021. The Board values strong governance and recognises its importance in building a successful business. We have developed our governance structure to promote sustainable long-term growth and to assist in delivering against the Group’s strategy, as set by the Board.

THE PRINCIPLES OF CORPORATE GOVERNANCE

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

We continued to apply the principles of the QCA Code during the year under review and the Board believes that we apply all ten principles of the QCA Code. We recognise the need for our governance practices and disclosures to evolve in order to ensure that they continue to support the growth and strategic progress of the Group and the effective application of the principles. Our governance structure provides a framework of clearly established roles, policies and procedures designed to support our compliance with the QCA Code, the AIM Rules and other

legal, regulatory and compliance requirements which apply to the Group. The Board regularly reviews the structure to ensure that it develops in line with the growth and strategic plans of the Group. Further details of our corporate governance structure and activities are set out in our Corporate Governance Report on pages 49 to 55.

Supporting strategy through effective governance

The Board has collective responsibility for setting the strategic aims and objectives of the Group and our strategy is articulated on pages 10 to 12 of this report and on our website, along with our business model on pages 16 and 17. In the course of implementing our strategic aims, the Board considers expectations of the Company’s shareholder base and its wider stakeholder and corporate social responsibilities.

The Board also has responsibility for the Group’s internal control and risk management systems. The Board regularly considers and reviews the business’ principal and emerging risks as well as opportunities and ensures that the mitigation strategies in place are the most effective and appropriate to the Group’s operations.



During the year, we have continued to develop the Group's risk management framework and details of our framework are set out in our Principal Risks section on pages 27 to 33.

Stakeholder engagement and corporate culture

The Board highly values effective engagement with its key stakeholders and strives to understand their views and interests so that these can be appropriately reflected in its decision-making.

Our statement setting out how the Directors have discharged their duty under s172 of the Companies Act 2006, which includes a description of how the Company has engaged with its key stakeholders and how their views were incorporated into decision-making, is set out on page 34 of the Strategic Report. The challenges presented by the COVID-19 pandemic continued to affect the business and the activities of the Board throughout the year, with travel restrictions and the requirement for COVID-19 safe working environments. However, our positive culture and robust governance framework have enabled the Board to act quickly and support the Executive team in making

important decisions.

The Company operates an open and inclusive culture, and this is reflected in the way that the Board conducts itself. Prior to the COVID-19 pandemic, the Non-Executive Directors attended the Group's offices and other Group events. Since the lifting of COVID-19-related restrictions, I am pleased to report that the Board has now been able to meet in person at the Group's offices and we will continue to do this when practical, using video conferencing facilities for some meetings when that is more appropriate. With a relatively small employee base, such interactions are important and enable the Board to promote and assess the desired corporate culture. The Board recognises the importance of promoting an ethical culture by leading from the top. The Group's Code of Conduct, which is applicable to the Board and all employees, is our guide to doing business in the right way. It is complemented by more detailed rules and guidelines which are included in policies that cover the following areas: Good Business Practice, Respecting People, Safeguarding Information and Use of Information Technology. The Board

also recognises the need to maintain a proactive focus on culture as the Group grows and we will continue our focus on corporate culture in the coming year. A more detailed explanation of the Board's monitoring of culture is explained on page 54.

Board appointments and succession planning

Chris Cardon stepped down from the Board on 8 July 2021 and subsequently sold his indirect shareholding in the Company via a secondary placing. On behalf of the Board, I would like to thank Chris for his contributions during his four-year tenure and wish him all the best for the future.

I am very pleased to welcome Dr Doug Hutchens who was appointed to the Board on 10 February 2022 following a formal selection process. The current balance of skills, experience and expertise on the Board was considered extensively as part of the process. There is also a selection process currently underway to recruit a Non-Executive Director to replace Nick Downshire who will stand down from the Board during 2022. Future appointments will continue to be on merit, with due consideration

Corporate Governance Statement

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given to the need for diversity, and to complement the existing balance of skills and experience on the Board.

As Chairman, I consider the operation of the Board as a whole and the performance of the Directors individually. We are currently conducting a Board evaluation process. The Board will review and discuss the responses received and agree an action plan to take forward any recommendations.

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, and in turn to receive and consider, the views of our stakeholders. 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 team on their discussions with shareholders, potential investors, suppliers, partners and customers.

We will continue to monitor our application of the QCA Code and ensure that our governance framework continues to evolve in line with the strategic development of the Group and to understand the expectations of our stakeholders.

Board capabilities

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

- Strong animal health and pharmaceuticals sector experience
- Leading organisational change and integration
- Managing a global supply chain
- New product development
- Business planning and development
- Corporate finance and mergers and acquisitions
- Financial and audit
- Marketing
- Governance and legal

Board evaluation

The Board underwent a formal internal evaluation process during the year, which aimed to identify strengths and development opportunities for the Board and its Committees, as well as an action plan to be implemented by the Board during the year ahead. Further details on the evaluation process can be found on page 53.

JAN BOONE

Non-Executive Chair

29 March 2022



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 on the Board and formally constituted Board 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

Board of Directors

Responsible for establishing the Company's strategic direction and overseeing a robust framework of governance.

Jan Boone Independent Non-Executive Chair

Executive Directors

Responsible for day-to-day management of the Company's operations and delivery of Group strategy.

Jennifer Winter Chief Executive Officer

Chris Brewster Chief Financial Officer and Company Secretary

Non-Executive Directors

Providing independent challenge to, and oversight of, the performance of the Executive Directors.

Marc Coucke Non-Independent Non-Executive Director

Nick Downshire Independent Non-Executive Director

Ed Torr Senior Independent Director/Independent Non-Executive Director

Doug Hutchens Independent Non-Executive Director

Board Committees

Audit and Risk Committee

Responsible for monitoring the integrity of the Company's financial statements and overseeing the effectiveness of the Company's systems of risk management and internal control. The Audit and Risk Committee Report can be found on pages 56 to 59.

Remuneration and Nomination Committee

Responsible for the structure, size, composition and succession planning of the Board, as well as setting fixed and variable Executive Director remuneration and monitoring senior management remuneration levels. The Remuneration and Nomination Committee Report can be found on pages 60 to 61.

The composition of the Board has been structured to ensure that no one individual can dominate its decision-making processes.

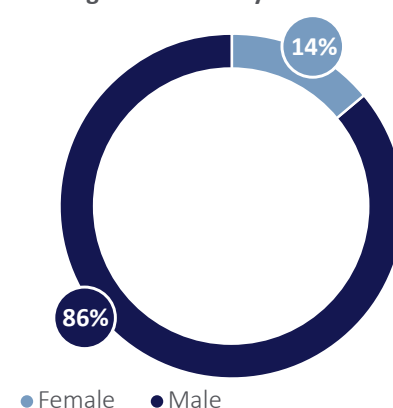
The Board currently comprises two Executive Directors and five Non-Executive Directors. Director biographies can be found on pages 42 to 44.

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

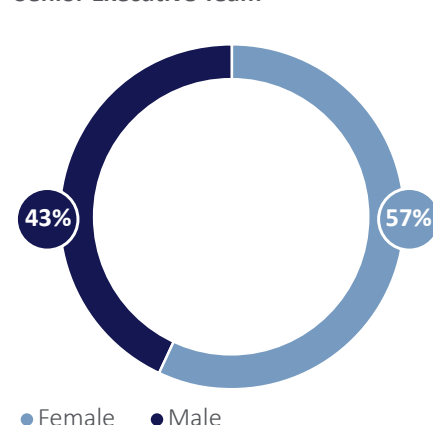
The Board also recognises that, as the Group evolves, the mix of experience and skills on the Board may change and the Board composition will need to reflect that change. The Remuneration and Nomination Committee has responsibility for succession planning for Board Directors and other Senior Executives and will increase its focus on this area as the Board and Senior Executive Team develop. Members of the Senior Executive Team and wider management team are invited to present at Board meetings throughout the year.

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

Board gender diversity



Senior Executive Team



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

Corporate Governance Report

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The Non-Executive Directors attend external events and seminars to receive updates on matters such as financial reporting requirements and corporate governance. The Company Secretary also ensures that the Board is updated as to developments to corporate governance practice and forthcoming changes to legislation or regulation which may impact on the Company.

Independence

The Non-Executive Chairman, Jan Boone, and Senior Independent Director, Ed Torr, are considered independent and therefore the Board is compliant with the QCA Code, having at least two independent Non-Executive Directors. Although Nick Downshire has been a Director of the Company for more than ten years, the Board also considers him to be independent in character and judgement.

Following the acquisition of Ecuphar NV in July 2017, 23.1% of the issued share capital of the Company was held by Ecuphar Invest NV, an entity controlled by Chris Cardon, who served as a non-independent Non-Executive Director of the Company. Chris stepped down from the Board on 8 July 2021 and sold his 23.1% indirect shareholding in the Company via placement.

A further 24.2% of the issued share capital is still 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.

Dr Doug Hutchens was appointed to the Board on 10 February 2022 following a formal selection process. A selection process is currently underway to recruit a Non-Executive Director to replace Nick Downshire who will stand down from the Board during 2022. Further details on the role of the Remuneration and Nomination Committee and its activities during the year are set out in its report on pages 60 to 61.

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 re-election at the AGM each year. The Board considers that each of the Directors continues to make a valuable contribution to the Board and to demonstrate commitment to the Group.

How the Board operates

The Board is responsible for the Group's strategy and for its 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.

These include matters relating to:

- The Group's strategic aims and objectives
- The structure and capital of the Group financial reporting, financial controls and dividend policy
- Internal control, risk and the Group's risk appetite

- The approval of significant contracts and expenditure
- Effective communication with shareholders
- Changes to Board membership or structure

Board meetings

The Board met formally four times during the year. Non-Executive Directors maintain a direct and regular line of communication with Executive Directors and senior management between formal Board meetings and Board members are also invited to a budget review meeting with senior management held in November each year.

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 also included in their letters of appointment. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chair so that their contribution can be included in the wider Board discussion. The Board is satisfied that each of the Non-Executive Directors devotes sufficient time to the business, in accordance with the time commitment requirements set out in their Letters of Appointment.

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

The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also a Leadership Team composed of the CEO, the CFO and representatives

from senior management whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

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

Director	Board	Audit and Risk Committee	Remuneration and Nomination Committee
Jan Boone	4/4	3/3	2/2
Chris Brewster ¹	4/4	–	–
Chris Cardon ²	2/4	–	–
Marc Coucke ³	4/4	–	1/2
Nick Downshire	4/4	3/3	–
Ed Torr	4/4	3/3	2/2
Jennifer Winter	4/4	–	–

¹ Chris Brewster attends the Audit and Risk Committee by invitation.

² Chris Cardon stepped down from the Board on 8 July 2021.

³ Marc Coucke was unable to attend a Remuneration and Nomination Committee meeting in December 2021 due to other business commitments.

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.

The Board agenda includes the CEO's report and operations reports, financial reports, consideration of reports from the Board Committees and investor relations updates. In addition, key areas put to the Board for consideration and review during the year included:

Strategy	New product development and opportunities
	Dedicated half-day strategy session
Performance	Trading updates
	Review of budgets and forecasts
	Going concern and cash flow
	Presentations from members of the Senior Executive Team
	Approval of annual and half-year report and financial statements
Governance	Internal Board performance evaluation
	Review of conflicts of interest
	Share Dealing Code
Stakeholders	Investor relations and share register analysis
	Review of AGM business

Details of the Board's key discussions and stakeholder considerations are set out in the Strategic Report on pages 34 to 37.

The 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 at least two 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.

Leadership / Senior Executive Team

As detailed in last year's Annual Report, in January 2021, we unveiled a new organisation structure designed to support delivery of our growth strategy, resulting in the move to a smaller and highly experienced Senior Executive Team (SET) comprising the CEO, CFO, North and South Region Directors, Group HR Director, Group Commercial Director and the newly created role of Strategic Product and Portfolio Director, for which an appointment was made after the year end. The team meets weekly, monthly and quarterly and its responsibilities include tracking financial performance, progress against our strategic and operational objectives, leadership

Corporate Governance Report

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development, improving employee engagement and all aspects of the operational leadership of the organisation.

External advisers

The Board seeks advice on various matters from its nominated adviser and joint broker, and corporate finance adviser, Stifel Nicolaus Europe Limited, from its lawyers, Squire Patton Boggs (UK) LLP, and from its corporate governance and company secretarial adviser, Prism Cossec, which also provides company secretarial support. On 1 February 2021, Stifel Nicolaus Europe Limited was appointed as the Company's nominated adviser and joint broker. Panmure Gordon & Co continues to act as joint broker.

Development, information and support

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate. 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

three times a year. In 2020, the Audit and Risk Committee recommended a review of the risk management structure with a focus on risk reporting and oversaw its continued implementation during 2021. Further details regarding the implementation are set out in the Audit and Risk Committee Report on page 56 and in Our Principal Risks in the Strategic Report on pages 27 to 33.

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 which is approved by the Board
- A monthly and quarterly reforecasting process which forms part of the financial performance review cycle
- Controls to ensure that the assets of the Group are safeguarded and that appropriate accounting records are maintained

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

Board evaluation

The Board conducted a formal internal performance evaluation process during the year, by way of a detailed questionnaire completed by each member of the Board to obtain the Directors' views on the effectiveness of the Board, its committees and on key governance areas. The responses were collated and reviewed by the Chair and Senior Independent Director and a summary of the key themes were presented to the Board. A number of actions were agreed including:

- Strengthening Board composition with the appointment of two new independent, Non-Executive Directors to improve independence, gender diversity and international and new product development experience on the Board
- Re-instating Board visits to European offices in the annual Board calendar, as pandemic-related restrictions are lifted
- Further interaction between the Non-Executive Directors



and members of the Senior Leadership Team

- Enhancements to the Board's oversight of the Group's risk management framework

The Board has made progress with these actions with the appointment of Dr Doug Hutchens and a selection process for a new independent Non-Executive Director, a visit to the Company's Belgian office, and management presentations to the Board and Audit and Risk Committee with a focus on the improved risk management framework and processes. Progress will continue to be monitored during 2022.

Corporate Governance Report

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Succession planning

The Remuneration and Nomination Committee considers the issue of succession planning. Further details can be found in the Committee's report on page 60.

Conflicts of interest

At each meeting of the Board or its Committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. 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 the Group's corporate governance and company secretarial adviser, Prism Cossec.

Directors' and officers' liability insurance

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

Culture

The Board sets clear expectations concerning the Group's culture and values.

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 Board understands how important it is that it leads by example. The Group's Code of Conduct which is applicable to the Board and all employees is our guide to doing business in the right way. It is complemented by more detailed rules and guidelines which are included in policies that cover the following areas: Good Business Practice, Respecting

People, Safeguarding Information and Use of Information Technology.

Board meetings take place at the offices of different business units at various times during the year, which gives the Board the opportunity to engage with members of the management team and the wider employee base both formally and informally, at meetings, lunches and dinners. This practice continued to be impacted by COVID-19 restrictions during 2021, however, it is intended to resume meetings at the Group's offices at certain times of the year. The Board will continue to utilise opportunities to engage with managers and the wider team as such interactions provide an invaluable opportunity to engage with, and ascertain the views and interests of, a key stakeholder, the workforce. 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.



The Board also received a report on key people initiatives being undertaken during the year which included updates to the performance management process, compensation and benefits benchmarking, the introduction of personal and team development sessions, the launch of a leadership development programme and employee engagement and wellbeing support provided via the Group's global employee assistance programme. The report also covers the results of the annual employee engagement survey and the actions planned to address any issues raised and the focus for the following year.

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

Relations with shareholders

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. We encourage our shareholders to attend our AGM and we give them the opportunity to pose questions to our Directors.

General information about the Group is also available on the Group's website (www.animalcaregroup.com). This includes an overview of activities of the Group and details of all recent Group announcements. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chair and independent Non-Executive Directors will attend meetings with investors and analysts as required.

A review of the share register is a regular item on the Board's agenda.

Due to the Company's relatively small

employee base, the Non-Executive Directors are able to engage directly with employees. Pre-COVID-19 restrictions, they attended meetings and dinners with members of the team and while this practice continued to be hindered during 2021 due to continuing restrictions, it is intended that this will resume in 2022.

Employee engagement

After an exceptionally positive score in 2020, the Group's 2021 employee survey, carried out using the Gallup Q12 methodology, showed a slight decline of 4% in overall engagement. Nevertheless, the overall rating for 2021 keeps Animalcare well ahead of Gallup's European average engagement benchmark of companies. In particular, positive results were recorded for our "One Team" spirit, improving communication and cross-country collaboration as well as opportunities for training and development.

To aid personal and team development, Insights Discovery sessions are arranged to facilitate and develop an environment of trust where people speak up and give honest feedback and learn about self-awareness and team awareness, helping to improve team communication and performance.

The Group has a global employee assistance programme to assist team wellbeing, which includes a confidential counselling and information service to assist employees with personal or work-related challenges that may affect health, wellbeing or performance. This service offers employees 24 hours a day, 365 days a year access to telephone counselling, information services and free access to short-term face-to-face counselling with a professional counsellor. Regular

communications are also shared with teams providing advice and guidance on how to support individuals' physical and mental wellbeing.

Key focus areas for 2022 include the development of our talent management programme including the launch of a talent mapping process, the roll out of the leadership development programme to develop senior leaders and role model leadership excellence, further rollout of our Insights Discovery sessions and further supporting employee wellbeing and engagement of our teams through our global employee assistance programme, with regular keynotes and webinars around wellbeing, our annual survey and in-country focus groups to provide an insight into what motivates our employees.

AGM

The Company's AGM is scheduled to be held on Tuesday 7 June 2022. Further details of the arrangements for the AGM can be found in the Notice of 2022 AGM which is available on the Company's website www.animalcaregroup.com/investors/shareholder-centre/agm/

Audit and Risk Committee Report



NICK DOWNSHIRE
CHAIRMAN OF THE AUDIT
AND RISK COMMITTEE



As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the year ended 31 December 2021."

I am pleased to present the Audit and Risk Committee's report for the year ended 31 December 2021.

The Audit and Risk Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. Its role includes monitoring the integrity of the Group's financial statements, reviewing significant financial reporting issues, monitoring the effectiveness of the Company's internal controls, and the appropriateness and effectiveness of the risk management framework and risk management systems, and overseeing the relationship with the external auditor. 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

The Committee comprises three independent Non-Executive Directors:

- Nick Downshire (Chairman)
- Jan Boone
- Ed Torr

The Board is satisfied that Nick Downshire, as Chairman of the Committee, who is a qualified Chartered Accountant having worked in corporate finance and venture capital and is an experienced Non-Executive Director and Audit and Risk Committee chair, has recent and relevant financial experience. A selection process is currently underway to recruit a Non-Executive Director with suitable experience to replace Nick as he intends to stand down from the Board during 2022.



DUTIES

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

- To monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, trading statements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements that they contain
- To review the adequacy and effectiveness of the Company's internal financial controls and internal controls
- To review the adequacy and effectiveness of risk management systems to identify, assess, manage and monitor financial risks, including the appropriateness and effectiveness of the risk management framework
- To consider annually whether the Company's size and activities are such that an internal audit function should be established and, if so, determine its remit and make a recommendation to the Board
- To consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment and removal of the Company's external auditor
- To monitor and review the external auditor's independence and objectivity, taking into account relevant statutory, professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services
- To develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant statutory, professional and regulatory requirements on the matter
- To review the arrangements for whistleblowing, enabling its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- To report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities

The Committee reviews its Terms of Reference annually and the Board approved the current Terms of Reference on 15 December 2021.

The Committee oversees the Group's and its subsidiaries' internal financial controls and risk management systems, recommends the half and full year financial results to the Board and monitors the integrity of all formal reports and announcements relating to the Group's financial performance.

The Committee challenges both the external auditor and the management of the Group and reports the findings and recommendations of the external auditor 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 Committee met three times during the year and on one occasion since the year end and will continue to meet at appropriate times in the reporting and audit cycle and at such other times as is necessary to discharge its duties. Although only

Audit and Risk Committee Report

CONTINUED

members of the Committee have the right to attend meetings, the Chief Executive Officer, Chief Financial Officer, members of the finance and other internal teams and external advisers are invited to attend some meetings for all or part of the meeting. Attendance at the meetings held during the year is set out in the Corporate Governance Report on page 51.

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

ANNUAL AND INTERIM FINANCIAL STATEMENTS

The Committee has reviewed the full year and interim financial statements including consideration of significant audit risks identified by the external auditor, and the key accounting judgements and estimates (the Committee's response to the significant accounting judgements and estimates in respect of the 2021 financial statements is set out below). The Committee also reviewed the principal risks and uncertainties disclosures.

REVIEW OF AND MONITORING OF THE GROUP RISK MANAGEMENT FRAMEWORK

Following the successful implementation of a robust Enterprise Risk Management Framework across the Group, with advice from The Value Circle, an advisory firm specialising in risk, the Committee continued to review and monitor the development of the Group's enhanced risk management framework. At each meeting, the Committee received a report on the development and implementation of a Risk and Control Self-Assessment process across the Group, and details of key risks identified and mitigating actions put in place. At their December meeting,

the Committee received a report on progress during the year from the recently appointed Group Risk and Compliance Manager whose role is designed to provide independent assurance over the operation of risk management processes. Further details of the approach and how the framework has been strengthened are set out in Our Principal Risks on pages 27 to 33. The Committee reviews the Strategic Risk Heatmap and Horizon Scan and reports to the Board on its review three times a year. The Committee is satisfied that the strengthened risk management framework will enable the Board to monitor, manage and mitigate the critical risks in our strategic plan to the benefit of our stakeholders.

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 Note 3 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 committed bank facilities available in the period under review and beyond. The external auditor reviewed management's assessment and discussed this review with the Committee.

ROLE OF THE EXTERNAL AUDITOR

The Committee oversees the relationship with the external auditor, PricewaterhouseCoopers LLP, to ensure that auditor independence and objectivity are maintained. As part of its review, the Committee monitors the provision of non-audit services by

the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 25 to the Group's Consolidated Financial Statements.

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

AUDIT PROCESS

At the outset of the audit process, 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. Following the audit, the external auditor presented its findings to the Committee for discussion. No major areas of concern were highlighted by the external auditor during the year; however, areas of significant risk and other matters of audit relevance are regularly communicated. The Committee met with the external auditor without management present.

The Committee also reviews the effectiveness of the external process on an annual basis, with the review including considering the views of both the external audit team, and the CFO, as well as assessing the Committee's own interactions with the external auditor. The Committee reviewed the effectiveness of the 2020 year-end audit process during the year, and concluded that it was effective. It will review the 2021 year-end audit process during the course of 2022.

INTERNAL AUDIT

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

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

As part of the monitoring of the integrity of the financial statements, significant issues and accounting judgements identified by the finance team, and the external audit process, are reviewed by the Committee and reported to the Board. The key matters considered by the Committee in respect of the year ended 31 December 2021 are set out below:

Carrying value of goodwill and intangible assets and carrying value of investments (Company only)	Consideration of the carrying value of goodwill and intangibles assets and the assumptions underlying the impairment review. The judgements in relation to the valuation primarily relate to the assumptions underlying the cash flows of the long-term business plans, including revenues from the R&D pipeline, the discount rate and the long-term growth rate. The assumptions are sensitised to demonstrate there is adequate headroom between the recoverable amount and the carrying value of the asset being tested for impairment.
Recognition and valuation of judgemental provisions	Determining the appropriateness of the assumptions used in the recognition and valuation of judgemental provisions which relate mainly to inventory and customer rebates.
Presentation of underlying profit adjustments	A review of the appropriateness of items disclosed as non-recurring items, including amortisation and impairment of acquired intangibles, acquisition and integration costs.

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 auditor and that the disclosures made in this Annual Report and Accounts were appropriate.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. As explained above, the Group has continued to strengthen its risk management framework and procedures during the year. Further details of the Group's system of internal controls can be found in the Corporate Governance Report on page 52. The Committee is satisfied that the risk management framework and internal control systems are operating effectively.

SHARE DEALING

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

WHISTLEBLOWING

The Group has in place whistleblowing procedures under which staff may report any suspicion of fraud, financial irregularity or other malpractice; these were reviewed and updated during the year.

ANTI-BRIBERY AND CORRUPTION POLICY

The Committee has also reviewed the Group's anti-bribery and corruption policy (which states the Company's commitment to open and transparent conduct of business, and zero-tolerance approach towards bribery) and agreed that no changes to the policy were required.

NICK DOWNSHIRE Chairman of the Audit and Risk Committee

29 March 2022

Remuneration and Nomination Committee Report

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

The Committee comprises three Directors, two of which are independent:

- Ed Torr (Chairman)
- Jan Boone
- Marc Coucke

Committee membership will be reviewed when a new independent Non-Executive Director has been appointed and it is anticipated that Marc Coucke will stand down from the Committee during 2022.

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

The Committee meets at least twice a year and at such other times during the year as is necessary to discharge its duties. Although only members of the Committee have the right to attend meetings, other individuals, such as the Chief Executive and external advisers, may be invited to attend for all or part of any meeting.

DUTIES

The Committee works closely with the Board to consider Board composition, formulate remuneration policy and to consider succession plans and possible internal candidates for future Board roles, having regard to the views of shareholders and the recommendations of the QCA Corporate Governance Code and the

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

NOMINATION

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

REMUNERATION

- Setting remuneration for the Executive Directors, including pension rights and any compensation payments;
- Approving the design of, and determining targets, for performance-related pay schemes and approving the total annual payments made under these schemes; and
- Recommending and monitoring the level and structure of remuneration for senior management.

The Committee reviews its Terms of Reference annually and the Board approved the current Terms of Reference on 15 December 2021.

PRINCIPAL ACTIVITIES DURING THE YEAR

The Committee approved the appointment of an executive search advisory firm, Ridgeway Partners, to assist the Committee with the

selection of two new Non-Executive Directors. It was agreed that one role would require specialist healthcare sector expertise and the other role would require expertise in financial management and audit, with candidates having the potential to step into the Chair of the Audit and Risk Committee role when Nick Downshire steps down from the Board. After a detailed selection process, involving consideration of a short list of candidates, interviews and due diligence checks, the Committee recommended the appointment of Dr Doug Hutchens to the Board and he was appointed with effect from 10 February 2022. An induction process for Doug has been agreed and is underway. Further details are set out on page 61. The search for a suitable candidate with appropriate financial and audit experience is continuing and an appointment will be announced in due course.

The Committee considered the results of a benchmarking exercise and review of the remuneration of members of the newly formed Senior Executive Team conducted by the Group HR Director with the Chair of the Committee. The Committee considered the proposals put forward and recommended adjustments to salary and bonus awards for some members of the Senior Executive Team.

Later in the year, the Committee conducted a review of the remuneration of the Executive Directors with input from an external adviser and reference to current guidance in respect of executive remuneration for AIM listed companies. The Committee was mindful to consider a proposed increase against the average increase for the wider workforce and noted that it was in line with the average

increase approved earlier in the year for certain members of the Senior Executive Team. The Committee agreed that it was important to maintain competitive remuneration packages to retain and incentivise key members of the Executive team to drive the growth of the business, and after careful consideration, approved salary increases for the Executive Directors, Jennifer Winter and Chris Brewster, with effect from 1 January 2022. Further details are set out in the Directors' Remuneration Report on page 62.

The Committee also considered the following matters:

- Consideration of Non-Executive Directors' fees
- Performance criteria for the Long Term Incentive Plan ("LTIP") and awards under the LTIP
- Review of performance of the Executive Directors
- Succession planning for the Executive Directors
- Review of Group pension arrangements
- Board evaluation
- Re-election of Directors at the AGM
- Review of the Committee's Terms of Reference
- Training and development requirements of Directors
- Review of Non-Executive Directors' time commitment
- Review of Committee plan for 2022

ACTIVITIES IN 2022

The Committee has considered the FY21 bonus awards for the Executive Directors and reviewed performance against Group financial performance targets (75% weighting) and personal objectives (25% weighting) relevant to their own areas of responsibility. The Committee noted that financial

performance criteria and personal objectives had been met in full and agreed to award 100% of the bonus award for FY21. Further details on the annual bonus are set out in the Directors' Remuneration Report on page 62.

Further consideration will be given to succession planning for the Executive Directors and Senior Executive Team and the Committee will conduct a review of Non-Executive Directors' fees during the year.

INDUCTION AND DEVELOPMENT

On his appointment, an induction programme was agreed for Doug Hutchens including meetings with each of the Directors and members of the Senior Executive Team to be briefed on Animalcare's operations.

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

We are confident that Board members have the knowledge, ability and experience to perform the functions required of a director of a listed 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. 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 within the Board. The Board currently consists of 86% (six) male and 14% (one) female members. The Senior Executive Team currently consists of 43% (three) male and 57% (four) female members.

ED TORR

Chairman of the Remuneration and Nomination Committee

29 March 2022



Directors' Remuneration Report

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

This report covers the financial year ended 31 December 2021.

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 on page 60.

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

REMUNERATION POLICY

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

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

- Have regard to the Director's 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 Director's personal performance; and
- Link individual remuneration packages to the Group's long-term performance and continued success of the Group through the award of annual bonuses and share-based incentive schemes.

EXECUTIVE DIRECTORS

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

BASE SALARY

Base salary is reviewed annually by the Committee. There were no changes in base salary during the year.

As reported in the Remuneration and Nomination Committee Report on page 61, following benchmarking and review of executive remuneration in 2021, the CEO's salary was increased from £306,000 to £336,000 and the CFO's salary was increased from £209,000 to £230,000 with effect from 1 January 2022.

ANNUAL BONUS

The Committee has agreed performance conditions for the annual bonus of the Executive Directors 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, 75% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (37.5 %) and EBITDA (37.5 %)) and 25% is dependent on achievement of personal objectives. The maximum bonus opportunity is 50% of salary.

For the CFO, 75% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (30%), EBITDA (30%) and cash conversion (15%)) and 25% is dependent on achievement of personal objectives. The maximum bonus opportunity is 40% of salary.

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 which, in the reasonable opinion of the Board, amounts to employee misbehaviour, fraud or gross misconduct.

LONG TERM INCENTIVE PLAN

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

On 5 November 2021, the Board approved the grant of nil-cost options under the LTIP over a total of 264,981 ordinary shares with a nominal value of 20.0 pence per share ("the Options") awarded to certain members of the Senior Executive Team and to members of the Leadership Team. Details of the nil-cost options granted to the Executive Directors are set out on page 65. The LTIP awards will vest three years after the date of grant subject to the following performance criteria being met over the three-year financial period ending 31 December 2024. The Options will vest to the extent the following performance conditions based on EPS and TSR are met:

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

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

50% of the option award will be subject to the EPS performance condition and the remaining 50% will be subject to the TSR performance condition. Accordingly, if one of the performance conditions is met but the other is not, the Option award will vest in part. The details of the LTIP are set out in Note 26 to the consolidated financial statements.

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

OTHER BENEFITS

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

SERVICE AGREEMENTS AND TERMINATION PAYMENTS

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

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Chris Brewster	24 January 2012	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 APPOINTMENTS

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

Director	Date of contract	Renewed on	Term expires	Notice period by Company	Notice period by Director
Jan Boone	17 June 2017	30 June 2020	2023 AGM	3 months	3 months
Nick Downshire	17 June 2017	30 June 2020	2023 AGM	3 months	3 months
Ed Torr	17 June 2017	30 June 2020	2023 AGM	3 months	3 months
Marc Coucke	17 June 2017	30 June 2020	2023 AGM	3 months	3 months
Doug Hutchens	10 February 2022	-	2025 AGM	3 months	3 months

EMPLOYEES' PAY

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

NON-EXECUTIVE DIRECTORS

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

Fees are designed to ensure the Company attracts and retains high-calibre individuals. They are reviewed on an annual basis and account is taken of the level of fees paid by other 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. There were no changes to the fees payable to the Chairman or Non-Executive Directors in the year.

Directors' Remuneration Report

CONTINUED

REMUNERATION POLICY FOR 2022

The remuneration policy for 2022 will operate as follows:

	Role	Basic salary/fee £'000s	Maximum bonus potential
Executive			
Jennifer Winter ¹	Chief Executive Officer	337	50%
Chris Brewster ²	Chief Financial Officer	230	40%
Non-Executive			
Jan Boone	Chair	70	–
Nick Downshire	Chair of Audit and Risk Committee	40	–
Ed Torr	Chair of Remuneration and Nomination Committee	45	–
Marc Coucke	Non-Executive Director	40	–
Doug Hutchens	Non-Executive Director	40	–

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 2021.

DIRECTORS' REMUNERATION

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 December 2021:

£'000		Salary and fees	Annual bonus	Benefits	Pension	Total
Executive						
Jennifer Winter ¹	2021	306	153	14	–	473
	2020	300	94	14	–	408
Chris Brewster ²	2021	209	84	12	23	328
	2020	205	51	13	25	294
Non-Executive						
Jan Boone	2021	70	–	–	–	70
	2020	70	–	–	–	70
Chris Cardon ³	2021	18	–	–	–	18
	2020	35	–	–	–	35
Marc Coucke	2021	40	–	–	–	40
	2020	40	–	–	–	40
Nick Downshire	2021	40	–	–	–	40
	2020	40	–	–	–	40
Ed Torr ⁴	2021	45	–	–	–	45
	2020	43	–	–	–	43
Total	2021	728	237	26	23	1,014
	2020	733	145	27	25	930

¹ Jennifer Winter's benefits comprise a car allowance (£10k) and private medical insurance (£4k).

² Chris Brewster's benefits comprise a car allowance (£10k) and private medical insurance (£2k).

³ Chris Cardon resigned as a Director on 8 July 2021. His annual fee of £35,000 was pro-rated to his date of resignation; the pro-rated fee was £18,356. This fee was calculated in GBP and, as previous practice, paid in euros at a rate fixed at the time of his appointment as Non-Executive Director.

⁴ Ed Torr receives an annual fee of £40,000 and an additional fee of £5,000 for his chairmanship of the Remuneration and Nomination Committee.

SHARE OPTIONS

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

	Date of grant	First exercise date	Number of LTIP nil cost options awarded	Total options held
Jennifer Winter	06/06/19	06/06/22	177,750	
	17/11/20	31/12/23	165,761	
	05/11/21	31/12/24	106,844	450,175
Chris Brewster	06/06/19	06/06/22	76,636	
	17/11/20	31/12/23	66,848	
	05/11/21	31/12/24	43,806	187,290

During the year, a total of 114,331 options over ordinary shares were also granted to members of the Senior Executive Team and other members of the Leadership Team.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Directors' interests in the share capital of the Company as at 31 December 2021 and the movements during the year are set out below:

Director	Number of shares held as at 1 January 2021	Acquired/ (disposed) during the period	Number of shares held as at 31 December 2021	Percentage of ISC as at 31 December 2021
Jan Boone	50,171	87,719	137,890	0.23
Chris Brewster	280,513	–	280,513	0.47
Chris Cardon	13,857,213	(13,857,213)	–	–
Marc Coucke	13,857,213	701,761	14,558,974	24.23
Nick Downshire	1,050,029	38,409	1,011,620	1.68
Edwin Torr	107,455	–	107,455	0.18
Jennifer Winter	–	7,000	7,000	0.01

As at 1 January 2021, Nick Downshire had a non-beneficial interest of 190,446 shares; during the year, he sold 38,409 shares and as at 31 December 2021, he had a non-beneficial interest of 152,037 shares.

Doug Hutchens does not have an interest in the share capital of the Company.

There were no changes in the Directors' interests in shares between 31 December 2021 and 29 March 2022.

ED TORR

Chairman of the Remuneration and Nomination Committee

29 March 2022

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 2021.

PRINCIPAL ACTIVITIES

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

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

STATUTORY INFORMATION CONTAINED ELSEWHERE IN THE ANNUAL REPORT

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

Results in the Chief Financial Officer's review on pages 22 to 26.

The Corporate Governance statement on page 46.

The Group's financial risk management objectives in the Corporate Governance Report on pages 49 to 55.

The Directors' Remuneration Report can be found on pages 62 to 65.

Details of the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk can be found in Note 24 of the Financial Statements.

Details of the salaries, bonuses, benefits and share interests of Directors in the Directors' Remuneration Report on pages 62 to 65.

Environmental disclosures can be found under Sustainability on pages 38 to 41.

Section 172 statement, the key issues and stakeholder considerations discussed by the Board during the year and how the Company engages with its stakeholders are set out on page 47 of the Strategic Report.

Directors' responsibility statements on page 70.

Likely future events are disclosed within the Strategic Report on pages 10 to 41.

Post balance sheet events are set out in the Strategic Report on page 26 and in Note 29.

DIVIDEND

An interim dividend of 2.0 pence per share was paid on 19 November 2021 to shareholders whose names were on the Register of Members at close of business on 22 October 2021.

Reflecting its continued confidence in the Group, as well as the positive performance for the year ended 31 December 2021, the Board is recommending a final dividend of 2.4 pence per share (2020: 2.0 pence per share), giving a total dividend for the year of 4.4 pence (2020: 4.0 pence per share) which is in line with pre-COVID levels. Subject to shareholder approval at the Annual General Meeting to be held on Tuesday 7 June 2022, the final dividend will be paid on Friday 8 July 2022 to shareholders whose names are on the Register of Members at close of business on Monday 6 June 2022. The ordinary shares will become ex-dividend on Wednesday 1 June 2022, due to the Jubilee Bank Holiday on Thursday 2 and Friday 3 June 2022.

DIRECTORS

The names of the current Directors of the Company and their biographical details are shown on pages 42 to 44. There were no changes to directorships during the reporting period. Dr Doug Hutchens was appointed on 10 February 2022.

SHARE CAPITAL STRUCTURE

The Company's issued share capital as at 31 December 2021 was £12,018,432.20 divided into 60,092,161 ordinary shares of 20.0 pence each. Following the exercise of options by employees, there were two share allotments during the year, on 17 June 2021 and 30 June 2021. Full details relating to the Company's issued share capital and allotments during the year can be found in Note 22 to the Consolidated Financial Statements on page 117.

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 which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the AGM on 9 June 2021, 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 6,005,716 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire on the date of this year's AGM.

RESEARCH AND DEVELOPMENT

Our new product development programme is key to the future long-term growth and success of the Group and we are committed to the development of new and innovative products to meet the needs of our customers. Further information in relation to product development can be found in the Chief Executive Officer's Review on pages 18 to 20. During the period under review, the Group incurred research and development expenditure, including

additions to intangibles of £4.5m (2020: £4.0m).

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 Note 24 to the Consolidated Financial Statements on page 120.

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 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 2021 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 (2020: £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 Strategic Report on pages 34 to 37.

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. 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.

Directors' Report

CONTINUED

SIGNIFICANT SHAREHOLDINGS

The Company has been notified of the following interests or is otherwise aware of the following interests, representing 3% or more of the issued share capital of the Company as at 28 February 2022:

Name of holder	No. of ordinary shares	% Holding ¹
Alychlo NV	14,558,974	24.23
Liontrust Asset Management	7,301,724	12.15
SEB Investment Management AB	5,120,740	8.52
BlackRock Investment Management	4,347,312	7.23
BGF Investment Management Limited	3,556,839	5.92
Octopus Investments Nominees Limited	2,740,498	4.56
Canaccord Genuity Wealth Management	2,519,131	4.19

¹ Please note that percentage holdings are shown to two decimal places; full details of holdings can be found on the Animalcare Group page on the London Stock Exchange website.

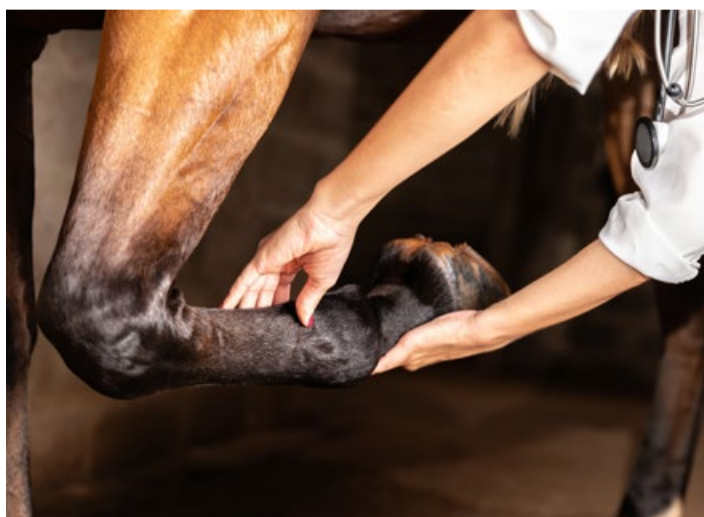
RELATIONSHIP AGREEMENT

On 23 June 2017, on the announcement of the proposed acquisition of Ecuphar NV, the Company entered into a relationship agreement ("the Relationship Agreement") with Panmure Gordon, the Company's nominated adviser and broker as at the date of the agreement and Alychlo NV and Ecuphar Invest NV ("the Substantial Shareholders"). The Substantial Shareholders together owned more than 40% of the Group's total issued share capital, with 23.1% held by Ecuphar Invest NV, an entity controlled by Chris Cardon, who served as a non-independent Non-Executive Director of the Company. Chris stepped down from the Board on 8 July 2021 and sold his 23.1% indirect shareholding in the Company via placement. The Substantial Shareholders as defined in the Relationship Agreement therefore no longer own more than 40% of the issued share capital of the Company and, instead, Alychlo NV owns 24.2% as at 8 July 2021 and therefore the Relationship Agreement terminated.

GOING CONCERN

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

In reaching this conclusion the Directors have undertaken an assessment of the future prospects of the Group, taking into account the Group's current financial position and principal risks. This review considered forecasts of future trading, including working capital and investment requirements for 12 months from the reporting date that take into account reasonably possible changes in trading performance, in particular a "severe but plausible" downside scenario to factor in a range of downside revenue estimates, including further unexpected COVID disruptions, and higher than expected inflation across our cost base, with corresponding mitigating actions. Further details are included in the statement on going concern in Note 3 on page 86.



DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

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

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

ANNUAL GENERAL MEETING

The Company's Annual General Meeting is scheduled to be held on Tuesday 7 June 2022. The Notice of 2022 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 on pages 10 to 41 and this Directors' Report on pages 66 to 69 were approved by the Board on 29 March 2022 and signed on its behalf by

CHRIS BREWSTER

Chief Financial Officer and Company Secretary

29 March 2022



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 and the company financial statements in accordance with UK-adopted international accounting standards.

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, 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

29 March 2022

