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Anpario PLC
20 March 2024

Anpario plc
("Anpario", "Group" or the "Company")

Final results

Anpario plc (AIM: ANP), the independent manufacturer of natural sustainable feed additives for animal health, nutrition and biosecurity is pleased to announce its full year results for the twelve months to 31 December 2023.

Financial highlights

- 6% decrease in revenue to £31.0m (2022: £33.1m).
- Improvement in gross margins to 45.0% (2022: 42.7%).
- 14% decrease in adjusted EBITDA[1] to £4.5m (2022: £5.2m).
- 25% decrease in profit before tax to £2.8m (2022: £3.7m).
- Diluted adjusted earnings[1] per share down 8% to 15.31p (2022: 16.67p).
- Basic earnings per share down 16% to 13.51p (2022: 16.13p).
- Increase of proposed final dividend to 7.50p (2022: 7.35p) per share, giving a total dividend for the year 10.7p (2022: 10.5p) per share.
- Cash generated from operations increased to £8.1m (2022: £1.8m).
- Cash and bank deposit balances[2] of £10.6m at the year-end (2022: £13.6m).

Operational highlights

- Sales growth in Middle East, South America and United States was offset by decreases in other regions.
- Weighted average selling price increased due to a higher value-add product mix and raw material cost recovery, contributing to an improvement in gross margins.
- Strong sales growth of added value products Orego-Stim® and Optomega® Algae.
- Indian partnership agreement for local blending of Orego-Stim® to support sales growth.
- Grant of UK patent for our flagship toxin-binder product, Anpro®.
- One of 148 organisations nationally to be recognised with the first ever King's Award for Enterprise, with Anpario being one of fifteen which received the award for Sustainable Development.

Outlook

- Strong start to trading in the current year.
- Increased volumes, cost reductions and efficiency improvements expected to be fully realised in profitability measures in 2024.
- The industry and certain regions will continue to face specific challenges.
- The Group's position as a leader in natural and sustainable feed additive solutions combined with its geographic diversity and continued structural industry movement towards natural and sustainable feed additive solutions, gives the Board confidence in the long-term profitable development of the company.

Matthew Robinson, Chairman of the Company, commented:
2023 was a challenging year for the global agricultural industry and Anpario's results reflect this. These challenges arose not only from energy, agricultural commodity and specific raw material prices, but also because many in the animal nutrition sector started 2023 with excessive stock levels, leading to de-stocking over the year.

The Group took some tough decisions during the period to reduce costs and improve margins in response to

these challenges.

The final quarter of 2023 delivered a welcome improvement in sales volumes and gross margins that has continued into 2024, suggesting both that the global situation is improving and that management's actions to improve margins are delivering results.

Cash generation from operations was strong at £8.1 million (2022: £1.8m) driven by working capital reductions following on from reduced supply chain and logistics risks.

Anpario's balance sheet remains strong with year-end cash of £10.6m (2022: £13.6m), after returning in aggregate £10.8m to shareholders in the year by way of the Tender Offer and dividends (2022: £2.2m).

[1] Adjusted EBITDA and adjusted earnings are defined in note 6 of the financial statements.

[2] Cash and bank deposit balances include amounts shown as short-term investments in the statement of financial position, these are deposit accounts with notice periods of more than three but less than six months which can be accessed instantly at the penalty of lost interest, see note 20 of the financial statements.

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Chairman's statement

Overview

Anpario reports its revenue and profit performance during a challenging year for the global agricultural industry. Sales were £31.0m, a 6% decrease on the previous year (2022: £33.1m) but gross margins improved to 45.0% (2022: 42.7%) due to an increase in weighted average selling prices, some respite from raw material price inflation and internal efficiency improvements, resulting in Adjusted EBITDA of £4.5m (2022: £5.2m). Profit before tax declined 25% to £2.8m (2022: £3.7m), further impacted by a £0.4m impairment of the carrying value of R&D intangibles. The final quarter of 2023 delivered a welcome improvement in sales volumes and gross margins that has continued into 2024.

2023 saw a series of global events which affected energy, agricultural commodity and specific raw material prices. Meat protein producers experienced significant margin pressure combined with lower consumption and heightened competition. These conditions led to a reduction in the use of speciality feed additives as producers looked to reduce input costs. Together with the market's excess opening inventory, built up during 2022's supply chain issues, overall volumes for Anpario's products suffered. There are still some challenges to navigate, not least those territories still affected by disease outbreaks, such as avian influenza and African swine fever (ASF), and the financial pressures on producers due to subdued meat protein consumption. However, Anpario's resilience is borne from its geographic and species diversity.

The Group took some very tough decisions during the period to reduce costs and improve margins. These included sensitive sales price increases and a cost reduction programme in staffing and administrative expenses which, combined with the investment into automation in our production facility, have improved efficiency at lower volume levels.

Cash generation in the period has been strong. Like much of the sector we have been able to normalise our

global inventory contributing to cash generation from operations increasing to £8.1 million for the year (2022: £1.8m), comprising operating cash flow of £4.4m (2022: £5.4m) and a reduction in working capital of £3.7m (2022: increase of £3.6m).

Our strong balance sheet and cash generative qualities enabled Anpario to return £9.0 million in cash to shareholders by way of the Tender Offer which completed in July 2023. We propose an increase in the final dividend to 7.50p (2022: 7.35p) per share, bringing the total dividend for the year to 10.7p (2022: 10.5p) per share, subject to shareholder approval at the Annual General Meeting (AGM). In total, Anpario returned £10.8m to shareholders in 2023 (2022: £2.2m) whilst still leaving year end cash balances at £10.6m (2022: £13.6m).

The first three quarters of the year were very tough with lower volumes in the relatively competitive product markets of acid-based eubiotics and mycotoxin binders, in contrast to increases in sales of phytogenic and omega products, which are positioned at the higher value-add end of our range. Regionally the Middle East & Africa, United States and South America delivered modest sales growth, but this was offset by sales declines in all other regions. Orego-Stim® and our recently launched Optomega Algae® omega 3 product delivered strong sales growth in several territories including Brazil, Latin America and the Middle East. pHorce®, our anti-viral feed mitigant product, continued to deliver good growth. Outside of these three product lines the rest of our portfolio suffered from decreases in volumes as producers looked to reduce costs in response to input price pressures and declining meat protein consumption. Encouragingly, the last three months of 2023 delivered an increase in demand across a broader range of products.

Our business development activities continue to strengthen our sales channels enabling us to expand market share in key growth territories of the future. We were delighted to sign a new agreement with our Indian partner who has successfully represented Orego-Stim® since 2008. The agreement means Orego-Stim® will be blended and packaged locally under licence, helping to speed up sales growth and offer greater access to new market segments. Orego-Stim® is recognised as a leading phytogenic product in India and this enhanced partnership offers more sales opportunities in one of the world's fastest growing agriculture and aquaculture markets. We have also recently appointed a distributor for Canada.

We continue to invest in our technologies with several scientific trials and new product development initiatives, including Orego-Stim® Forte, a water-soluble presentation containing several natural plant extracts, which has recently achieved initial sales in the aquaculture market, but can equally be applied in other species markets.

Attaining the UK patent for our flagship mycotoxin-binder product, Anpro®, is in line with our strategy to maximise returns on our research and development activities by providing a tax benefit to the Group via the UK Patent Box scheme in addition to enhancing the marketability of our products on a global basis. We now have two product technologies covered by this scheme which account for a significant part of the Group's earnings.

Environmental, Social and Governance (ESG)

Our position as the leading natural and sustainable animal feed additive solutions provider, continually looking to improve our processes, packaging, waste, and impact on the environment was justly rewarded with being one of 148 organisations nationally to be recognised with the first ever King's Award for Enterprise, with Anpario being one of fifteen which received the award for Sustainable Development. We are very proud of this achievement which demonstrates how our culture of continual improvement in how we do things not only supports the Group's financial performance but also reduces the impact of our activities on the planet both directly and by offering environmentally friendly and sustainable solutions in support of global agriculture and aquaculture which is important to so many communities around the world.

These efforts have resulted in a reduction in our total Scope 1 and 2 greenhouse gas emissions, measured in tonnes of CO_2 equivalent, from 77.3 in 2022 to 46.6 in 2023 which, looking at tonnes of CO_2 equivalent per £'million of turnover, represents a reduction in intensity of 35%. This excellent outcome has been achieved through a combination of our in-house solar panels, amended working practices and better performance by our external energy suppliers.

2023 also saw Anpario's accreditation to membership of SEDEX (the Supplier Ethical Data Exchange) giving

supplier chain transparency on a global platform.

People

This has been a year of tough and challenging conditions for our staff to navigate across the globe but, as always, they have shown great resilience, professionalism, and ingenuity in supporting our customers and delivering on actions to secure the long-term profitable growth of Anpario. I thank them for their continued loyalty and commitment in all aspects of the business which is exemplified through receiving recognition such as the King's Award for Enterprise.

Board

In August 2023, we were very pleased to welcome Tim Pollock to the Board as non-executive Director, following Kate Allum's resignation in June 2023. Tim has an extensive track record at executive director level in agriculture, animal nutrition, soft commodities and the food ingredient sector as well as public company markets experience. We thank Kate for the contribution she made as Chairman of the Board including for her contribution to the development of the Group's ESG initiatives. The board now comprises two independent non-executive and three executive directors and this composition will be kept under review in light of QCA guidelines.

Dividend

The Board will be recommending at the forthcoming AGM a final dividend of 7.50 pence per share (2022: 7.35 pence) making a total of 10.7 pence per share for the year (2022: 10.5 pence), an increase of 2%. This dividend, payable on 26 July 2024 to shareholders on the register on 12 July 2024 (ex-dividend date of 11 July 2024), reflects the Board's continued confidence in the prospects for the Group and its ability to generate strong cashflows.

AGM

The Board plans to hold the AGM in London on Tuesday 25 June 2024, at 11.00am. We recognise that the AGM is a good opportunity for shareholders to meet and ask questions of the Board. We will let shareholders know nearer the time the arrangements for the AGM.

Outlook

The year has started well continuing from the final quarter of last year. The combination of improving gross margins, increased volumes and a focus on overhead costs are expected to deliver an improved operating performance. Some of the challenges across the global agriculture industry have abated but we are mindful that new ones, such as the Red Sea issues and subdued meat protein consumption due to a higher cost of living, have heightened competition for our customers and will impact further progress in some areas. We expect individual territory performance to be variable and dependent on local economics but one of the Group's strengths is the breadth and diversity of its global client base.

Our business development initiatives are focused on increasing market share in both the ruminant and aquaculture sectors where we have several new products offering significant returns on investment for producers whilst also supporting them to meet their environmental and sustainability obligations. We continue to concentrate on key growth territories by establishing stronger sales channels and partnerships, which allow us to present Anpario's value proposition directly to the end customer.

Our strong balance sheet and cash generation allows us to continue to invest in innovative natural feed additive solutions, strengthen our sales and distribution channels to drive organic growth, supplemented with complementary acquisition opportunities which may arise.

Matthew Robinson
Chairman
20 March 2024

Chief Executive Officer's statement

Overview of the financial year

Group sales for the year to 31 December 2023 declined by 6% to £31.0m (2022: £33.1m) with modest sales

growth limited to Middle East & Africa (MEA), United States (US) and South America. However, this growth was offset by significant decreases in Europe, Asia Pacific including China and Latin America which declined by 11%, 10% and 29% respectively. Asia Pacific is our biggest region accounting for more than a third of Group sales, whereas Europe and Latin America account for just over a fifth and less than a tenth of Group sales respectively. The product groups exposed to price competition such as acid-based eubiotics, mycotoxin binders and antioxidants, particularly in the Asia Pacific region, experienced larger volume decreases than our added value product range with a decline in sales of 23% compared to the same period last year.

Our higher value differentiated product brands Orego-Stim®, pHorce® and Optomega® Algae delivered combined sales growth of 15%, accounting for over half of Group sales. Overall, our product volumes declined by 23% compared to the same period last year, largely due to reduced sales from lower value-added price sensitive products, but these volume declines were tempered by an increase in the weighted average selling price of 23% as the full effect of price increases started to feed through.

The decrease in gross profit was narrowed to just 1% to £14.0m (2022: £14.1m) for the year to 31 December 2023 due to the early implementation of price rises combined with the decline in raw material and logistics costs during the period. Also, having worked through most of our high inventory levels, the cost of goods sold is now benefitting from lower raw material prices. We expect further improvement from operational efficiencies should production volumes continue to increase reflecting the Company's high operational gearing. The investment in our factory automation in recent years including last year's £200,000 automated palletiser capital expenditure has helped to increase productivity such that our operations team are achieving higher volumes per shift, thereby increasing overall capacity at our Manton Wood facility.

Orego-Stim® continues to perform well with sales increasing by 12% on volume increases of 18%. During the period, Orego-Stim® was successfully launched in the US to the young cattle market for inclusion in calf milk delivering better performing calves. This leading phytogenic product also delivered strong growth in the Middle East, South America and Asia Pacific including China. Our recent development of a water-soluble version using several natural phytogenic compounds is showing early promise in commercial aquaculture trials. Specifically designed for use in feed or on farm, to defend against infectious pathogens, trials are showing a significant reduction in mortality in the absence of antibiotics as well as other productivity improvements. It is therefore pleasing to have recently achieved initial sales with Orego-Stim® Forte and we look forward to more success and demonstrating its application in other species.

It was clear at the beginning of the period that 2023 was going to be very challenging with pressure on producers in terms of their margins and reduced meat consumption as consumers reined in their expenditure to cope with the increase in the cost of living. Producers also cut back loss making operations which led to a reduction in overall demand for speciality animal feed additives, resulting in increased price competition between additive suppliers. High inventory levels at all points along the supply chain only served to make the situation worse. As such it was necessary to implement some cost reductions measures which unfortunately included reducing headcount in several areas.

Our higher value-add differentiated products held up well during the period and points the way to ensuring we continue to develop high quality feed additive solutions which bring a proven return on investment for the customer. Building strong global brands helps to build loyalty and recognition with customers giving them the confidence to use our products in their operations. In addition, we have expanded and strengthened our sales and distribution channels with initiatives such as the India partnership agreement and have a direct end customer relationship supported by our new customer relationship management (CRM) system, which is currently being implemented across a number of regions in a phased approach.

It was encouraging to see the increase in sales in the final quarter of last year which has continued into this year. Our focus is to build on this momentum by targeting those territories and species markets which will experience improved prospects in the future. Several challenges do remain not least geopolitical events in Ukraine and the Middle East and pressure on producers from input costs and subdued meat protein demand. However, we are confident of finding opportunities to exploit to help drive the business forward.

Operational review

Americas

Overall, sales across the segment were slightly down at minus 1% compared to the same period last year,

although South America and the United States delivered growth of 28% and 4% respectively. Within the South America region, Brazil achieved sales growth of 31% helped by sales of Orego-Stim® to poultry integrators boosted by a strong export trade to both Europe and Asia, which helped Brazil to post a record year for chicken product exports. There was limited impact in Brazil from the high pathogenic avian influenza (HPAI) that we highlighted at the half year with no reported outbreaks on a commercial poultry farm unlike the United States and several other countries where millions of birds required culling to prevent contagion.

Venezuela is a new territory for the Group but has quickly made a good sales contribution to the South America region. Unfortunately, the foreign currency restrictions imposed by the Argentinian government made trading conditions very difficult for our long-term distributor culminating in a decrease in sales of 34% compared to the same period last year.

Volume growth in the United States increased by 14% driven by pHorce® and Orego-Stim® but sales growth was pared back to 4% due to a reduction in average selling prices influenced by a change in product mix within the Orego-Stim® range. The swine industry was challenged during the period with lower export demand to China and weak pork prices which meant producers were typically at break-even levels at best.

Our move into the young cattle market was therefore timely where Orego-Stim® is included in calf milk delivering healthier better performing calves. We are supporting this initiative with the recruitment of additional account managers and local University trials looking at the effect of Orego-Stim® on cryptosporidia and coccidiosis in pre and post weaned calves with an estimated cost to the US calf industry of $76 million and $100 million respectively. These infections are currently managed by electrolytes or certain antibiotics, the latter unable to be used in organic systems and so we believe that Orego-Stim® could be a more effective natural alternative in both cases. We also recently launched a combination product to our US dairy customers where we have combined our Anpro® mycotoxin binder with Orego-Stim®. This new version to our product range offers enhanced differentiation against competitor products bringing a number of combined benefits to the farmer.

We recently appointed a distributor for Canada whose initial focus is to register pHorce® for sales in the territory, as Canada has followed the EU by capping the levels at which zinc oxide (ZnO) can be used in piglet diets. We already have trials to prove the efficacy of pHorce® for this purpose.

Latin America which accounted for just over a third of the Americas sales had the biggest impact on the segment with a decrease of 29% compared to the same period last year. Although Honduras and Mexico experienced material decreases in sales, the biggest impact was down to our Ecuador distributor which was financially limited in the level of business they could transact with us resulting in sales declining by 75%, particularly affecting our Mastercube™ pellet binder business which delivered significant growth in 2022. As a result, we are working on a solution with our distributor where Anpario would directly invoice the larger end customers to both spread the risk and take advantage of stronger credit terms.

The Americas is a key segment because with cheaper energy and locally grown raw materials animal feed producers have a clear global advantage in supplying low-cost meat protein products to regions including Europe and South-East Asia. The Middle East would also be included as an importing region, but local authorities view food security as a basic need and so are investing and encouraging their industry to build up capacity.

Asia

The segment, which includes Australasia, China and South-East Asia which accounted for 37% of Group sales delivered a weak sales performance with a decline of 10%. Much of this decline was from the South-East Asia region with sales decreasing by 16% compared to the same period last year. China sales decreased by just 2%. There were some positive performances from Australasia, Malaysia and Indonesia with sales growth of 2%, 18% and 25% respectively. Malaysia is particularly pleasing as at the half year sales were significantly behind the prior year period, which demonstrates how some territories and customers can effect a quick turnaround if the conditions are favourable. In Malaysia's case, the government are supporting the egg industry with subsidies and the reduction in animal feed costs has improved the economics for local producers. Reassuringly, avian influenza has had no lasting impact on the industry.

Although South Korea and Thailand experienced sales declines of 29% and 11% due to tough conditions for producers and general high inventory levels in the supply chain it was the Philippines which suffered the most; effectively contributing to the total decline in sales at over £1 million for the whole segment. We have

most, effectively contributing to the total decline in sales at over £1 million for the whole segment. We have several Philippines distributors and some direct business to end customers. The territory has been severely affected by African swine fever (ASF) leading to a smaller pig industry which must also compete with imports from some of the largest pork exporting nations such as Brazil and the US. The feed additive products impacted the most were at the more price sensitive end of our range of mycotoxin binders and antioxidants, the latter being susceptible to cheaper imports from China using harmful substances such as ethoxyquin. We have seen some improvement in volumes in the Philippines since the year end.

Again, China accounted for 13% of Group sales during the period and, although volumes declined by 33%, sales only decreased by 2% because the average selling price increased due to Orego-Stim® sales increasing by 17% in the territory. Product volumes which suffered were acid-based eubiotics and mycotoxin binders in a country which has local manufacturing of these products and a local industry which is under severe pressure to find growth in reduced demand. The swine industry is undergoing structural changes and as such our team is redirecting efforts into other species sectors with support from the wider Group.

Our aquaculture interests in the region are mainly focused in Thailand and Vietnam where some major shrimp integrators have been undertaking commercial trials with Orego-Stim® Forte for a range of applications including parasite control, white faces syndrome, and amoebic gill disease (AGD) in addition to productivity gains such as growth rate and reductions in mortality. Initial trials have been successful with positive feedback from customers. There are also commercial aquaculture feed trials happening with Mastercube®, our natural pellet binder.

Overall, the segment has had a stronger start to the year with some of the poor performers last year beginning to grow again.

The Middle East, Africa and India

Encouragingly the Middle East delivered sales growth of 1% against a backdrop of some tough challenges in the region including foreign currency restrictions in certain territories. The sales team continues to focus on selling higher value add products such that the weighted average selling prices increased by 39% compared to the same period last year. This overall increase helped offset sales declines in Egypt, Iran and Pakistan of 29%, 100% and 91% respectively, all small revenue generating territories for the Group, which were impacted by our customers' not being able to easily secure foreign currency for payment. Saudi Arabia also experienced a 51% decline in sales due in line with our decision to switch focus on higher value-added products and forgo competitive tender processes.

There were strong performances in India and the United Arab Emirates with sales growth of 31% and 121% respectively. Furthermore, we won new business in Oman and Lebanon which the Group didn't have in the previous period. The recently signed Indian partnership agreement is expected to deliver further growth of Orego-Stim® and we are additionally in discussions to expand the relationship in some of our other product groups to help further expand our market potential, which may include a number of African countries where our partner already has a presence.

Europe

Overall sales and volumes declined 11% and 19% respectively compared to the same period last year. Approximately half of this decrease in sales was due to the loss of the UK feed hygiene customer which we were still supplying in the first quarter of 2022. In addition, sales reduced to a UK poultry customer that was affected by high pathogenic avian influenza (HPAI) which resulted in a reduction of output and pressures on the cost of production. The other two territories with particularly weak performances were Austria and Israel with sales declines 23% and 22% respectively. The weighted average selling price across the segment increased by 11%.

There were good sales performances from Italy and the Czech Republic with growth of 28% and 107% respectively. Spain, Poland and the Baltic States also continued to deliver positive performances helped by incremental improvements in pork prices across the region which led to a temporary rebound of slaughter in the second half of the period. However, overall pork production continues to decline across Europe with the European Commission forecasting a continued decline into 2024 because of the absence of a full recovery in Chinese demand due to economic slowdown. The European pig sector also faces dwindling domestic demand as consumers show a preference for poultry over pork.

Poultry and egg production had more positive experiences across Europe due to modestly increasing

demand and better prices. However, in terms of feed volumes, overall compound feed declined by about 2% across the European Union in 2023 due to weak swine and cattle markets. The Group has a stronger presence in the poultry sector but equally it is important to diversify our technology into other species sectors including ruminant, aquaculture and pet.

Mastercube®, our 100% natural pellet binder, has been adopted by a European dog food manufacturer following extensive factory trials over a long period. Our sales team are cognisant that there are other similar opportunities in this sector and are actively pursuing these. We were also pleased to receive a European Union complementary feed license through our Irish subsidiary which now means we can market products such as Orego-Stim® liquid directly to vet practises in the region.

Overall, the business across Europe is moderately improving through a combination of better economics for producers and our own initiatives. In overview there were essentially just two countries across the Group's global network which impacted our sales performance significantly, namely the Philippines and Ecuador where combined sales declined by just under £2 million. Action is underway to address the weaknesses in our sales structures in these countries to ensure we can mitigate any similar future challenges.

Innovation and development

Our development projects are typically focused on demonstrating the efficacy of our existing technology in new applications or species. Orego-Stim® is a pure and 100% natural oregano essential oil with many compounds which bring numerous potential multi-factorial benefits to animal health and explains why it has both antimicrobial and parasiticidal properties to name two applications. We can also enhance some of the effects and characteristics by combining with other natural plant extract compounds and manufacture using specialised techniques to produce unique solutions such as the recently launched Orego-Stim® Forte, which in commercial trials with major aquaculture companies has demonstrated success outcomes. Orego-Stim® Forte is being trialled across several aquatic species including shrimp, salmon, pangasius and barramundi in commercial operations.

Anpario's original technology was a novel chemosensory stimulant for fish and crustacea which enhanced palatability improving the uptake of aquafeed, reducing waste, and thereby helping to protect the aquatic environment. In addition to improving the productivity and financial returns for fish farmers it also has the benefit of allowing more sustainable forms of protein to be used thereby reducing the reliance on fishmeal sourced from wild fish stocks to support aquaculture production.

This technology was originally branded as Aquatice® but commercialisation was halted about ten years ago due to several factors, one being that at the time fish meal was still being included in formulations in high quantities and therefore palatability was not so much of an issue. Secondly, Aquatice® was only available in liquid form which means it needed to be applied at farm level rather than in the feed which is a much simpler method of delivery. In short, we believe the Aquatice® technology was before its time and now with the industry focused on using sustainable feeds such as vegetable or insect-based protein that there is a potential opportunity for Aquatice® to be commercialised. During the last year we therefore developed a powder version for use in feed and adjusted the formulation to suit current regulations. A shrimp trial is planned for later in the year with a global aquafeed producer.

Growth Strategy

We continue to expand and strengthen our global sales channels by recruiting local sales and technical teams because being close to the end customer is the best long-term driver for organic growth. We have already established a good network of local subsidiaries in key markets and building a greater presence by increasing our sales resource is a priority which will be supported by our customer relationship management system (CRM) currently being rolled out across the Group.

A proportion of our weak performance during the period can be attributed to difficult conditions in monogastric (poultry and swine) species, which accounts for a significant part of the business. Therefore, it is crucial that we implement specific initiatives to grow our presence in the ruminant, aquaculture and pet sectors, which we are doing.

Our strategy to develop and market strong branded products with high efficacy delivering consistent results and return on investment for our customers means that we will keep investing in marketing trials and product development to broaden the appeal of our products. We will continue to position the Group as the leading natural and sustainable animal feed additive solutions provider and deliver this strategy through a

leading natural and sustainable animal feed additive solutions provider and deliver this strategy through a combination of internal development, supplemented with complementary acquisition opportunities, the pursuit of which will remain a priority for the Group where we can play a role in consolidating a fragmented market to enhance shareholder returns through operational synergies and expanding our product, species and geographic portfolio.

Richard Edwards
Chief Executive Officer
20 March 2024

Key performance indicators

Financial

	Note	2023 £000	2022 £000	change	% change
Revenue	3	30,998	33,103	-2,105	-6%
Gross profit		13,958	14,136	-178	-1%
Gross margin		45.0%	42.7%	+2.3%	
Adjusted EBITDA	6	4,463	5,208	-745	-14%
Profit before tax		2,753	3,681	-928	-25%
Basic earnings per share	12	13.51p	16.13p	-2.62p	-16%
Diluted adjusted earnings per share	12	15.31p	16.67p	-1.36p	-8%
Total dividend for the year	11	10.70p[1]	10.50p	+0.20p	+2%
Cash balances and short-term investments	20	10,649	13,567	-2,918	-22%
Net assets		33,649	41,311	-7,662	-19%

[1] Includes both the interim dividend paid during the year and the proposed final dividend which is subject to approval by the shareholders at the AGM.

Non-financial

	2023	2022	change	% change
GHG emissions[1] (tCO_{2e})	46.6	77.3	-30.7	-40%
Carbon intensity[1] (tCO_{2e} per £m sales)	1.5	2.3	-0.8	-35%
Major accidents reportable to the Board	nil	nil		

[1] Scope 1 and 2 Carbon emissions and defined by the GHG protocol, for more information see the environment and social responsibility report.

Anpario have begun to monitor and report on Scope 1 and 2 carbon emissions as part of its goal to achieve net-zero carbon emissions by 2030. As such we track two related performance indicators, total GHG emissions and carbon intensity. Anpario is expected to grow as a Company and as a result total carbon emissions may increase, as such our carbon intensity, defined as carbon emissions divided by sales, will be a key measure in tracking our progress towards our net-zero goals.

The Group also regards growth of business in key target markets and the on-going achievement of product registrations and quality assurance accreditations as other KPIs.

Financial review

Revenue and gross profits

Performance through the second half of the year was more consistent and stronger than through the first, with revenue increasing by £0.5m (3%) and a gross margin improvement to 46.2% (H1 2023: 43.9%), resulting in gross profits of £7.3m (H1 2023: £6.7m) for this period.

On a full year basis, revenue declined by 6% to £31.0m (2022: £33.1m), a reflection of the continued difficult market conditions experienced through the year, albeit with signs of improved stability and growth through the second half. Asia and Europe suffered the most, experiencing a 10% and 11% decline respectively, the Americas were down 1% with MEA up by 1% on prior year. A full analysis of the sales performance is included in the Chief Executive Officer Statement.

In terms of product performance, growth was seen in our market leading products of Orego-Stim™, pHorce™ and Optomega™, which collectively grew revenues by 15% and now represent a combined 54% of sales. As highlighted in the interim statement the more competitive product segments such as our Binders and some of the Acid-based Eubiotic range contributed to all of the volume decline and more than all of the revenue reduction. These reductions are a result of a combination of both lower demand due to reduced levels of meat production and price pressures leading some producers to switch to lower quality and cheaper alternatives. The Acid-based Eubiotic range has in recent years been most acutely affected by input price pressures, the raw materials for which have now steadily been reducing in cost but remain at materially high levels that affect demand.

Full-year gross margins improved to 45.0% (2022: 42.7%) albeit, due to the lower sales level, gross profits saw a slight decline by 1% to £14.0m (2022: £14.1m). Input costs overall have stabilised, with some reductions seen through the year, albeit still with historically high organic acid prices. This, alongside the change in sales mix towards more premium positioned products such as Orego-Stim™, have been the drivers for the improvement in gross margins, up to 46.2% through the second half of the year as previously stated.

Research and development impairment

As part of regular review processes, a £0.4m impairment of research and development expenditure was identified in the year. This relates to several projects which, whilst demonstrating positive results, would have required further investment and a decision was made to halt work on these initiatives. Due to the exceptional and non-recurring nature of this expense it has been excluded from our alternative performance measures.

Administrative expenses

Administrative expenses were 8% higher at £11.4m (2022: £10.6m). However, this £0.8m increase includes the aforementioned R&D impairment of £0.4m, as well foreign exchange charge of £0.3m (2022: nil), higher expected credit loss provisions of £0.1m (2022: nil) and a lower level of capitalisation of employment costs, down by £0.2m to £0.2m (2022: £0.4m). Excluding these items, core administrative costs were 2% lower at £10.8m (2022: £11.0m) despite a general level of high inflation in the macroeconomic environment.

The inflationary pressures and reduced profitability have led to a greater focus and emphasis on optimising expenditure and operating more efficiently and the hard work and efforts by staff in this regard have been greatly appreciated. However, despite these efforts it has been necessary to implement a restructuring and redundancy process and we have regrettably needed to reduce headcount and external resource in several areas of the business to right-size the operations for the current reduced volumes and levels of profitability. This process was concluded in the year by the end of Q3.

Employment costs, excluding R&D staff capitalisation, decreased by 5% (£0.4m) in the year, as a result of a part-year reduction from the redundancy and restructuring exercise, though offset by inflationary wage increases. Travel costs increased by 9% (£0.1m) due mainly to inflationary pressures.

Taxation

Corporation tax is calculated at 23.5% (2022: 19.0%) of the estimated assessable profit for the year. The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023.

As previously announced, Anpario was recently granted another UK patent, this time for our flagship toxin-binder product, Anpro™. This is expected to attract tax benefits, alongside those already in place for Orego-

blinder product, Anpro-4. This is expected to attract tax benefits, alongside those already in place for Orego-Stim™, via the UK Patent Box Scheme which allows companies to apply a lower rate of corporation tax to profits attributable to qualifying patents.

IFRS accounting standards require tax to be recognised on the most likely outcome, but as with all tax items, Her Majesty's Revenue and Customs (HMRC) reserves the right to query the Company's calculations. Work has continued with our tax and patent advisors on the matter. The directors consider the acceptance of our Patent Box tax computations to be more likely than not and as such we expect a material reduction in UK Corporation Tax because of the Patent Box application. Following the grant of patent then we are able to apply this benefit back to the original application in June 2021 and as such there is a related prior year tax reduction of £0.1m.

The total benefit through Patent Box for the year was £0.3m (2022: £0.2m), the amount in future periods will depend on several factors, including the number of sales attributable to the patent in any given year, any changes relating to the Patent Box Scheme and the prevailing tax rates at the time.

The effective tax rate for the year was 8.2% (2022: 10.3%). However, excluding the prior year tax benefit from Patent Box the underlying effective tax rate for the year was higher at 12.9% (2022: 10.3%), reflecting the increase in the corporation tax rate.

Tender offer

In July 2023, Anpario completed a £9.0m Tender Offer to purchase its own shares at a price of 225p per ordinary share. Following the conclusion of the Tender Offer, the 4,000,000 shares repurchased, together with a further 440,388 shares that were already held in Treasury were subsequently cancelled.

As the reduction in shares occurred in July 2023, part way through the year, then the time-weighted average shares in issue is lower for 2023, as detailed in note 12 to the financial statements, with a larger full-year reduction impact expected for 2024.

Profitability and earnings per share

As a result of the above factors, Adjusted EBITDA for the year decreased by 14% to £4.5m (2022: £5.2m) and diluted adjusted earnings per share, benefitting from the reduced number of shares in issue, fell by a smaller 8% to 15.31p per share (2022: 16.67p).

Profit before tax fell by 25% to £2.8m (2022: £3.7m). Basic earnings per share fell by 16% to 13.51p (2022: 16.13p).

Cash flows and balances

Operating cash flows before changes in working capital reduced to £4.4m (2022: £5.4m), mirroring the fall in operating profit for the year. However, offsetting this reduction there was a £3.7m release into cash through reduced working capital levels, compared with a prior year absorption of £3.6m. The reduction in working capital came primarily through a decrease in inventory of £3.3m. Which reverses successive years of increases in both raw material and finished goods levels, held high to counter supply chain risks and logistics delays. Combined, these factors led to a significant improvement in cash generated from operations to £8.1m (2022: £1.8m).

The corporation tax debtor at the end of the prior year was repaid in the current year. This related in part to overpayments made in advance and primarily the application and catch up of the Patent Box scheme tax deductions for the Orego-Stim patent. As such, a net tax refund of £0.6m was received, compared with payments last year of £0.7m.

Excluding the movement in short-term investments, which relate to cash held on deposit for greater than three months and less than six months, then net cash used in investing activities was down to £0.5m (2022: £1.4m). This is a result of lower capital expenditure, with £0.3m (2022: £0.8m) on purchases of property, plant and equipment, as well as a decline in payments to acquire intangible assets to £0.5m (2022: £0.7m). In addition, as a result higher Bank of England base rates then interest received increased to £0.2m (2022: £0.1m).

The Tender Offer already mentioned expended £9.2m of cash, including transactions costs. Due to the reduced number of shares in issue, the Tender Offer reduced the outflow of cash related to dividends by

£0.4m to £1.8m (2022: £2.2m), despite a continued increase in the amount paid per share. The total net cash used in financing activities was £11.0m (2022: £2.0m).

Overall, after returning a total of £10.8m to shareholders in the year through the Tender Offer and by way of dividends, the total cash, cash equivalents and short-term investments fell by only £3.0m to £10.6m (2022: £13.6m). The primary purpose of holding these resources is to fund future acquisitions and we continue to explore suitable opportunities.

Dividends

The Board is recommending a final dividend of 7.50 pence per share (2022: 7.35 pence) payable on 26 July 2024 to shareholders on the register on 12 July 2024 (ex-dividend date of 11 July 2024). In addition to the interim dividend already paid, this represents an increase to the total dividend for the year of 2% to 10.7 pence per share (2022: 10.5 pence).

Marc Wilson
Group Finance Director
20 March 2024

Our business model and strategy

Business model

Anpario is an independent manufacturer of natural sustainable animal feed additives for health, nutrition and biosecurity. Our products work in harmony with the natural aspects of the animal's biology and Anpario's expertise is focused on intestinal and animal health, and utilising this understanding to improve animal performance and customer profitability.

Anpario supplies its customers with quality assured products manufactured in the United Kingdom and has an established global sales and distribution network in over 70 countries.

Anpario was built up through a combination of acquisitions and organic growth by establishing wholly owned subsidiaries in a number of key meat producing countries. The portfolio of products has been developed with the customer and the animal in mind, taking into account the life stages of the animal and the periods when they will be more challenged.

Anpario is well positioned to benefit from the trends in growth of the world's population, the increasing demand for meat and fish protein in developing countries and the tightening of global regulation which favours more natural feed additive solutions. Seizing these opportunities is how Anpario intends to deliver long-term shareholder value.

Anpario acknowledges the challenges facing livestock producers in meeting environment and sustainability targets. Anpario is contributing to the research and development progress that the agricultural livestock industry is achieving in improving its carbon footprint and GHG emissions. Anpario prides itself on being a low carbon manufacturer of animal feed additives, with two thirds of sales from products which can be described as from sustainable sources and from non-carbon derived raw materials.

Our business model is based on:

Products	High quality efficacious products presented well that meet the needs of our customers both now and through changes in the regulatory environment.
Story	Powerful value add proposition demonstrating the financial, performance and sustainability benefits of our product solutions;
Quality	Quality in both manufacturing processes and through the supply chain to provide consistent products that perform in a reliable manner;
Branding	Build an impeccable Anpario brand which global customers can trust as having innovative, high quality and effective solutions for customers;
Channel	Control the sales channel to ensure we develop strong technical and commercial relationships with the end users of Anpario products

	relationships with the end users of Anpario products.
Efficiency	Efficient automated production and effective operations that can met the service level requirements of our customers.
Sustainability	Our natural products help to reduce our customers carbon footprint by improving the animal feed conversion rates, and we also have a focus on reducing our own environmental impact.

Strategy

Regional focus

Developing local commercial and technical relationships across the world.

Delivered through:

- –□□□ regional sales structure;
- –□□□ local language speakers;
- –□□□ resource that understands local market needs and challenges; and
- –□□□ closer relationships with key end customers.

Actions in 2023:

- –□□□ rollout of a new CRM system to increase and improve customer engagement and communication;
- –□□□ collaboration with Indian partner to manufacture Orego-Stim locally to provide greater market access.
- –□□□ First direct and local sales in both Malaysia and Vietnam; and
- –□□□ continued growth of direct sales channels.

Future plans:

- –□□□ We now have operations and personnel in our key target markets, and as such the focus now is on developing a stronger market position through increased resource and presence in these territories.

Technical & products

Add value by developing products that help overcome the challenges of modern-day farming.

Delivered through:

- –□□□ scientific research and development, working closely with the end customers' meat protein operations, to help improve gut function leading to improved animal performance;
- –□□□ support the producer through prevention rather than treatment; and
- –□□□ help the customer meet disease and regulatory challenges.

Actions in 2023:

- –□□□ took the decision to halt progress on several R&D initiatives, to focus on higher priority projects;
- –□□□ continued development of new applications and presentations of our products to expand market opportunities, with £0.3m capitalised on these projects in this year; and
- –□□□ closer co-ordination of technical and marketing strategy to enhance effectiveness and efficiency.

Future plans:

- –□□□ continue to retain and recruit technical and animal production experts;
- –□□□ continued investment in research and development working closely with key global customers and respected institutions; and
- –□□□ look for product opportunities which broaden our range and species opportunities.

Acquisitions

Growth through complementary and earnings enhancing acquisitions.

Delivered through:

- –□□□ successful integration to derive both operational and financial synergies;
- –□□□ specific searches to identify suitable targets in the specialty feed additive market; and
- –□□□ applying strict acquisition and valuation criteria; targets must either complement our current product range, offer market consolidation opportunities, or strengthen our sales and distribution channels.

Actions in 2023:

- –□□□ further discussed and reviewed the acquisition strategy as part of our Strategic Review process; and
- –□□□ engaged with, and evaluated, a number of other acquisition targets through both formal and informal sale processes.

Future plans:

- –□□□ continued active search for acquisition opportunities within defined criteria.

Operations
High quality, consistent and efficient manufacturing.

Delivered through:
- further automation of production facilities;
- key industry quality accreditations; and
- quality supply partners.

Actions in 2023:
- installed an automated palletiser to reduce manual handling requirements and increase automation;
- installation of dust recirculation system to reduce dust particles in production environment and reduce waste; and
- enhanced quality control systems across a number of production lines.

Future plans:
- the programme of plant automation projects, first started in 2016, is now largely complete, though we will continue to evaluate new potential improvements to efficiency and automation.

Environmental, Social and Governance
Anpario seeks to ensure a sustainable future, conducting business in a socially, ethically and environmentally responsible manner engaging with all our key stakeholders, including the communities in which we operate.

Delivered through:
- our three-pillar framework, 'People; Planet; and Promise';
- robust governance structures appropriate for our business size; and
- engagement with our stakeholders.

Actions in 2023:
- membership of SEDEX (Supplier Ethical Data Exchange) giving supplier chain transparency on a global platform.
- through various activities with employees, we raised money and awareness for the staff chosen charity of the year, Dementia UK; and
- A further 36% reduction in Carbon intensity, representing a cumulative reduction of 76% since 2019.

Future plans:
- continued evaluation of ways to reduce our carbon emissions;
- continue steps towards implementation of TCFD framework; and
- work with our staff chosen Charity of the year, Save the Children.

Section 172 Statement

Introduction

As a Board, collectively and as individual Directors, we recognise our obligations and our duties as Directors. Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, each Director has regard, amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operation on the community and the environment;
- the desirability of the Company maintaining a reputation for high standard of business conduct; and
- the need to act fairly as between members of the Company.

How the Board fulfils its Section 172 duties

We ensure that the requirements of section 172 are met and the interest of our stakeholder groups are considered through, amongst other means, a combination of the following:

- review of strategic objectives and achievement thereof;
- annual budgets and review of resource allocations;
- results presentations to shareholders and staff;
- audit and risk management processes conducted through the year;
- health and safety reports;

–□□□□□□ reviews of employee matters;
–□□□□□□ annual performance appraisals for all staff including personal development reviews;
–□□□□□□ consideration of these matters in relation to major decisions made within the year;
–□□□□□□ regular meetings with customers and key suppliers; and
–□□□□□□ other ad-hoc engagement with stakeholders.

Stakeholders and their key interests

The table below outlines the key stakeholders the Company has identified, their key interests and where in this annual report that further details on matters such as engagement and key decisions made in the year in relation to each stakeholder group can be found.

Shareholders

Anpario recognises the importance of engaging with existing and potential investors to understand their views and objectives. This can enhance strategic and governance decision making processes of the Board. We welcome investor contact and those wishing to engage with us can email on investor@anpario.com.

Key interests

–□□□ Delivering sustainable, profitable growth over the long-term.
–□□□ Robust governance and appropriate controls to mitigate risk.
–□□□ ESG initiatives and responsible management practices.

Key actions and decisions in the year relevant to this stakeholder group

–□□□ Increase in dividend per share proposed (see Chairman's statement).
–□□□ Completion of a Tender-Offer to return £9m to shareholders by purchasing 4m shares.
–□□□ Cancellation of shares purchased through the Tender offer and existing treasury shares.
–□□□ Held the 2023 AGM at our headquarters in the UK and gave shareholders who attended a tour of the production facilities and recent capital investments.

Customers

Anpario values our customers and has extensive long-term relationships across the world. Our network of local and regional account management teams are in place to understand the needs and challenges faced by our customers so that we as a Group can deliver the product and service solutions that they require.

Key interests

–□□□ Innovative, high-quality products that help overcome the challenges of modern-day farming.
–□□□ Reliable logistics networks with good stock availability and timely delivery.

Key actions and decisions in the year relevant to this stakeholder group

–□□□ Continued to engage directly with customers to better understand changing needs and challenges, leading to several innovations in both presentation of products and further trial activity on new applications.
–□□□ Worked with customers to assist with their own sustainability policies and practices including becoming a member of the Supplier Ethical Database (SEDEX) provides a high-level transparency of operational standards, employment practices and corporate ethics.

Employees

Anpario has over 100 employees across the world in a range of different roles. All staff are key to delivering on the strategic plans and success of the Group and we continue to develop our HR strategy and policies.

Key interests

–□□□ Fair and equitable recruitment and remuneration practices and policies.
–□□□ Safe working environments.
–□□□ The opportunity for personal growth and career progression.

Key actions and decisions in the year relevant to this stakeholder group

–□□□ Regular company newsletters and company updates distributed to keep all staff well informed.
–□□□ Regular onsite meetings across management groups and departments to facilitate communication and decision making at all levels.
–□□□ Continued to support staff training programmes and the internal coaching programme, we now have several qualified coaches and continually seek to encourage new coaching relationships for staff.

Community and Environment

Anpario seeks to ensure a sustainable future, conducting business in a socially, ethically, and environmentally responsible manner. Anpario's team seek to meet environmental challenges with sustainability at their heart and progressing on a journey of continuous evolution and progression. Further information to the below can

be found in the Environment and Social Responsibility Report.

Key interests

- Conducting business in an ethically and environmentally responsible manner.

Key actions and decisions in the year relevant to this stakeholder group

- Continue to evaluate and expand our climate related reporting and disclosures
- Through our Give Something Back Volunteer Day scheme we offer all staff one paid day a year to support a charity of their choice
- Employees vote for an annual charity of the year. For 2023 the Charity chosen by staff was Dementia UK, https://www.dementiauk.org/

Suppliers

Our external supply chains are critical to the success of the business and integral in our ability to deliver high-quality and consistent products to our customers.

Key interests

- Mutually beneficial relationships with fair business practices.
- Supply chain resilience.
- Prompt payment.

Key actions and decisions in the year relevant to this stakeholder group

- Ensuring that in the current difficult economic conditions we have continued to support our supply chain by making prompt payment for supplies to ease any working capital pressure on our suppliers.
- Held regular review meetings with key suppliers and Anpario management to discuss and review matters such as pricing, supply and service levels.

Key decisions affecting multiple stakeholders

The table below outlines the key decision which affect more than one stakeholder group and outlines the actions taken and the groups considered as part of the decision-making process.

Review of operating budgets, expenditure plans and resource levels in light of reduced performance

Actions taken

- Reevaluated multi-year budgets considering difficult market conditions and the impact of reduced demand on sales and profit performance.
- Engaged with management and staff and evaluated all sources efficiency and costs savings from current activity and expenditure plans.
- Considered the level of operating resource required and launched a redundancy and restructuring exercise to right-size the business.
- Clear communication and processes established to keep the workforce informed of both the reasons for and the processes related to the restructuring.

Key stakeholder groups considered

- All stakeholder groups were impacted through this process and the related actions taken.
- This was undoubtedly a difficult time for all staff and we deeply appreciate the understanding, resilience and commitment to Anpario shown through this period.
- The impact of course was greatest on those directly affected for whom we express our sincerest gratitude for their contributions to Anpario.

Tender Offer

Actions taken

- Reviewed capital allocation to optimise long-term returns for shareholders.
- Evaluated options for returning cash to shareholders in view of the levels within the Group.
- Determined that most appropriate action was a £9m Tender Offer to repurchase 4,000,000 shares.
- The decision was made to cancel the share purchased, alongside 440,388 existing shares held in treasury.
- Engaged with professional advisers to launch and conclude the Tender Offer.

Key stakeholder groups considered

- A number of stakeholder groups were affected by the capital allocation decision as it reduced levels of cash within the business that could be used for further internal or acquisitive investment. However, careful consideration was given to the investment opportunities and requirements at the time, and cashflow projections and anticipated inflows of cash through reduced working capital levels.

cashflow projections and anticipated inflows of cash through reduced working capital levels.
–□□□ For shareholders the Tender Offer gave them the ability to efficiently sell their holding for cash if they so wished or retain their holding and effectively have a larger share of Anpario following the conclusion of the Tender Offer.

Risk management

Risk Register and Management Process

We continually examine in detail the key risks facing our business in the context of our overall business strategy and evaluate their likelihood and potential impact. The risks we have examined are the most significant but not necessarily the only ones associated with the Group and its businesses. In common with all businesses, we face risks of a generic nature for example failure of projects, foreign exchange impacts and the recruitment, development and retention of employees. In considering our risks during the year we have performed detailed assessments at a global and regional level. We assess the likelihood of their occurrence and potential impact and implement appropriate and proportionate risk mitigation measures.

As part of our continual risk management process we consider new and emerging risks. As supply chain pressures have improved raw materials and stockholdings (including our own) have reduced resulting in reduced demand during 2022 and 2023. The Russian invasion of Ukraine and resulting impacts on agricultural supply chains, logistics and energy costs continues to impact our industry. Growing tensions in the Middle East and disruption to shipping in the Suez Canal is also a concern. Price inflation and recessionary factors will continue to depress worldwide economies and agriculture and suppress demand for Anpario products. This along with the oversupply of poultry, pork and shrimp has led to a reduction in the use of speciality feed additives as producers scaled back production and looked to reduce input costs. These factors also increase credit risk in some territories and customers. On the positive side recent raw material price increases and supply issues have alleviated and in some instances reversed which has helped recover gross profit margins.

We have also continued our focus on sustainability and climate change related issues which has seen a substantial increase in consumer and investor focus on climate. In addition, we consider global meat consumption patterns and the potential impact on our operations on the positive side as Anpario's products reduce antibiotic use and demand for anti-viral feed mitigants.

The Group's risk management process through engagement of the Executive Management team and global management team is conducted on at least an annual basis and reviewed by the Board, as follows:

1. Identify the risk and likelihood for each function and regional operation;
2. Analyse and assess the risk, its potential severity and the impact and priority for the business;
3. Consider risk rating and trends on a low to high scale;
4. Plan to mitigate or treat the risk and identify resources or investment required;
5. Implement mitigation procedures by obtaining resources and approvals necessary and put in place necessary actions; and
6. Monitor, measure and control the risk and its likely impacts which will change and evolve so that you we can respond and react in a timely efficient manner.

The Risk Framework below shows those risks that are more specific to our business together with details of the controls and mitigation in place to manage our exposure. More information on our approach to effective risk management can be found in the Corporate Governance section, Principle 4.

Risk management actions taken in the year

Some of the key risk management actions taken in the year include:

–□□□□□□ strong growth of sustainably sourced omega 3 supplement brand Optomega® Algae;
–□□□□□□ development of Orego-Stim® Forte to produce a water-soluble version for use in aquaculture.
–□□□□□□ collaboration with Indian partner to manufacture Orego-Stim locally to provide greater market access.
–□□□□□□ UK Patent granted in respect of market leading toxin binder Anpro.
–□□□□□□ received first ever King's Award for Enterprise for Sustainable Development.
–□□□□□□ membership of SEDEX (Supplier Ethical Data Exchange) giving supplier chain transparency on a global platform.
–□□□□□□ installation of a state-of-the-art fully automated palletiser to enhance factory efficiency and

–□□□□□□ installation of a state-of-the-art fully automated palletiser to enhance factory efficiency and manage demand volatility.
–□□□□□□ automation investment in the production facility has improved efficiency;
–□□□□□□ successfully implemented an overhead reduction programme to reduce under recoveries without impacting our product quality customer service; and
–□□□□□□ review and updating of business continuity plans and procedures including product and site security and defence plans.

Risk framework

Market Risk

Risks	Control and mitigation	Risk rating
–□□□ Gaining market entry for products and access to end users. –□□□ Competition from global operators. –□□□ M&A activity resulting in market consolidation. –□□□ Human movement restrictions e.g. Covid-19, SARS. –□□□ Animal diseases e.g. African Swine Fever, Avian Influenza, PEDV. –□□□ Global commodity prices affecting both supply of inputs and demand for our products. –□□□ Climate and environmental changes. –□□□ IP theft e.g. trademark infringements. **Potential impact** –□□□ Lower sales revenue and profit. –□□□ Reduction in customers or target customers. –□□□ Loss of market share. –□□□ Loss of market.	–□□□ Establishing a global marketing strategy with clearly defined product and species related goals for each region. –□□□ Regular monitoring of sales budgets and sales prospects by the management and the Board. –□□□ Effective disaster planning communicated on a timely basis. –□□□ Regional and species diversity and an extensive range of products with new product development and launches. –□□□ A clear and effective marketing strategy communicating the benefits of Anpario sustainable solutions. –□□□ Close customer engagement, relationships to understand and address their needs. –□□□ Global trademark watches and pre-emptive legal action. –□□□ Ensuring our trademark portfolio supports and is reflective of our marketing strategy.	Likelihood: Medium Impact: Medium Trend: Increasing

Political and Economic Risk

Risks	Control and mitigation	Risk rating
–□□□ Wars in Ukraine and Middle East –□□□ Interest and Inflationary pressures. –□□□ Customer pressures to reduce costs. –□□□ Exchange rate fluctuations. –□□□ Geopolitical risks including political and economic instability. –□□□ International and individual targeting sanctions. –□□□ Bad debts or trade disputes. **Potential impact** –□□□ Volatility in markets. Supply chain: delays, additional costs, tariffs, or lack of continuity. –□□□ Regulatory changes. –□□□ Border delays. –□□□ Reduced revenue, increased costs and lower profitability.	–□□□ Proactive and continual management of pricing. –□□□ Close communication with customers on key pricing and supply issues. –□□□ Limiting and hedging of foreign currency exposure. –□□□ Wide geographic diversity reduces dependency in a single country or region. –□□□ Rigorous customer and supplier due diligence and monitoring of regional and customer exposures. –□□□ Use of credit insurance and letters of credit.	Likelihood: Medium Impact: Medium Trend: Increasing

Product Development Risk

Risks	Control and mitigation	Risk rating
–□□□ Failure to deliver new products due to lack of innovation, pipeline delays or products not meeting commercial expectations. –□□□ Failed or aborted trials during development or customer acceptance stages.	–□□□ Continual monitoring and review of the lifestyle and potential return from current products. Different regions have markets that are at different points in development. –□□□ Potential new development projects are evaluated from a	Likelihood: Medium Impact: Medium Trend: No change

–□□□ Lack of significant financial, R&D and other resources. –□□□ Failure to meet regulatory requirements. **Potential impact** –□□□ Reduction in competitiveness in the market. Lost opportunities. –□□□ A succession of trial failures could adversely affect our ability to deliver shareholder expectations. –□□□ Our market position in key areas could be affected, resulting in reduced revenues and profits. –□□□ Where we are unable to develop and launch a product this would result in impairment of intangible assets. –□□□ Valuable resources may be wasted.	commercial, financial and technical perspective. The pipeline is reviewed regularly by the Board. –□□□ Each research project or trial is managed by qualified technical managers. Projects and trials are monitored to ensure that they are completed on time, deliver expected outcomes and provide useable data. Final review and evaluation to ensure learning. –□□□ Multiple studies are conducted to assess the effects of a product on target species. –□□□ In respect of all new product launches a detailed marketing plan is established and progress against that plan is regularly monitored. –□□□ Patent filings to retain competitive risk and tax advantages.	

Production, Quality and Logistics Risk

Risks	Control and mitigation	Risk rating
–□□□ Failure to source supply of raw materials. –□□□ Inadequate or poor adherence to quality systems allow faulty product to reach customer. –□□□ Sub-standard raw materials. –□□□ Failure to secure timely shipping of goods to customers. –□□□ Plant or line closures due to major accident, incident, disaster, or sabotage. –□□□ Defective plant and equipment in our manufacturing facility. **Potential impact** –□□□ Failure or Increased lead-time to supply customers. –□□□ Loss of production for a significant period e.g., more than one month potentially leading to loss of sales. –□□□ Accidents or fatality leading to possible closure or fine. –□□□ Site security compromised, external or internal acts of sabotage. –□□□ Poor product quality, contamination, counterfeit or passing off. –□□□ Damage to customer relationship, reputation, and financial loss.	–□□□ Planned increase in raw material and finished good storage facilities. –□□□ Rigorous planning of production runs and shipping container requirements. –□□□ All products can be produced at approved toll manufacturers in the UK. Business interruption and property insurance policies arranged. –□□□ Business Continuity Plan in place along with –□□□ Product Security, Food Defence and Product authenticity Plans. –□□□ Third party advisor utilised, and strict management controls enforced. Employers' liability insurance arranged. –□□□ Supplier accreditation, UFAS and FEMAS certification, HACCP and Trading Standards compliance. Public and product liability insurance arranged. –□□□ SEDEX membership increasing transparency of supplier standards and ethics.	Likelihood: Medium Impact: Medium Trend: Decreasing

Climate Change Risk

Risks	Control and mitigation	Risk rating
–□□□ Lack of Board approved strategy to meet our specific challenges. –□□□ Lack of tangible verifiable measures and target. Failure to achieve carbon zero targets in line with government and or industry requirements. –□□□ Failure to make required disclosures in line with TCFD and regulatory bodies. –□□□ Impact of climate change on suppliers' key raw materials, agricultural commodities, and markets. **Potential impact** –□□□ Loss of key customers, suppliers, investor base. –□□□ Loss of raw material sources and	–□□□ Board approved global sustainability strategy and implementation plan. –□□□ Engagement of management in understanding and implementing operational and reporting obligations. –□□□ Executive and management performance related targets in line with Group strategic objectives. –□□□ Investment and research on emissions reduction in animal production. –□□□ Collaboration with suppliers and other third parties with common goals relating to climate change challenges. –□□□ Executive workshops to review	Likelihood: Medium Impact: High Trend: Increasing

–□□□ Loss of raw material sources and potential income stream. –□□□ Lower sales revenue and profit. –□□□ Failure to attract, recruit and retain high quality and skilled employees.	–□□□ Executive workshops to review key climate change risks and opportunities. –□□□ Implementation of ISO 14001 Environmental Management Standard. –□□□ Industry and public recognition for example, King's Award for Sustainable Development,	

Environmental, Social and Governance (ESG) Risks

Risks	Control and mitigation	Risk rating
–□□□ Failure to lead the feed additive market in supporting our customers producing sustainable animal protein production. –□□□ Breach of bribery and/or corruption laws or international sanctions. –□□□ Failure to adhere to labour laws and standards globally. –□□□ Poor ESG ratings leading to failure to attract high quality employees. –□□□ Unsafe, inadequate, or non-compliant health and safety issue or response to environmental, infrastructure or other significant corporate failures. **Potential impact** –□□□ Loss of and negative Investor sentiment and withdrawal of support. –□□□ Shareholder action and votes against Board re-election. –□□□ Fines, criminal action against the Company, Directors, or employees.	–□□□ Board level role responsibility with the Corporate Responsibility Director specifically focused on the risks and leading appropriate action plans. –□□□ Attainment of ISO 14001 accreditation and training internal auditors; –□□□ 3 Pillars: People, Planet and Promise platform for action plans and communication. –□□□ Specific ESG targets for all key Executive and group management. –□□□ Established policies, procedures and training to ensure awareness of obligations and compliance. –□□□ High standards of working conditions and market benchmarked pay exceeding the living wage. –□□□ Code of Conduct requiring internal and third-party acceptance and anti-bribery and anti-corruption guidance issued for business partners. –□□□ SEDEX membership increasing transparency of own and business partners' standards and ethics.	Likelihood: Medium Impact: Medium Trend: Increasing

Systems Risk

Risks	Control and mitigation	Risk rating
–□□□ IT or communications failure, due to, accident or sabotage. –□□□ Cyber-attack. –□□□ Data breach. –□□□ Loss of IP or sensitive data through AI or LLM. **Potential impact** –□□□ Unable to operate. –□□□ Criminal attack could be aimed at stealing money, extortion, fraud, data theft etc. –□□□ GDPR imposes heavy financial penalties, plus reputational damage. –□□□ Serious security breach and confidential information, IP or sensitive data made available in public domain. –□□□ Third party rights violated and breach of agreements and financial loss.	–□□□ Internal review and implementation of enhanced digital security measures to detect and prevent possible cyber-attacks. –□□□ Regular back up of data, third party provider for storage and system support. –□□□ Firewall, regular back up of data, crime and cyber insurance in place. –□□□ Continual review and strengthening of processes, controls, and security. –□□□ Information Policy, Privacy Policy, Breach Notification Policy and Disaster Recovery Plan in place. –□□□ Staff and partner awareness communication and training.	Likelihood: Medium Impact: High Trend: Increasing

Legislation, Regulatory and Non-compliance Risk

Risks	Control and mitigation	Risk rating
–□□□ Changing market, legislative and regulatory needs. –□□□ Divergence between UK and EU regulatory frameworks. –□□□ Failure to comply with export controls and sanctions. –□□□ Failure to comply with anti-bribery and anti-corruption legislation.	–□□□ Vigilance and monitoring of all appropriate notifications to ensure compliance and pre-emptive actions. –□□□ Clear communicated policies and Code of Conduct issued to all employees and partners. –□□□ Internal training and awareness communications.	Likelihood: Medium Impact: Medium Trend: Increasing

–□□□ Non-compliance with tax, legal or regulatory obligations.
–□□□ Failure to comply with regulatory requirements.

Potential impact

–□□□ Loss of market presence and or share.
–□□□ Litigation against Anpario, potential fines and reputational damage.
–□□□ Financial penalties, reputational damage, unable to operate in certain jurisdictions.
–□□□ Prevented from trading with countries even though our products are exempt from sanctions.

–□□□ Support from external experts in all countries in which we operate.
–□□□ Reasonable due diligence is carried out on all customers and end users.
–□□□ Sanction checking processes are implemented and documented.

The strategic report was approved by the board and signed on its behalf by:

Richard Edwards
Chief Executive Officer
20 March 2024

Board of Directors

Non-Executive Directors

Matthew Robinson, MA, ACA.
Non-Executive Chairman
(A,N,R)

Matthew Robinson was appointed to the Board in January 2021 and became Chair on 29 June 2023. Matthew has spent much of his career working with and advising growth companies and was formerly Chairman of Inland Homes plc and Non-Executive Chairman of AIM listed Goldplat plc. Matthew started his career as a Chartered Accountant and was previously a Corporate Finance Director at finnCap and Panmure Gordon.

Tim Pollock
Non-Executive Director
(A,N,R)

Tim Pollock was appointed to the Board in August 2023. Tim has an extensive track record at executive director level for several multi-national groups covering agriculture, animal nutrition, soft commodities, and the food ingredient sector. These roles include Director of Strategic Development and M&A for Lallemand Animal Nutrition, a leading global producer of specialty feed additives and as the Food & Agriculture Investment Director for British International Investment, the development finance institution of the British Government. He founded AgCap in 2018, which provides consultancy advice to the food and agribusiness sectors.

Tim also brings public markets experience from his time as a Non-Executive Director and Interim Group Managing Director of London Stock Exchange AIM quoted Zambeef Products plc, the largest vertically integrated food retailing brand in Zambia.

Executive Directors

Richard Edwards, B Eng (Hons), C Eng, MBA.
Chief Executive Officer
(N)

Richard Edwards joined the Board in November 2006 as Chief Executive following the acquisition of Agil. He was appointed Executive Vice-Chairman in April 2011 with specific responsibility for implementing acquisition strategy. In January 2016, Richard was appointed to the position of CEO.

Richard has extensive general management and corporate strategy experience gained in the sales and distribution sector both in the UK and internationally. Previously he was Director and General Manager of WF Electrical, a £140 million turnover division of Hagemeyer (UK) plc, a distributor of industrial products, and gained significant experience in corporate development at Saint Gobain UK building materials business.

Marc Wilson, BA (Hons), ACMA.
Group Finance Director

Marc is a member of the Chartered Institute of Management Accountants and currently Group Finance Director as part of the Executive Management team for Anpario. Marc joined Anpario in 2010 and his responsibilities have included the development and rollout of Anpario's global ERP system along with the accounting and integration of acquisitions during this time.

Marc Wilson joined the Board as Group Finance Director with effect from 1 July 2021.

Karen Prior, BSc (Hons), FCA.
Corporate Responsibility Director & Company Secretary

Karen joined the board in October 2009, originally as Group Finance Director until 1 July 2021 when she relinquished the role and became Corporate Responsibility Director. Previously, Karen has had roles as Finance Director of Town Centre Securities PLC, a listed property group and UK Finance Director of Q-Park, where she was instrumental in its establishment and growth in the UK.

Karen spent 10 years of her early career with Ernst and Young specialising in providing audit and business services to entrepreneurial businesses.

Key
A: Audit Committee N: Nomination Committee R: Remuneration Committee
The Terms of Reference of the Audit, Nomination and Remuneration Committees are available on the Company's website: www.anpario.com/aim-26/.

Corporate governance

Chairman's introduction

The Company's shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange. Anpario applies the Quoted Companies Alliance Corporate Governance Code ("QCA Code").

Anpario offers natural solutions to the food farming industry which work in harmony with the natural aspects of an animal's biology to promote healthy growth at the least cost to the environment and the producer. Our products enable the production of top-quality protein that partners future farming practice around the world. This objective and our engagement with stakeholders, ensures that we act in a manner that is responsible and beneficial to all.

The board and staff at the Company are committed to behaving professionally and responsibly to ensure that the highest standards of honesty, integrity and corporate governance are maintained. Enshrining these values through the Company's culture, objectives and processes is essential to support the success of the Company in creating long-term shareholder value.

Anpario is committed to conducting business in a socially, ethically and environmentally responsible manner. We do this by focusing on a 3 Pillars framework: 'People; Planet; and Promise'.

Principle 1: Our strategy and business model to promote long-term value for shareholders

Anpario is well positioned to benefit from the trends in growth of the world's population, the increasing demand for meat and fish protein in developing countries and the tightening of global regulation favouring

demand for meat and fish protein in developing countries and the tightening of global regulation favouring more natural feed additive solutions. Seizing these opportunities is how Anpario intends to deliver long-term shareholder value. More information is included in the Strategic Report.

Anpario has specific resource and processes in place to proactively identify and manage risk to protect the continued growth and long-term future that is possible as outlined above. Our annual report details specific financial and non-financial risks and uncertainties facing the business and measures in place to mitigate them.

Principle 2: Understanding and meeting shareholder needs and expectation

Communications with shareholders are given high priority and Anpario recognises the importance and value in reciprocal and open communication with its many investors. This is key to ensure alignment between the motivations and expectations of our shareholders and our strategy and business model.

This communication takes place in many forms to serve different purposes. Our Interim Statements and Annual Reports contain detailed information for shareholders to understand our performance, strategy and future plans. Between these disclosures, the Company also issues RNS announcements, as required, which serve to keep shareholders updated about regulatory matters or changes that they should be notified of. These RNS announcements, as well as wider news articles about the Company, are available on our website www.anpario.com/investor/.

The Annual General Meeting ("AGM") is the main opportunity for all shareholders to engage with Anpario. Shareholders are notified in advance of the date and location of the meeting as well as the resolutions that are to be voted on. At the meeting, the Board and key personnel give a presentation about the most recent published results and our strategy. They are also available to answer any questions that shareholders may have. The Company's articles have been updated to enable the holding of virtual meetings in future.

The Directors actively seek to build strong relationships with institutional investors and investment analysts. Presentations are given immediately following Interim Statement and Annual Report announcements. Feedback directly from shareholders via the Company's advisers after these regular analyst and shareholder meetings ensures that the Board understands shareholder views. The Board as a whole are kept informed of the views and concerns of major shareholders and are made aware of any significant investment reports from analysts.

Shareholders are encouraged to contact the Company should they have any questions or concerns and can do so using a dedicated email address investor@anpario.com. This is actively used by our Shareholders and successfully enables them to engage with the Board in addition to attaining assistance on individual shareholder specific matters with which we may be able to help. The Chairman and other Directors will meet or have contact with major shareholders as necessary. Where appropriate on specific matters the Board or its Committees will conduct shareholder consultations.

The Executive Directors, management and staff as appropriate hold shares and participate in incentive plans in the Company which ensures that their interests are fully aligned with those of other shareholders.

Principle 3: Corporate social responsibilities and wider stakeholders

Anpario seeks to ensure a sustainable business, behaving with social, ethical and environmental responsibility and engaging with all of its key stakeholders, including the communities in which the Group operates, its people and the environment. As noted we have launched the 3 Pillars: 'People, Planet and Promise' as a framework to focus our behaviours with respect to sustainability and our ESG objectives. Full details of the Group's approach to these matters are included in the Environmental and Social Responsibility Report later in this annual report and on the website: www.anpario.com/about/sustainability/.

Principle 4: Effective risk management

Anpario has specific resource and processes in place to proactively identify and manage risk to protect its continued growth and long-term future. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Company and that they balance exploiting opportunities and protecting against threats. The Risk Management section of this annual report details specific financial and non-financial risks and uncertainties facing the business and

where possible the measures in place to mitigate them.

Risk management and control

Effective risk analysis is fundamental to the execution of Anpario's business strategy and objectives and our risk management and control processes are designed to make management of risk an integrated part of the organisation. The framework is used to identify, evaluate, mitigate and monitor significant risks and to provide reasonable but not absolute assurance that the Group will be successful in achieving its objectives. The focus is on significant risks that, if they materialise, could substantially and adversely affect the Group's business, viability, prospects and share price.

A formal Internal Audit function is not felt to be suitable for the Group at the current time due to its size, however this is kept under review alongside an appropriately robust internal control system.

Risk management process

We recognise that a level of risk taking is inherent within a commercial business. Our risk management process is designed to identify, evaluate and mitigate the risks and uncertainties we face.

The CEO is the ultimate Risk Manager. The Board establishes our risk appetite, oversees the risk management and internal control framework and monitors the Group's exposure to principal risks.

The Executive Management Board (EMB) owns the risk management process and is responsible for managing specific risks. The EMB members are also responsible for embedding rigorous risk management in operational processes and performance management and review.

The EMB members are responsible for the risk analysis, controls and mitigation plans for their individual section of the business.

The Audit Committee reviews the effectiveness of the risk management process and the internal control framework and ensures appropriate executive ownership for all key risks.

These processes ensure that all Directors receive detailed reports from management and are able to discuss the risks, controls and mitigations in place and therefore satisfy themselves that key risks are being effectively managed.

Internal control framework

Anpario's internal control framework is designed to ensure the:

- effectiveness and efficiency of business operations;
- reliability of financial reporting;
- compliance with all applicable laws and regulations; and
- assignment of Authority and Responsibility.

Anpario's values underpin the control framework and it is the Board's aim that these values drive the behaviours and actions of all employees. The key elements of the control framework are:

Management structure

The Board sets formal authorisation levels and controls that allow it to delegate authority to the EMB and other Managers in the Group. The management structure has clearly defined reporting lines and operating standards.

Strategy and business planning

- Anpario has a strategic plan which is developed by the EMB and endorsed by the Board;
- Business objectives and performance measures are defined annually, together with budgets and forecasts; and
- Monthly business performance reviews are conducted at both Group and business unit levels.

Policies and procedures

Our key financial, legal and compliance policies and procedures that apply across the Group are:

- Code of Conduct;
- Designated authorities and approvals;
- ISO 14001 Environmental Management Systems;

- –□□□□□□ ISO 14001 Environmental Management Systems;
- –□□□□□□ Anti-Bribery and Anti-Corruption Policy;
- –□□□□□□ Modern Slavery Policy;
- –□□□□□□ GDPR and Privacy Policy; and
- –□□□□□□ Due diligence processes including rigorous sanctions checks.

Technical standards and operational controls

Our operational control processes include:

- –□□□□□□ **Product pipeline review:** product pipeline is reviewed regularly to consider new product ideas and determine the fit with our product portfolio. We assess if the products in development are progressing according to plan and evaluate the expected commercial return on new products;
- –□□□□□□ **Lifecycle management:** lifecycle management activities are managed and reviewed for our key products to meet the changing needs of our customers, environmental and regulatory standards;
- –□□□□□□ **Quality assurance:** a manufacturing facility with an established Quality Management System operating under FEMAS and UFAS and designed to ensure that all products are manufactured to a consistently high standard in compliance with all relevant regulatory requirements;
- –□□□□□□ **Product registration:** a robust system operated by our regulatory team to ensure all products are correctly registered within the jurisdiction in which they are sold; and
- –□□□□□□ **Pricing:** a pricing structure which is managed and monitored to provide equitable pricing for all customer groups and compliance with regulatory authorities.

Financial controls

Our financial controls are designed to prevent and detect financial misstatement or fraud. This provides reasonable, but not absolute, assurance against material misstatement or loss. They include:

- –□□□□□□ a formalised reporting structure which incorporates the setting of detailed annual budgets and key performance indicators which are updated on a regular basis to form forecasts;
- –□□□□□□ management and Board meetings where all key aspects of the business are presented, reviewed and discussed including comparison of current and historical performance as well as budgets and forecasts;
- –□□□□□□ defined authorisation levels for expenditure; the placing of orders and contracts; and signing authorities;
- –□□□□□□ transactional level controls operated on a day-to-day basis;
- –□□□□□□ daily reconciliation and monitoring of cash movements by the finance department and the Group's cash flow is monitored;
- –□□□□□□ segregation of accounting duties;
- –□□□□□□ reconciliation and review of financial statements and judgements;
- –□□□□□□ internal and external training to ensure staff are aware of the latest standards and best practice; and
- –□□□□□□ membership of professional bodies and compliance with associated code of ethics.

Principle 5: The Board

The Board of Directors is collectively responsible and accountable to shareholders for the long-term success of the Company. The Board provides leadership within a framework of prudent and effective controls designed to ensure strong corporate governance and enable risk to be assessed and managed.

The Board regularly reviews the operational performance and plans of the Company and determines the Company's strategy, ensuring that the necessary financial and human resources are in place in order to meet the Company's objectives. The Board also sets the Company's values and standards, mindful of its obligations to shareholders and other stakeholders.

Full details and biographies of the Board are available on our website, the Board comprises of two independent Non-Executive Directors and three Executive Directors.

Executive Directors

			Key Committees		
Name	Role	Qualifications	Audit	Nom.	Rem.
Richard Edwards	Chief Executive Officer	B Eng (Hons), C Eng, MBA.		M	
Marc Wilson	Group Finance Director	BA (Hons), ACMA.			
Karen Prior	Corporate Responsibility Director	BSc (Hons), FCA.			

Independent Non-Executive Directors

			Key Committees		
Name	Role	Qualifications	Audit	Nom.	Rem.
Matthew Robinson	Non-Executive Chair	MA, ACA.	C	C	M
Tim Pollock	Non-Executive Director		M	M	C

Audit = Audit Committee, Nom. = Nomination Committee, Rem. = Remuneration Committee
C = Chair, M = Member

The Board considers that the Non-Executive Directors are independent.

All Directors are subject to reappointment by shareholders at the first AGM following their appointment and thereafter by rotation.

The Board delegates its authority for certain matters to its Audit, Remuneration and Nomination Committees. The Board approves and reviews the terms of reference of each of the Committees which are available on the Company's website, www.anpario.com/aim-26/.

The Board meets formally at least four times per annum. All Board members receive agendas and comprehensive papers prior to each Board meeting. The Corporate Responsibility Director is also the Company Secretary and is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are adhered to.

In addition to formal Board and Committee meetings, ad hoc decisions of the Board and Committees are taken after discussion throughout the financial year as necessary through the form of written resolutions.

All Directors in office at the time of the various committee meetings were in attendance for all of the meetings convened during 2023. A list of the meetings convened during the year is set out below.

	Number of meetings convened	Full attendance of meeting
Board meetings	9	Yes
Audit Committee meetings	2	Yes
Remuneration Committee meetings	4	Yes
Nomination Committee meetings	3	Yes

The Chief Executive Officer and Group Finance Director work full time for the Group. The Corporate Responsibility Director works part-time and ensures the roles and responsibilities of the position are fully met. The Non-executive Directors have commitments outside of Anpario plc. They are summarised on the Board biographies available from www.anpario.com/investor/aim-26/. All the Non-Executive Directors give the appropriate amount of time required to fulfil their responsibilities to Anpario.

Principle 6: Ensuring Directors have between them the necessary up-to-date experience, skills and capabilities

The Nomination Committee aims to ensure that composition of the Board reflects appropriate balance of skills and experience required to ensure long-term shareholder value and manage risk. Details of the role of the Nomination Committee and the activities it performs in relation to these matters is included in the "Maintaining governance structures" section later on in this document.

The Board biographies available on the website give an indication of their breadth of skills and experience. Each member of the Board takes responsibility for maintaining their own skill set, which includes roles and experience with other boards and organisations as well as formal training and seminars.

Principle 7: Evaluating board performance

The performance of the Board is evaluated formally on an annual basis, following the conclusion of the annual Audit and finalisation of the Annual Report. The Chairman leads this process which looks at the effectiveness of both the Board as a unit and its individual members.

When addressing overall Board performance the factors considered, include but are not limited to, underlying group financial performance, the success of new strategy implementation and the effectiveness of risk and control measures. This process further looks at the performance of each member and considers

of risk and control measures. This process further looks at the performance of each member and considers their individual successes, commitment and alignment to the overall Group strategy. As appropriate, it will also look to confirm that members have maintained their independence.

The Nomination Committee is responsible for determining Board level appointments, details of its role and terms of reference are provided later in this document. The Executive Board members determine the appointments to the Executive Management team, in line with Board approval procedures.

Succession planning is a key part in ensuring the long-term success of the Company. The Executive team ensure that potential successors are in place within the business and are given the required support and guidance to develop further. At the required time, it is the Nomination Committee's role to make decisions about future appointments to the Board.

Principle 8: Promoting a corporate culture based on ethical values and behaviours

Anpario has a strong ethical culture, the Board is responsible for setting and promoting this throughout our processes and behaviours. The policies related to these matters are regularly reviewed and updated and distributed to employees and other stakeholders as appropriate. Further, specific training is given to keep staff updated on relevant changes, these sessions are often recorded for future reference and new staff induction.

A copy of our Code of Conduct is available on our website, www.anpario.com/code-of-conduct/. Anpario has stated policies on Corporate Social Responsibility, Anti-Bribery and Anti-Corruption, Modern Slavery Policy and Whistleblowing Policy that are applicable to all our employees, other workers, suppliers and those providing services to our organisation.

The Company has achieved ISO 14001 standard on Environmental Management Systems accreditation along with a qualified internal audit function.

Anpario's Sustainability Report and accompanying video is available on the website https://www.anpario.com/about/sustainability/.

Principle 9: Maintaining governance structures

Anpario is confident that the governance structures in place in the Company are appropriate for its size and individual circumstances whilst ensuring they are fit for purpose and support good decision making by the Board.

The Board defines a series of matters reserved for its decision. These include strategy, finance, corporate governance, approval of significant capital expenditure, appointment of key personnel and compliance with legal and regulatory requirements.

There is clear segregation of responsibility within the Board. The Non-Executive Chairman is responsible for providing leadership to and managing the business of the Board, in particular ensuring strong corporate governance policies and values. The role of Chief Executive Officer is concerned with the formulation and implementation of the strategy of the Company and is responsible for all operational aspects of the business. The role of the Group Finance Director is to provide strategic and financial guidance and to develop the necessary policies and procedures to ensure sound financial management and control of the Company. The Corporate Responsibility Director also acts as Company Secretary and is further responsible for advising on corporate governance matters and ensuring compliance with relevant legislative and legal requirements.

Details of the key committees are set out below, the terms of reference for each are available on our website as part of the committee section of the AIM 26 disclosures www.anpario.com/aim-26/.

Audit Committee

Details are contained within the Audit Committee Report section of this Annual Report.

Remuneration Committee

Details are contained within the Remuneration Committee Report section of this Annual Report.

Nomination Committee

The Nomination Committee is comprised of the two Non-Executive Directors and the Chief Executive Officer and is chaired by Matthew Robinson. Meetings are held as required by the Chairman. The role of the committee is as follows:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- give full consideration to succession planning for Directors and other senior executives taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- keep up to date and informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- review and approve selection procedures for potential Board members, whether executive or non-executive, whether for immediate appointment to the Board or after a probationary period;
- be responsible for identifying and nominating for approval of the Board, candidates to fill Board vacancies as they arise;
- ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- ensure that following appointment to the Board, Directors undergo an appropriate induction programme; and
- make recommendations to the Board on membership of the Board's committees, in consultation with the chair of such committees, the reappointment of any non-executive at the conclusion of their specified term of office, the reappointment by shareholders of Directors under the Company's rotation requirements taking into account the need for progressive refreshing of the Board.

Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

For the appointment of a Chairman or other Non-Executive, the committee shall produce a job specification, including the time commitment expected. A proposed Non-Executive's other significant commitments should be disclosed to the Board before appointment and any changes to commitments should be reported to the Board as they arise.

Prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interests and be required to report any future business interests that could result in a conflict of interest. Full due diligence is undertaken by the Company and NOMAD.

New appointments made in the year have gone through the processes as described above and more information can be found in the Board Changes section of the Chairman's Statement.

Principle 10: Communicating governance and performance matters with shareholders and wider stakeholders

Communications with shareholders are given high priority and we proactively promote engagement through a range of measures. More details of which are provided earlier in this document about how Anpario seek to engage with and understand Shareholders and wider Stakeholders.

A General Meeting was held on 19 June 2023 to approve a resolution related to the Tender Offer for which was approved without a significant number of votes being cast against it.

The most recent AGM took place on 29 June 2023, the results of the AGM are set out below. None of the resolutions had a significant number of votes cast against it.

Ordinary resolutions

No	Resolution	Result
1	To receive the accounts for the year ended 31 December 2022, together with the reports of the Directors, the strategic report, and the report of the auditors thereon.	Passed
2	To declare a final dividend for the year ended 31 December 2022 of 7.35p per Ordinary share payable on 28 July 2023 to shareholders on the register at close of business on 14 July 2023.	Passed
3	To re-elect Richard Edwards as a Director, who retires by rotation.	Passed
4	To re-elect Matthew Robinson as a Director, who retires by rotation.	Passed
5	To re-appoint BDO LLP as auditors.	Passed
6	To authorise the Directors to agree the auditors' remuneration.	Passed
7	To grant the Directors' authority to allot shares or grant rights to subscribe or convert any security into shares in the Company pursuant to Section 551 of the Companies Act 2006.	Passed

Special resolutions

No	Resolution	Result
8	To authorise the Directors to allot equity securities for cash as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment.	Passed
9	To issue shares for cash, otherwise than in connection with a pre-emptive offer, up to 10% of a company's issued share capital together with an additional 10%.	Passed
10	To grant to the Company authority to exercise its power to purchase its own shares.	Passed

Our Company website includes historical Annual Reports and Interim Statements; both in RNS format as part of its News section, and the published documents are available from www.anpario.com/investor/annual-reports/. Included within these documents are the notices of previous AGMs, the results of which are released as RNS announcements and can be found in the News Releases section of our website www.anpario.com/investor/.

Environment and Social Responsibility Report

Environmental responsibility

Anpario seeks to ensure a sustainable future, conducting business in a socially, ethically and environmentally responsible manner engaging with all our key stakeholders, including the communities in which we operate. The key issue of climate change has highlighted the critical part played by agriculture and food production and the necessity for collective action to achieve a net-zero emissions economy for a world that prioritises the health of people and our planet.

Anpario's team seek to meet environmental challenges with sustainability at their heart and pursuing a journey of continuous evolution and progression. We recognise that it is our responsibility to identify problems faced by producers globally and find effective sustainable solutions and as we continue to grow on the strong foundations built over past decades. We aim to be a leading light now and in the future.

We are leaders in the field of speciality feed additives, our products capture natures ingenuity and work in harmony with the animals' biology to deliver sustainable and natural solutions. It is through our products that we can have the greatest positive impact, empowering global animal protein producers to produce more from less, preserving vital resources, safeguarding food production and human health, whilst protecting the planet. We promise to seek new ways of operating that protect valuable resources and remain committed to high environmental standards and robust health and safety measures.

We believe that through our product innovation, management of our operations and aligning with stakeholders who share our values and sustainability objectives, we can help our global customers to achieve their own sustainable goals faster.

UN Sustainable Development Goals

The UN Sustainable Development Goals (SDG's) provide a globally accepted roadmap for addressing many of the most urgent global, economic, environmental and social challenges. Agreed at international level in September 2015, the achievement of these 17 goals by 2030 requires extensive participation and creates a key role for businesses in delivering entrepreneurial solutions that can help meet these challenges. Anpario aligns with several SDG's and the goals highlighted below are those where we recognise that we can play our part in creating positive impact for people and the planet, now and into the future.

SDG 2: Zero hunger - end hunger, achieve food security and improved nutrition and promote sustainable agriculture

Agriculture and fisheries can provide nutritious food for all and generate decent incomes, while supporting people-centred rural development and protecting the environment. Anpario's products work in tune with nature's inherent processes within each of the animal species to support production of safe and affordable food for a growing population and can help to:

- conserve, protect and enhance natural resources;
- improve rural livelihood, equity and social well-being through productive farming; and
- enhance resilience of people, communities and ecosystems.

SDG 3: Good health and well-being - ensure healthy lives and promote wellbeing for all at all ages

We are leading work in collaboration with major feed producers to successfully reduce the unnecessary use of antibiotics and other substances such as zinc oxide and urea-formaldehyde. The misuse of antibiotics in agricultural production is a significant threat to animal and human health. Anpario provides products and guidance to support farmers to:

- improve animal gut health;
- defend against mycotoxins;
- reduce and where possible remove the unnecessary use of antibiotics; and
- safeguard the use of antibiotics for effective treatment of sick animals and humans.

SDG 12: Responsible consumption and production - ensure sustainable consumption and production patterns

Anpario's phytogenic and organic acid products help improve biosecurity and prevent animal diseases, which can eliminate significant animal populations, leading to devastating losses of food producing animals (e.g. Coccidiosis, Necrotic Enteritis, Porcine Epidemic Diarrhoea (PEDv), and African Swine Fever (ASF). Anpario's products are proven to work effectively alongside vaccines to aid in disease control.

SDG 13: Climate action: take urgent action to combat climate change and its impacts

Anpario is tackling climate change through establishing energy reduction initiatives and making renewable energy investments and commitments including our ambition Net Zero Carbon by 2030. Our products help farmers to feed more nutritious diets with a lower environmental footprint to their animals which reduces negative environmental impacts such as:

- nutrient loss;
- greenhouse gas and ammonia emissions; and
- degradation of ecosystems.

SDG 14: Life below water - conserve and sustainably use the oceans, seas and marine resources for sustainable development

Anpario works to protect and enhance marine life by working with aquaculture producers globally to improve production systems, sourcing responsibly and reducing marine waste. Our 100% natural, aquaculture products work on the same principles as for land animals and are effective for shrimp and other farmed fish such as salmon and tilapia. We have developed new formulations to support both sustainable and antibiotic free, production in this sector.

SDG 17: Partnerships for the Goals: strengthen the means of implementation and revitalise the global partnership for sustainable development

Anpario works collaboratively with other organisations and stakeholders with the common goal of sustainable food production. To achieve optimal circular sustainability means educating distribution networks, employees, partners and working with customers, our supply chain and leading global universities who share our goals to lead initiatives to replace unsustainable practices. It means leading by example and actively demonstrating how we apply and achieve sustainable objectives to our partners to inspire positive change.

Our Commitment and 3 Pillars

Anpario is committed to conducting business in a socially, ethically and environmentally responsible manner. We will do this by focusing on 3 Pillars: '**People**; **Planet**; and **Promise**'.

Sustainability is a core focus for Anpario and driven by our people, delivery of leading product innovations, operational excellence and engagement with key stakeholders. We are building on strong foundations and are committed to continuous responsible development that will help to safeguard the planet now and for future generations. Alongside our customers we work responsibly to identify problems faced by protein producers globally and we collaborate with leading industry and research partners to find effective sustainable solutions.

People

Anpario is committed to:

- protecting and empowering employees;
- embracing diversity, equality and inclusion of our employees and their communities; and
- working with our customers, suppliers and other stakeholders for a better tomorrow.

At Anpario we recognise the importance of nurturing and developing lasting relationships with customers and suppliers. Building and continually developing a stable, highly motivated and skilled workforce is key to our approach. Anpario is an inclusive organisation where everyone is treated equally irrespective of gender, nationality, marital status, colour, race, ethnic origin, creed, sexual orientation or disability. Together we drive a positive culture with employee well-being prioritised and setting high standards to ensure we effectively manage risk and health, safety and ensuring a safe working environment. Our employees embody Anpario's key values of "Integrity, Teamwork, Innovation and Leadership".

It is Anpario's policy to involve colleagues in the business and to ensure that matters of concern to them, our aims, objectives and financial performance are communicated in an open way. As far as possible, employees are offered the opportunity to become shareholders to promote active participation and commitment to our success.

The Employee handbook applies globally and includes detailed policies and guides for employees which cover:

- **Behaviour:** Equal Opportunities and Dignity at Work, Anti-Bribery and Anti-Corruption, Modern Slavery, Communications and Privacy.
- **Family:** Parental, Dependents, Maternity, Paternity, Flexible working, Adoption.
- **General:** Grievance, Whistle blowing, Discrimination and Bullying, and Disciplinary.
- **Safety:** Health and Safety handbook, Occupational Health Policy, Drug and Alcohol abuse.

Gender and diversity

109 employees work for Anpario in the UK and its global operations. Employees are recruited from local communities which has helped us build a very ethnically diverse team of which we are very proud. The team includes 15 nationalities speaking 22 languages with 18 of positions of manager and above being held by non-white. Females represent 3 out of 7 the Executive Management team. Specific training is given to all employees in respect of key policies including online training videos and in person equal opportunities and diversity and health and safety training. An analysis of Directors, managers and other employees by gender as at 31 December 2023 is as follows:

	Male	Female
Directors	4	1
Group Management	14	13
Production	19	2
Administration	5	11
Sales and Technical	20	20
Total	**62**	**47**

Equal opportunities

Anpario is committed to equality of opportunity for all of its current and prospective employees, and we ensure that we treat people in a fair and equitable manner.

The Group considers applications for employment from disabled persons equally with those of other

applicants having regard to their ability, experience, and the requirements of the job. Where existing employees become disabled, appropriate efforts are made to provide them with continuing suitable work within the Group and to provide retraining if necessary.

Training and development

Anpario support a motivated and highly skilled workforce, where talent is nurtured, and opportunities created for all. Our belief in solving problems from new perspectives using science, experience and technology continues to drive positive change to our ways of working.

We recognise the importance of developing talent within our business through continuous learning and development. This is a key part of our succession planning and preparing our business for the future to ensure that we retain key individuals, develop high potential and future business leaders. We aim to develop and promote from within where possible and three members of our Executive team commenced at Anpario straight from school or university.

Employees are encouraged to further develop their skills and we provide appropriate training to support our people and grow our organisational capabilities. Anpario currently:

- recruits graduates and doctorates in disciplines such as biosciences, accountancy, law and HR;
- works closely with several global universities on joint scientific initiatives;
- sponsorship of prestigious Nuffield training for technical and sales staff;
- provides ongoing professional training support, extensive coaching and management development programmes;
- provides financial and study leave for professional and work related qualifications; and
- has several apprentice places.

We value long service and retaining staff is fundamental to our success and the creation of a strong, robust business. Anpario has a wealth of long serving employees across its global operation, these key staff continue to advance and develop within the business and play a major part in nurturing future Anpario talent.

Percentage of Employees with Extended Length of Service:

5 years +	52%
10 years +	20%
15 years +	6%

Community Engagement

We believe in contributing and enriching the communities in the which we operate by employing and offering development opportunities to local people. We encourage active participation by our employees in initiatives that support our local communities, through social, educational, and charitable contributions. Anpario supports charities and local communities through donations and volunteering. We believe it is important to give back and serve local people and their communities, contributing to positive and measurable social change.

In 2022 Give Something Back Volunteer Days Scheme was introduced globally, with all employees entitled to one paid day release a year to volunteer at a charity of their choice.

Our charity of the year chosen for 2023 is Dementia UK support and provide life-changing care for families affected by all forms of dementia, including Alzheimer's disease. Our staff supported several fundraising events, bake sales and the marketing team completed a virtual walking challenge from Lands End to John O'Groats in April raising £1,287.

Our Charity of the year for 2024 chosen by staff nomination and voting is Save the Children.

The Anpario Green Team

Our staff are key to advancing processes and initiatives that improve our ways of working and protect the planet. Through our "Green Team" activities we encourage participation and raise awareness across our entire workforce to initiate more sustainable ways of working throughout the business. Through ongoing commitment of our team and cross functional projects we aim to improve our sustainable practice with current objectives including: production efficiency improvements, identify new "Ways of Working" to reduce

waste in manufacturing our products and office wastage reduction.

Planet

In aligning with UN SDG's Anpario is committed to:

- –□□□□□□ driving global protein production and support our customers to build strong sustainable businesses, without negatively impacting future generations;
- –□□□□□□ minimise impact of our global operations on the environment;
- –□□□□□□ continuous product innovation; and
- –□□□□□□ improving our supply chain's environmental, social and ethical practices.

Anpario seeks to optimise animal protein production by using sustainable natural resources for the benefit of animals, our customers and human health. Our ongoing commitment is to support, influence, and assist farmers and food chain producers to switch to healthier more sustainable feed ingredients, which will deliver greater global food security and a reduction in feed poverty. We partner with government, industry and leading research bodies globally. Together we advance product innovation and create long-term sustainable solutions, helping to maintain animal health and optimise nutrition throughout the supply chain. Combatting diseases that can destroy animals, impact welfare and livelihoods, without negatively impacting the environment, is key to our approach.

Our innovative products work in harmony with the animals' biology to promote healthy growth and demonstrate value to the animals fed directly throughout all life stages and indirectly to their progeny; and ultimately within the human food chain. This contributes to the more efficient use of feed ingredients, reduces environmental impact and supports responsibly produced food.

Underpinning Planet objectives is a core strategy "Anpario's 4R's" a programme to reduce antibiotic use in animal production through "Review, Reduce, Replace, Responsibly" which supports our customers to reduce reliance on antibiotics, whilst maintaining efficient production using natural sustainable solutions. Our products can replace harmful and outmoded technologies such as formaldehyde and zinc oxide used for antimicrobial control in the feed, and help reduce reliance on antibiotic use in animal production thus improving and safeguarding both animal and human health. The patent attained for Orego-Stim® in reducing the proportion of bacteria and antimicrobial resistance, when added to the diets of young cattle and also the patent of our flagship toxin-binder product, Anpro® are examples of how Anpario is providing environmentally safe and sustainable solutions for the world's population.

Helping Customers to Reduce Carbon Footprint

Anpario is one of the leading companies helping global livestock producers to meet environmental and sustainability challenges and contributing to the research and development progress that the agricultural livestock industry is achieving in improving its carbon footprint and greenhouse gas emissions (GHG's). Anpario prides itself on being a low carbon manufacturer of animal feed additives, with two thirds of sales from products which can be described as from sustainable sources. These products are also the Group's fastest growing product categories. Furthermore, our products help producers to be more efficient in the resources they use by improving feed efficiency by supporting gut health thus optimising nutrient utilisation. Use of Orego-Stim® in chicken meat production Anpario led trials have shown on average a 7% improvement in feed conversion efficiency.

Anpario's 100% natural oregano essential oil product, Orego-Stim®, has also been shown to support greener egg production by improving overall egg production, hen liveability and feed efficiency. Meta-analysis from global trials show on average '8 Extra Eggs' per hen improvement (2.2% per hen) when fed Orego-Stim®.

Optomega® Algae is a new, micro-algae derived, Docosahexaenoic acid (DHA) supplement for use in all species including aquaculture, targeted at breeding animals and producers supplying enriched meat, milk and eggs containing higher levels of omega-3 fatty acids. The product is 100% natural, from a sustainable source. Furthermore, preliminary data from an in vitro study at the University of Reading suggests that dairy cows fed Optomega® Algae can reduce methane output by 7% in 24-hour period. It is well known that supplementing dairy rations with DHA supports cow fertility, reducing replacement frequency in the dairy herd supporting lifelong milk production and contributing to carbon footprint reduction.

Orego-Stim® Forte a proprietary blend of active ingredients including Orego-Stim® for use in aquaculture,

has been shown to benefit producers of both shrimp and fish through improvement of gut health and reduction in pathogens leading to improved liveability and growth performance. Orego-Stim® Forte is proven to support producers wishing to reduce reliance on antibiotics in production.

Anpario has collaborated with a long-standing customer in India where Orego-Stim® is recognised as a leading phytogenic product to enable them to blend Orego-Stim® locally under licence which whilst helping to speed up sales growth in the region and offer greater access to new market segments will reduce transportation requirements.

Partnerships and Accreditations
Anpario partners with organisations that work to inspire and enable cutting edge science and sustainable farming that is prosperous, enriches the environment and engages communities. These partnerships help to assist with our goals and work with our customers to achieve optimum animal performance through sustainable, natural solutions.

Anpario has been honoured with the **first ever King's Award for Enterprise** , recognised for excellence in **Sustainable Development** . Anpario is one of 148 organisations to be recognised with a King's Award for Enterprise, 15 of which received the award for Sustainable Development. The King's Award for Enterprise is the **UK's most prestigious business accolade** , designed to recognise and encourage the achievements of UK.

We retain key industry quality accreditations, UFAS and FEMAS certifications which are subject to rigorous independent audits which provide assurance of meeting highest quality products, supply chain partners and operational processes.

We hold organic farming approvals in numerous global territories, required by regional certifying bodies to permit the use of several of our key products in organic production systems.

Work is progressing alongside industry bodies and peers to enable us to seek a recognised measure of product carbon footprint. We are a member Centre of Innovation Excellence in Livestock (CIEL) a collaboration of major research and industry players in livestock production.

Anpario continues to support Vision 365, which is the new 10-year plan for the International Egg Commission (IEC) and supported by the United Nations and aligned with SDG's. Eggs are an affordable, nutritious, and low impact food source and the plan aims to develop the nutritional reputation of the egg on an international scale and to accelerate global average egg consumption per capita to 365 eggs per annum from 165 today.

We work with suppliers who share our aspiration to deliver high quality, economic products without exploiting or damaging the environment. Our key partners share the same ethos and commitment to natural based farming solutions, including circularity in production with no use of external resources except rainwater, green energy and zero use of chemical pesticides. Anpario's ambition is to cease to consume finite materials that cannot be renewed or replenished, using only raw materials from common minerals and plants with plentiful natural resources. For example:

- Oregano oil used in the production of Orego-Stim® is unique to Anpario and grown using organic, pesticide-free principles.
- Microalgae used in the production of Optomega® Algae is grown using sustainable principles from natural waste of existing sugarcane production processes. The waste sugarcane is also used to produce energy to power the factory.

Anpario has ISO14001 certification, an internationally recognised standard for Environmental Management Systems which provides a framework to identify, manage, monitor and control environmental processes. Our membership of Supplier Ethical Database (SEDEX) provides a high-level transparency of operational standards, employment practices and corporate ethics.

Anpario will only engage with suppliers operating within international regulations who are capable of meeting our high specification and operate rigorous quality standards quality standards. Due diligence is undertaken for assurance that all applicable ethical labour, trade laws and regulations are complied with including the requirements of the UK Bribery and Modern Slavery Acts. Anpario's employees and partners are contractually bound by its Code of Conduct.

Operational Impact

We are focused on minimising the impact of our operations on the Planet and aim to reduce our own carbon emissions, whilst also helping our stakeholders to do the same. Working with the UK Government and the Environment Agency our industry trade association, Agricultural Industries Confederation (AIC), has set out a road map for a sustainable food chain and an open partnership across the industry to achieve the transition to Net Zero Carbon (NZC) by 2050. Anpario's ambition is even more ambitious to achieve NZC by 2030* and have started to implement plans to achieve this.

Operational practices are kept under continuous review to drive further improvements in efficiency, to eliminate waste, reduce energy consumption and our carbon footprint. Examples include:

- –□□□□□□ solar panels generate electricity for use at our plant in Nottinghamshire reducing our reliance upon fossil fuels and also feeds back into the grid;
- –□□□□□□ almost all of our carrier materials are supplied in bulk and directly added from silos to minimise packaging waste;
- –□□□□□□ liquid ingredients are stored in bunded storage silos;
- –□□□□□□ pre-used reconditioned and cleaned intermediate bulk containers (IBC's) used for packaging and supply of bulk liquids;
- –□□□□□□ product and material waste is collected by a waste contractor and environmentally recycled;
- –□□□□□□ our bottling plant produces liquids in 100% recyclable plastic bottles;
- –□□□□□□ packaging design is constantly reviewed resulting in improvements such as a recent reduction box size;
- –□□□□□□ dust extraction and recycling system minimises dust in the production area and prevents emission into the environment;
- –□□□□□□ automated palleting system has reduced forklift movements; and
- –□□□□□□ investment in additional warehousing on site to reduce packaged raw material movements in and out of third party storage.

We are dedicated to driving continuous improvement and targeting operational efficiency though our production facility and committed to developing and monitoring carbon reducing measures throughout our operations, benchmarking to reduce waste, and emissions to land, air and water. Positive environmental impact assessments are expected for any new operational investments submitted for approval and alignment with our clear goals and ESG strategy which is focused on Net Zero Operations by 2030*;

**Scopes 1 and 2 plus Scope 3 relating to group business travel & waste.*

Energy Consumption & Carbon Emissions

Measurement of energy consumption & carbon emissions by businesses is made universal by categorising into 3 areas:

Scope 1 - This relates to emissions relating to: stationary consumption i.e. fuel consumption used in our operations (to produce electricity, steam, heat or power) and mobile consumption by our own vehicles, and emissions to the air.

Scope 2 - These are the emissions we create indirectly - like the electricity or energy use for heating and cooling buildings, being produced on our behalf by energy suppliers.

Scope 3 - In this category go all the emissions associated, not within the business itself, but those emissions for which the organisation is indirectly responsible in its supply chain. e.g., associated with the products from our suppliers and to the use of our products by our customers. This is an area in which we are in the process of gathering data and setting targets in collaboration with our stakeholders.

	baseline year	prior year	year-on-year		current year	cumulative	
	2019	2022	change	% change	2023	change	% change
Scope 1	15.3	4.5	*(2.8)*	*(62%)*	1.7	*(13.6)*	*(89%)*
Scope 2	163.9	72.8	*(27.9)*	*(38%)*	44.9	*(119.0)*	*(73%)*
GHG emissions in tCO_2e	**179.2**	**77.3**	***(30.7)***	***(40%)***	**46.6**	***(132.6)***	***(74%)***

Group sales £m	29.1	33.1	*(2.1)*	*(6%)*	31.0	*1.9*	*7%*
Intensity (t tCO_2e: per £m sales)	**6.2**	**2.3**	***(0.8)***	***(35%)***	**1.5**	***(4.7)***	***(76%)***
Energy use in kWh:							
Natural Gas	*51,433*	*17,317*	*(11,512)*	*(66%)*	*5,805*	*(45,628)*	*(89%)*
Electricity	*641,366*	*376,619*	*(159,949)*	*(42%)*	*216,670*	*(424,696)*	*(66%)*

Waste and packaging

Our aim is to maximise the value of the resources we use and rely on, reduce all waste being generated across the Group and divert waste away from landfill. We place specific emphasis on the type of packaging used to protect our products and ensure as far as possible the use of recyclable materials. The Group continues to invest in infrastructure and management systems to reduce waste and packaging.

The amount of waste generated in the year was reduced by 79 Tons (25%), with a cumulative reduction from the 2019 baseline year of 246 Tons (51%).

Water

Our water consumption is low compared to manufacturing industries due to the nature of our formulations and production systems. With increasing pressure on this shared resource, we are mindful of the importance of protecting water sources and are committed to using water as efficiently as possible. We exercise extreme care to ensure that all waste water complies with relevant legislation and the Group continues to invest in infrastructure and management systems to minimise potential spillages or other forms of water contamination. We continuously look for ways to conserve and re-use our water volumes and are currently investigating initiatives to further reduce our reliance on water resources.

The amount of water consumed in the year was reduced by 268 cubic metres (27%), with a cumulative reduction from the 2019 baseline year of 1,145 cubic meters (44%).

Delivery and Freight

Anpario's products are delivered through distribution channels and direct to customer's using third party haulage and global freight services. We note that there are carbon emissions associated with the delivery of our products, however, this is offset by the feed efficiency and improved liveability gains that our products make for our customers.

Promise

Anpario is committed to:

- –□□□□□□ honest, ethical, and responsible practice;
- –□□□□□□ positive engagement and partnerships;
- –□□□□□□ best practice, governance and stewardship; and
- –□□□□□□ helping customers build strong and sustainable businesses.

Anpario recognises the importance of corporate social responsibility. It is essential to our reputation that our team offer honest and open advice, matched by the integrity and provenance of our products. Anpario's positive culture ensures honesty, ethical practice and responsibility is instilled into all activity across the business. "Do the Right Thing" is a fundamental message that creates a sound base to communicate our cultural guidance and code of conduct throughout the entire group. Our Code of Conduct represents our commitment to our values, to doing the right thing, personally and professionally, and outlines the expected standards by which Anpario leaders and employees should work in the delivery of their duties, across all job functions, departments, and global locations in which we operate.

Policies and guidance are provided to all staff on expected behaviours at the point of induction and fortified through training and appraisal procedures. Compliance to the Anpario Code of Conduct is required from all employees and businesses partners alike with a zero-tolerance policy to transgressions whilst also facilitating whistleblowing internally and externally.

Anpario assures safety of its products, absolute transparency and traceability of raw materials, and compliance with international regulations through rigorous internal control processes and quality standards.

Leadership

Anpario promises to lead by example and consistently promote a culture of integrity by making ethical decisions and acting responsibly and honestly in everything we do whilst striving for excellence in our business objectives. Our leaders understand the importance of our ethics framework to safeguard best practice and excellence in governance and stewardship. The following measures help to ensure compliance:

- the Board sets overall business strategy and plans which include key ESG initiatives;
- the Board identifies key risks and opportunities which are regularly reviewed and updated;
- Anpario's Board structure is in line with best practice and Corporate Governance Codes, including independent Chair and Senior Independent Director;
- the Board has clear and transparent division of roles;
- performance related incentives are dependent on achievement of strategic business and ESG objectives; and
- business continuity and emergency response plans are in place and regularly reviewed by the Board to ensure effective action and communications.

Shareholder Delivery and Stewardship

We maintain strong relationships with shareholders, ensuring they understand our strategy, progress and performance and that we understand their views and address any concerns. Anpario's Promise to our shareholders is to consistently strive to increase corporate value via best business practices and to produce healthy returns and profit growth and ensure:

- regular informative communication through investor roadshows, meetings and presentations;
- regular news flow on key developments in the business;
- engagement with investors regarding executive remuneration, sustainability issues and Board changes;
- adherence to Aim Rules for Companies and compliance with Quoted Companies Alliance Corporate Governance Code;
- appointment of external auditors who are tendered on a periodic basis and report to the Audit Committee;
- Anpario's Board and its committees are chaired by independent non-executive directors; and
- regular Board training on AIM Rules and Market Abuse Regulation.

Group Policies

We establish and communicate our policies to all staff throughout the group through induction training using video and provide regular updates for all staff.

Anti-Bribery and Anti-Corruption policy

We are transparent and compliant with all applicable laws and we ensure that our employees and our external business partners are aware of their responsibilities, this includes providing appropriate training and guidance. We expect each individual acting on Anpario's behalf to be responsible for maintaining our reputation by conducting business honestly, transparently, professionally and ethically. Our Anti-Bribery and Anti-Corruption policy and training outlines our zero tolerance and articulates that no employee or representative of any Group business is to offer or accept any bribe, including facilitation payments, or engage in any form of corrupt practice.

Human Rights

We are committed to respecting human rights and labour practices in our operations and supply chains and recognise the importance of operating in an ethical and responsible manner. The Group has procedures including a requirement for suppliers to accept our stance in relation to preventing Modern Slavery. Employees are given awareness training as part of their induction programme with updates provided to all employees as appropriate. We do not tolerate the use of forced or child labour, in any operations connected with the Group.

Whistle-blower facilitation

It is our policy to encourage colleagues or external business partners to speak up if they have any concerns about wrongdoing in the workplace. Any employee who raises their concerns in good faith will be supported for doing so and will be protected from retaliation. We have a number of reporting channels through which concerns can be confidentially raised both informally or formally through our grievance procedure and to our Human Resources Team or any Board member. In the event of a concern being raised we promise to take it extremely seriously and carry out an independent investigation as appropriate to validate the complaint, following which the relevant process is implemented, with oversight and reporting through to the case being resolved or closed.

case being resolved or closed.

Anpario plc has had no formal whistleblowing cases reported during the year.

In addition to the Code of Conduct the Group's Policies which are available on the website and internal server include:

- Sustainability Policy
- Anti-bribery and Anti-Corruption Policy
- Modern Slavery Policy
- Whistleblowing Policy
- Supplier Selection and Procurement Policy
- Health and Safety Policy
- Equal Opportunity and Dignity at Work
- Dealing with Claims of Unlawful Discrimination Policy.

Directors' report

The Directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2023.

The Directors believe that some of the requisite components of this report are set out elsewhere in the Annual Report and/or on the Company's website, https://www.anpario.com/. The detail below sets out where the necessary disclosures can be found.

Incorporation

Anpario plc is a public company traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and is incorporated in the United Kingdom and registered in England and Wales, 03345857. The Company's registered office is Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS, England.

Principal activity

Anpario plc ("the Company") and its Subsidiaries (together "the Group") produce and distribute natural feed additives for animal health, hygiene and nutrition. A review of the performance and future development of the Group's business is contained in the Chairman's Statement, Chief-Executive Officer's Statement and Financial Review set out earlier in this Annual Report.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future. The Group is profitable and expects to continue to be so, there has been an increase in working capital through the year to manage supply-chain risks, however these pressures are now easing and the Group has significant level of cash resources.

Accordingly, the financial statements have been prepared on a going concern basis, more detail can be found in note 2.1 of the financial statements.

Results and dividends

The financial results for the year ended 31 December 2023 are set out in the consolidated financial statements later in this Annual Report and summarised in the Financial Review earlier in the Annual Report. The profit for the year after tax was £2.5m (2022: £3.3m).

The Directors propose a final dividend of 7.50p per share (2022: 7.35p) making a total of 10.70p per share for the year (2022: 10.50p), amounting to an expected total dividend of £1.8m (2022: £1.9m). The total dividend amount paid varies according to the amounts due to employees under the Joint Share Ownership Plan ("JSOP") and depends on the share price at the dividend ex-date. More information can be found in note 11 of the financial statements.

Group research and development activities

The Group is continually researching and developing new products. Details of expenditure incurred and

impaired or written off during the year are shown in the note 4 of the financial statements. During the year, £309,000 (2022: £528,000) was capitalised as development projects or product brands with £63,000 (2022: £98,000) expensed to the income statement. In the year, following annual review processes, an impairment of £399,000 (2022: £45,000) was identified.

Directors

The Directors during the year under review were:

Non-Executive Directors

Matthew Robinson	Non-Executive Chairman (previously Non-Executive Director until 29 June 2023)
Tim Pollock	Non-Executive Director (appointed 1 August 2023)
Kate Allum	Non-Executive Chairman (resigned 29 June 2023)

Executive Directors

Richard Edwards	Chief Executive Officer
Karen Prior	Corporate Responsibility Director and Company Secretary
Marc Wilson	Group Finance Director

The Board regards the Non-Executive Directors as being independent. The biographies and roles of all Directors and their roles on the Audit, Remuneration and Nomination Committees are set out earlier in this report.

Details of the Directors' interests in the shares of the Company are provided in the Directors' remuneration report.

Employees

Details of how the Directors have engaged with employees are set out in the Section 172 report. The Group's policies in relation to equal opportunities are explained in the people section of the Environment and Social Responsibility Report.

Stakeholder engagement

Details of how the Directors have engaged with it's stakeholder groups are set out in the Section 172 report.

Indemnities

By virtue of, and subject to, Article 154 of the current Articles of Association of the Company, the Company has granted an indemnity to every Director, alternate Director, Secretary or other officer of the Company. Such provisions remain in force at the date of this report. The Group has arranged appropriate insurance cover for any legal action against the Directors and officers.

Share capital

As at 31 December 2023, the issued share capital of the Company as 20,063,131 Ordinary Shares of 23p each. Details of the share capital as at 31 December 2023, and movements during the year, are shown in note 23 of the financial statements.

During the year a Tender Offer was undertaken to purchase 4,000,000 Ordinary Shares at a price of 225 pence per Ordinary Share, this was concluded on 7 July 2023. All 4,000,000 Ordinary Shares purchased were cancelled on the same day, 7 July 2023.

The Company also cancelled 440,388 Ordinary Shares held in treasury on 7 July 2023. As at 31 December 2023, the Company holds nil (2022: 440,388) Ordinary shares of 23p in treasury.

During the year 50,000 (2022: 177,338) Ordinary shares of 23p each were issued pursuant to the exercise of share options. During the year the Company issued nil (2022: 600,000) Ordinary shares of 23p at market price to the Trustees of the Anpario plc Employees' Share Trust.

A Special Resolution will be proposed at the AGM to renew the Directors' limited authority last granted in 2023 to make market purchases of Ordinary shares in the capital of the Company.

The closing share price on 31 December 2023 was 257.50p per share (31 December 2022: 500.00p per share).

Substantial shareholdings

At 29 February 2024, analysis of the share register showed the following holdings of 3 per cent or more of its issued share capital:

	Ordinary Shares (000)	% held
JTC plc	3,650	18.0
Unicorn Asset Management	1,865	9.2
Interactive Investor	1,552	7.6
Gresham House Asset Management	1,399	6.9
Hargreaves Lansdown Asset Management	1,298	6.4
BGF	811	4.0
James Sharp	720	3.5
Foresight Group	616	3.0

In the listing above the holdings of JTC plc represent the Anpario plc Employees' Share Trust.

Independent auditor

The auditor, BDO LLP, has indicated its willingness to continue in office and a resolution seeking to re-appoint BDO LLP as the Group's auditor will be proposed at the AGM.

Stockbrokers

On 23 May 2023, Shore Capital and Corporate Limited were appointed as Nominated Adviser and Shore Capital Stockbrokers Limited as Sole Broker. Prior to which, Peel Hunt LLP had acted for the Company in both roles.

Financial risk management

Details of the Company's financial risk management policy are set out in note 2.21 of the financial statements.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

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

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

for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of disclosure to auditor

So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- they 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 Company's auditor is aware of that information.

The Directors' report was approved by the Board of Directors on 20 March 2024 and is signed by order of the board:

Karen Prior
Company Secretary
20 March 2024

Report of the Remuneration Committee

Foreword

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year ended 31 December 2023. The Committee continuously seeks to ensure alignment of the strategy and values of the Company and the interests of all shareholders. This includes the need to recruit, retain and appropriately incentivise high calibre directors and managers to deliver the Group's strategy.

Membership and attendance in the year

The Committee comprises solely of independent Non-Executive Directors. Executive Directors and external advisors are invited to attend meetings as required if thought advantageous for consideration of a particular agenda item. The Committee is chaired by Tim Pollock, Non-Executive Director. The other Committee member is Matthew Robinson, Non-Executive Chairman.

The Remuneration Committee meets as necessary to fulfil its objectives but as a minimum, at least once a year. The Committee met four times during the year ended 31 December 2023 with full attendance by the Committee members. In addition, the Committee chose to consult with shareholders on changes to Remuneration Policy to ensure alignment with their interest as well as Group strategy.

Key responsibilities

The Committee is responsible for reviewing the performance of Executive Directors as well as determining the scale and structure of their remuneration, their terms and conditions of service and the grant of share awards, having due regard to the interests of shareholders.

The Committee is also responsible for reviewing the overall policy in respect of remuneration of all other employees of the Company and establishing the Company's policy and operation of share incentive schemes.

In determining the remuneration of senior executives, the Committee seeks to enable the Company to attract and retain executives of the highest calibre. The Committee also makes recommendations to the Board concerning the allocations of options to executives under the long-term incentive plan and for the administration of the scheme.

The terms of reference of the Remuneration Committee can be found on the Company's website www.anpario.com/aim-26/.

Key activities in the year

During the course of the year, the main activities of the Committee were:

- review of Director remuneration, following which there were no changes to base salary or fees for the year in review;
- evaluated the structure and targets set in regards to the Annual Bonus in light of the reduced level of performance;
- evaluated the appropriateness of new awards under the LTIP policy in light of the reduced level of performance; and
- continued to review and evaluate talent management and succession planning activities.

Remuneration policy for the year in review

The objectives of the remuneration policy are to ensure that the overall remuneration of senior executives is aligned with the performance of the Company and preserves an appropriate balance of annual profit delivery and longer-term shareholder value.

The Committee keeps the remuneration policy, in particular the need for share ownership guidelines for Executive Directors, regularly under review and will take action whenever deemed necessary to ensure that remuneration is aligned with the overall strategic objectives of the Company.

The Committee seeks advice, if appropriate, from independent advisors where required on remuneration related matters.

Executive Directors

Element and purpose	Operation
Base Salary	
To provide a competitive base salary to attract and retain Executive Directors of a suitable calibre to deliver the Group's growth strategy.	Base salaries are usually reviewed on an annual basis and consider: – individual experience and skills; – development in the role; – changes in responsibilities or the size or complexity of the business; and – competitive salary levels and market forces.
Benefits	
To provide a competitive benefits package as part of total remuneration.	Executive Directors receive private medical insurance, critical life and death in service insurance and a company car allowance. Other benefits may be provided based on individual circumstances as considered appropriate by the Committee.
Pension	
To provide a competitive retirement benefit.	Executive Directors are entitled to receive contributions towards defined contribution pension plans of up to 10% of their base salary. It may be permitted to take the benefit as cash in lieu of pension contributions where appropriate. The Company will also pass on part of the Employers' National Insurance savings made that result from any pension salary sacrifice's made by Executive Directors, in the form of increased pension contributions.
Annual bonus	
The incentivise and reward based on the achievement of annual financial objectives.	Executive Directors' annual bonuses are based on financial performance targets which are set each year by the committee. For Executive Directors, the maximum bonus opportunity is up to 100%. The Committee has discretion over the amounts awarded and may make consideration to other corporate activities such as acquisitions and disposals aligned with shareholder returns. The target for the year in review was to achieve a minimum of 15% growth in adjusted EBITDA to £6.0m, which would give rise to an award equivalent to 25% of base salary. Performance above this target would lead to higher awards, increasing on a straight-line basis, up to a maximum of 100% of base salary for adjusted EBITDA growth of 34% to £7.0m in the year. In-line with that structure and award calculation the Committee has determined

	that there will be no bonus awarded to Executive Directors for 2023.
LTIP	
To incentivise and reward achievement of sustained and long-term business performance and create alignment with shareholders.	The Executive Directors receive remuneration under the following term incentive plans: Enterprise Management Scheme ("EMI" which is now closed; Joint Share Ownership Plan ("JSOP"); Performance Share Plan ("PSP") and Save As You Earn Scheme ("SAYE"). All of which have a three-year vesting period. **EMI, SAYE and JSOP Schemes** The EMI and SAYE are market value option plans and as such reward growth in the share price from the date of the award. In the case of the JSOP scheme the final exercise price of the award is equivalent to share price on the date of grant plus an additional carrying cost, equivalent to simple interest, of 4.5 per cent per annum. As such this scheme only rewards growth in excess of expected equity market returns. The Joint Share Ownership Plan ("JSOP") and the Anpario plc Employees Shares Trust ("the Trust") were established and approved by resolution of the Non-Executive Directors on 26 September 2011. The JSOP provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of Ordinary Shares in the Company upon the terms of a Joint Ownership Agreement ("JOA"). The terms of the JOAs provide, inter alia, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating Director receives an amount equal to any growth in the market value of the jointly owned Ordinary shares above the initial market value, less a "carrying cost" over the vesting period (equivalent to simple interest at 4.5 per cent per annum on the initial market value) and the Trust receives the initial market value of the jointly owned shares plus the carrying cost. Jointly owned Ordinary shares will become vested if the participant remains with the Company for a minimum period of 3 years. **PSP Award** Under the PSP award, the maximum opportunity is nil-cost options to the value of 100% of base salary and is subject to malus and clawback provisions. Performance is assessed against a rolling three-year performance period and subject to the achievement of performance targets set by the Remuneration Committee. The 2022 PSP award is subject to the achievement of three performance conditions, being a financial target representing 75% of the total award and two further ESG components representing the remaining 25% as described below. *Diluted adjusted earnings per share:* 75% of the PSP award is weighted on the achievement of diluted adjusted earnings per share growth targets over a three-year period. The minimum growth required is 6% per annum for a 18.75% vesting of the overall PSP award, on a pro-rata straight-line basis to a maximum 75% vesting of the overall PSP award for annual growth of 16%. *Reduction of Carbon Intensity:* The primary objective for ESG based targets is to reduce Carbon Intensity in-line with our ambitions to achieve net-zero emissions by 2030. 15% of the PSP award is weighted on the reduction of annual Carbon Intensity cumulatively since the year ended 31 December 2019. The minimum reduction required is 63% per annum for a 4.5% vesting of the overall PSP award, on a pro-rata straight-line basis to a maximum 15% vesting of the overall PSP award for a cumulative reduction of 70%. *Other ESG Objectives:* The final potential 10% of the PSP Award is based on the achievement of progress towards other ESG objectives. This will be based on a qualitative assessment by the Remuneration Committee which will consider a range of quantitative and qualitative inputs, including but not limited to: diversity, equality and inclusiveness; training and development of staff; reductions in waste and water usage; health and safety; and sustainable business operations.

Non-Executive Directors

The table below sets out the elements of Non-Executive Directors' remuneration as well as the purpose and

The table below sets out the elements of Non-Executive Directors' remuneration as well as the purpose and operation.

Element and purpose	Operation
Fees	
To attract and retain Non-Executive Directors of a suitable calibre with the required skills and experience.	Remuneration of the Non-Executive directors is determined by the Chairman and the Chief Executive Officer. The Non-Executive Directors are not entitled to annual bonuses or employee benefits and their fees are subject to annual review. The Chairman's remuneration is determined by Remuneration Committee in conjunction with the Chief Executive Officer. However, the Chairman is not entitled to vote on the matter. Fees are reviewed on an annual basis and consider: –□□□ individual experience and skills; –□□□ changes in responsibilities or the size or complexity of the business; and –□□□ competitive salary levels and market forces. Reimbursements are made for business related expenses.

Additional Policy Notes

Shareholding requirements

In-employment shareholding requirements:

The Executive Directors are expected to build and maintain a holding of shares to the value of 100% of salary. Executive Directors are normally expected to retain all of the net of tax number of shares they receive through share incentive plans until the 100% of salary shareholding requirement has been met.

Post-employment shareholding requirements:

For the first 12 months following cessation of employment and in respect of awards made after 2020, an Executive Director is normally expected to retain shares equal to 100% of the in-employment guideline and in the following 12 months, retain shares equal to 50% of the in-employment guideline.

Dilution limit policy

As previously announced by the Company on 16 March 2022, and following a consultation process with shareholders, the Company adopted a policy on dilution limits, in which whilst the potential dilution limit (including all share awards granted under the Company's employee share incentive plans since January 2015) was increased to 18%, this potential dilution limit was expected to reduce by 2025 to 15% of the ordinary share capital of the Company viewed over a 10-year rolling period (the "Dilution Limit Policy").

The Tender Offer completed in 2023 and subsequent cancellation of successfully tendered Ordinary Shares impacted the Dilution Limit Policy, as there was a reduction in the issued ordinary share capital upon which the Dilution Limit Policy is based. This had the effect of increasing the potential dilution limit to 20% (from 18% per cent) in the short term, before subsequently falling (by 2026; previously 2025) to a limit of 15% of the ordinary share capital of the Company viewed over a 10-year rolling period.

Anpario operates an Employee Share Trust. When awards issued under the Trust are exercised then any shares retained by the trustee shall not be included for dilution purposes if re-issued for further awards. This is because they have already been included for dilution purposes at the date of initial grant.

Remuneration in the year

Executive Directors

The remuneration of each Director for the year ended 31 December 2023 and the prior year is set out in the table below.

	Richard Edwards		Karen Prior[1]		Marc Wilson	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Base salary	**250**	250	**53**	60	**140**	140
Taxable benefits	**10**	10	**5**	9	**8**	9
Pension	**25**	25	**2**	6	**14**	16
Annual bonus	**-**	-	**-**	-	**-**	-
Share-based payment[3]	**-**	-	**-**	-	**-**	-
Share options vested[3]	**-**	-	**-**	-	**-**	-

Share options vested[1]						
Total remuneration	**285**	285	**60**	75	**162**	165
Of which:						
Fixed remuneration	***285***	*285*	***60***	*75*	***162***	*165*
Variable remuneration	**-**	-	**-**	-	**-**	-

1 Karen Prior's remuneration is adjusted to reflect part-time service.

Non-Executive Directors

The remuneration of each Non-Executive Director for the year ended 31 December 2023 and the prior year is set out in the table below.

	2023 £000	2022 £000
Matthew Robinson[1]	**43**	35
Tim Pollock[2]	**15**	-
Kate Allum[3]	**25**	58
Ian Hamilton[4]	**-**	10
Total fees	**83**	103

1 Appointed as Chair from 29 June 2023.
2 Appointed 1 August 2023.
3 Resigned 29 June 2023
4 Resigned 17 April 2022

Ad hoc payments

There were no ad hoc payments to any Directors in the year (2022: £nil).

Payments to past Directors

There were no payments to past Directors in the year (2022: £nil).

Loss of office

There were no loss of office payments made in the year (2022: £nil).

Director's share interests and awards

Share interests

The interests of the Directors who served during the period, as at 31 December 2023, in the Ordinary shares of 23p each in the Company were as follows: -

	31 Dec 2022 Number	Interests acquired in the year	Interests disposed in the year	**31 Dec 2023 Number**	Shareholding guidelines	Guidelines met
Richard Edwards	168,396	35,000	-	**203,396**	100%	Yes
Karen Prior	157,445	-	-	**157,445**	100%	Yes
Marc Wilson	11,676	3,275	-	**14,951**	100%	No
Matthew Robinson	8,600	-	-	**8,600**	n/a	n/a

There have been no changes in Directors' interests between 31 December 2023 and 20 March 2024.

Share awards

There were no share awards granted to Directors in the year (2022: 326,168).

Under the Company's long-term incentive plans the following Directors have the right to acquire Ordinary shares of 23p each as follows.

Director	Award plan	Exercise price (pence per share)	31 Dec 2022 Number	Options exercised in year	Options granted in year	**31 Dec 2023 Number**
Richard Edwards	EMI	290.00	42,400	-	-	**42,400**

	JSOP[1]	290.00	609,781	-	-	**609,781**
	JSOP[1]	245.00	740,219	-	-	**740,219**
	SAYE	322.72	5,577	-	-	**5,577**
Karen Prior	JSOP[2]	79.00	86,956	-	-	**86,956**
	EMI	290.00	42,400	-	-	**42,400**
	JSOP[1]	290.00	347,825	-	-	**347,825**
	JSOP[1]	245.00	590,219	-	-	**590,219**
	JSOP[1]	375.00	175,000	-	-	**175,000**
	SAYE	322.72	5,577	-	-	**5,577**
Marc Wilson	JSOP[1]	330.00	20,000	-	-	**20,000**
	SAYE	322.72	5,577	-	-	**5,577**
	JSOP[1]	620.00	50,000	-	-	**50,000**
	JSOP[1]	545.00	300,000	-	-	**300,000**
	PSP[3]	nil	26,168	-	-	**26,168**

1 The exercise price upon vesting will increase by a carrying cost equivalent to simple interest at 4.5% per annum on the option price for three years.
2 The exercise price upon vesting will increase by a carrying cost equivalent to simple interest at 4.5% per annum on the option price until exercised.
3 Vesting is subject to performance criteria as outlined in the remuneration policy section above.

Directors' service contracts

The Executive Directors are employed under service contracts with the Group, these are available to view at the Company's Registered Office. The key terms of the service contracts for the year are set out below. The service contract of Karen Prior was updated effective from the 1 May 2023 in respect of part-time service.

			Notice period	
Executive Director	Position	Contract Date	From Company	From Director
Richard Edwards	Chief Executive Officer	5 November 2006	12 months	6 months
Karen Prior	Corporate Responsibility Director	1 October 2009	12 months	6 months
Marc Wilson	Group Finance Director	1 July 2021	12 months	6 months

Non-Executive Directors' terms of appointment

Each of the Chairman and Non-Executive Director have a letter of appointment stating their annual fee and termination terms.

The appointments are terminable on three months written notice at any time by either the Company or the Non-Executive Director.

		Notice period	
Executive Director	Date of current appointment	From Company	From Director
Matthew Robinson	11 January 2021	3 months	3 months
Tim Pollock	1 August 2023	3 months	3 months

Tim Pollock
Remuneration Committee Chairman
20 March 2024

Audit Committee report

Composition and meetings of the Audit Committee

The Audit Committee is comprised of the two Non-Executive Directors, whom the Board considers to be independent and is chaired by Matthew Robinson. Meetings are also attended, by invitation, by the Group Finance Director, external auditors and other management as appropriate.

The auditor, BDO LLP, has indicated its willingness to continue in office and a resolution seeking to reappoint

The auditor, BDO LLP, has indicated its willingness to continue in office and a resolution seeking to reappoint BDO LLP as the Group's auditor will be proposed at the AGM.

The Committee meets at least twice each financial year with the external auditors and considers any issues that are identified during the course of their audit work. The Board is satisfied that the Committee members have recent and relevant financial experience.

The Committee met twice during the year ended 31 December 2023 with full attendance by the Committee members.

Role, responsibilities and terms of reference

The Audit Committee's role is to assist the Board in the effective discharge of its responsibilities for financial reporting and internal control. The Audit Committee's responsibilities include:

Financial reporting

Monitor the integrity of the financial statements of the Company, and to assist the Board in ensuring that the financial statements and any formal announcements relating to financial performance, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Ensuring that reviews are undertaken on the significant financial reporting judgements contained in financial statement focusing particularly on:

- the consistency of and any changes to accounting policies and practices;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; and
- the clarity of disclosure in the Company's financial reports and the context in which statements are made.

Internal controls and risk management

- keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems;
- keep under review the requirement for an internal audit function; and
- review and approve the statements to be included in the annual report concerning internal controls and risk management.

Compliance, whistleblowing and fraud

- review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting or other matters so as to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action; and
- review the Company's systems and controls for the detection of fraud and prevention of bribery.

External audit

Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditor. The Committee shall oversee the selection process for a new auditor and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required. Oversee the relationship with the external auditor including (but not limited to):

- recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- assessing annually the external auditor's independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship as a whole, including the provision of any non-audit services;
- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner;

- –□□□□□□ assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- –□□□□□□ develop and implement a policy on the engagement of the external auditor to supply non-audit services;
- –□□□□□□ discuss with the external auditor(s) before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- –□□□□□□ review the findings of the audit, discussing any major issues which arose during the audit, any problems and reservations arising from the Final audit, and any matters the auditors may wish to discuss (in the absence of management where necessary); and
- –□□□□□□ review the external auditor's management letter and management's response.

The Committee regularly reviews its terms of reference and makes recommendations to the Board for any changes as appropriate. The current terms of reference are available on the Company's website.

Independence of external auditor
The Committee reviews the independence of the external auditor, BDO LLP on an annual basis. It receives a detailed audit plan, from BDO LLP, identifying their assessment of the key risks. The Committee assesses the effectiveness of the audit process in addressing these matters through the reporting it receives from BDO LLP.

Judgements and significant risks considered in respect to the Annual Report

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee reviews accounting papers prepared by management, which provide details on the main financial reporting judgements.

The Committee also reviews report by the external auditor on the full year results, which highlight and issues arising from the work undertaken. Areas of audit and accounting risk reviewed by the Committee included:

Recognition and measurement of product development
The Group holds assets on the statement of financial position in relation to both current research and development projects and developed products that have resulted in commercial launches. These assets are subject to judgements such as whether costs are eligible for capitalisation, the amortisation periods and impairment reviews. The Committee reviewed management's accounting papers and discussed the product portfolio with the Board along with forecast sales and activity and was satisfied with the accounting policy in force and with the estimates and judgements applied by management in employing this policy.

Matthew Robinson
Audit Committee Chairman
20 March 2024

Independent auditors' report

Opinion on the financial statements

In our opinion:

- –□□□□□□ the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- –□□□□□□ the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- –□□□□□□ the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- –□□□□□□ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Anpario Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of

comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position and the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- –□□□□□□ Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances by way of enquiry with the Directors in regards to who prepared the assessment and the information and individuals consulted in the process;
- –□□□□□□ Obtaining the Directors' trading forecasts which underly the going concern assessment and challenging them on the key estimates and assumptions within such with a particular focus on the forecast levels of revenue, gross profit predictions and working capital cycles, through analysis and comparison of the forecasts with prior year actuals;
- –□□□□□□ Performing data verification and logic checks to confirm the mathematical accuracy of the forecast model;
- –□□□□□□ Reviewing 'stress tested' sensitivity analysis to assess the quantum of adverse variance against forecast that could be sustained without creating material uncertainties over the going concern assessment;
- –□□□□□□ Undertaking an analysis of post year end trading results and comparing to forecast and current year figures in order to evaluate the accuracy and achievability of forecasts; and
- –□□□□□□ Performing a review of the disclosures in the financial statements to ensure they are adequate, consistent with the Director's assessment.

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

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

Overview

Key audit matters	Existence and valuation of, developed product and development costs classified as intangible assets.	2023 Yes	2022 Yes

Materiality	*Group financial statements as a whole* £202,000 (2022: £246,000) based on 5% (2022: 5%) of a 3 year average of profit before tax (2022: 3 year average of profit before tax).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined that the Parent Company was the only significant component within the Group and a full scope audit was performed by the Group engagement team.

The remaining 16 components ('the components') were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed in accordance with the Group audit approach. The components act as sales offices and all purchases are made from the Parent Company, therefore, through specific risk-focussed audit procedures over inventories, trade receivables and cash, along with analytical review procedures we gained sufficient audit assurance to form our opinion on the financial statements as a whole. All work was conducted by the Group engagement team, with the exception of year-end inventory count attendance procedures at locations in Brazil, China, Indonesia, the Republic of Ireland, Thailand and the United States of America. Overseas inventory count procedures were performed by other BDO network firms, operating in accordance with instructions issued by the Group engagement team.

Key audit matters

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

Key audit matter		**How the scope of our audit addressed the key audit matter**
Existence and valuation of developed product and development costs classified as intangible assets. (See accounting policies and Note 13 intangible assets)	*Valuation:* The Group has a material net book value for internally developed products of £1.6m (2022 - £1.7m) forming part of the Brands and developed products intangible asset with net book value of £3.7m (2022 - £3.4m) disclosed in Note 13. Following consideration of impairment indicators management carried out an impairment assessment by considering the net present value of future cash flows generated by the products in comparison to their net book value. *Existence:* In addition the Group has cumulative capitalised development costs of £0.5m (2022 - £1.2m) for products in development at the year end date. In accordance with accounting standards in order to capitalise development costs management is required to make certain judgements, including the stage of development.	*Valuation:* We analysed the level of revenue and gross profits generated historically by developed products through review of trading results and compared these to the carrying value of the relevant intangible asset, in order to identify evidence of a fall in demand or other indicators of impairment. This process allowed us to challenge management's assessment of the expected future returns and the anticipated life of the products. We assessed the reasonableness of forecast future trading assumptions by reference to current year results and budgets and considered the sensitivity of the estimates of future performance to material changes in the net realisable value of each of the developed products. We checked that the anticipated performance of the developed products was consistent with the overall Group forecasts prepared for assessing the basis of going concern. We reviewed the impairment assessment models against the requirements set out within the relevant accounting standard and tested the integrity of the mathematical calculations in the model. We consulted with our internal valuation experts on the reasonableness of the discount rate applied.

	including the stage of development, the technical feasibility of completing the product development and the commercial viability of the products These judgements determine whether development costs are eligible for capitalisation and the period of time over which assets will be amortised. There is also a risk of fraud through manipulation in respect of the assessment made by management of which costs are eligible for capitalisation. Owing to the magnitude of the product development intangibles, and the level of estimation and judgement involved in determining both the eligibility of costs for capitalisation and recoverable amount, we determined the existence and valuation of brand, developed products and the development costs intangible assets to be a key audit matter.	*Existence:* We tested, on a sample basis, that internally generated development costs capitalised in the year of £0.3m (2022 - £0.5m) were valid expenses, that they related to the development of the relevant product and further that they met the eligibility criteria in IAS 38 to be capitalised by corroborating the costs to supporting evidence. For the portfolio of projects under development, including costs capitalised in previous years as well as the current year we made enquiries of staff outside of the finance function, including the technical director, who are involved in the development of the products in order to gain an understanding of the development process in order to assess if the development costs should continue to be capitalised. **Key observations:** We found the estimates and judgements made by management in valuing the developed products and development costs intangibles were reasonable and that costs that have been capitalised relate to projects that exist have been appropriately capitalised.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Materiality	**202**	**246**	**136**	**226**
Basis for determining materiality	5% of pre-tax profit, based on a 3 year average	5% of pre-tax profit, based on a 3 year average	5% of pre-tax profit, based on a 3 year average	5% of Parent Company pre-tax profit
Rationale for the benchmark applied	Profit before tax remains the key driver of the business' value and is the underlying driver for management's key measure of performance. Due to the variability in the reported profit in the recent years a 3-year average has been applied in the current year.			
Performance materiality	152	190	102	170
Basis for determining performance materiality	Set at 75% of materiality	Set at 75% of materiality	Set at 75% of materiality	Set at 75% of materiality
Rationale for the percentage applied for performance materiality	Our rationale is that it is the fourth year of our appointment as auditor and the history of unadjusted differences over our period of appointment is low. Performance materiality of 75% of financial statement materiality was considered to give suitable level to determine the nature of and extent of testing required.			

Reporting threshold

We agreed with the Audit Committee that we would report to the all individual audit differences in

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4,000 (2022: £5,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: – the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and – the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: – adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or – the Parent Company financial statements are not in agreement with the accounting records and returns; or – certain disclosures of Directors' remuneration specified by law are not made; or – we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, the AIM Listing Rules and Animal Feed product regulatory requirements.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud were:

- Manipulation of revenue recognition, particularly in the period before the year end or across group entities as this could be used to achieve market expectations;
- Manipulation of costs capitalised as product brands as this is judgemental and increasing the amount capitalised improves reported profit as referred to above in the key audit matter section; and
- Inappropriate journals posted in to the financial system to manipulate the reported results or conceal inappropriate activity.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias including the existence and

valuation of developed product and development costs classified as intangible assets;
- Review of revenue nominal accounts for unusual transactions;
- Testing of a sample of transactions in December 2023 to check that revenue had been recorded in the correct period; and
- Testing of the elimination of intra-group revenue and the provision for unrealised profits to verify that all intra-group revenues and profits were appropriately eliminated on consolidation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: ww.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Gareth Singleton (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
20 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Revenue	3	**30,998**	**33,103**
Cost of sales		(17,040)	(18,967)
Gross profit		**13,958**	**14,136**
Administrative expenses		(11,435)	(10,576)
Operating profit	4	**2,523**	**3,560**
Depreciation and amortisation	4	1,237	1,225
Adjusting items	6	703	423
Adjusted EBITDA	6	**4,463**	**5,208**
Net finance income	9	230	121
Profit before tax		**2,753**	**3,681**
Income tax	10	(225)	(378)
Profit for the year		**2,528**	**3,303**
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(231)	207

Exchange difference on translating foreign operations		(221)	387
Cashflow hedge movements (net of deferred tax)	19	722	(902)
Total comprehensive income for the year		**3,029**	**2,788**
Basic earnings per share	12	13.51p	16.13p
Diluted earnings per share	12	13.45p	15.10p
Adjusted earnings per share	12	15.37p	17.81p
Diluted adjusted earnings per share	12	15.31p	16.67p

All of the results arise from continuing operations.

Consolidated statement of financial position

as at 31 December 2023

	Note	2023 £000	2022 £000
Intangible assets	13	10,637	11,375
Property, plant and equipment	14	4,626	4,864
Right-of-use assets	15	76	50
Deferred tax assets	16	537	859
Derivative financial instruments	19	253	153
Non-current assets		**16,129**	**17,301**
Inventories	17	6,348	9,867
Trade and other receivables	18	6,815	7,003
Derivative financial instruments	19	67	21
Current income tax assets		186	774
Short-term investments		110	1,828
Cash and cash equivalents		10,539	11,739
Cash, cash equivalents and short-term investments	20	10,649	13,567
Current assets		**24,065**	**31,232**
Total assets		**40,194**	**48,533**
Lease liabilities	21	(46)	(17)
Derivative financial instruments	19	(46)	(825)
Deferred tax liabilities	16	(1,762)	(1,724)
Non-current liabilities		**(1,854)**	**(2,566)**
Trade and other payables	22	(4,046)	(3,983)
Lease liabilities	21	(33)	(35)
Derivative financial instruments	19	(377)	(638)
Current income tax liabilities		(235)	-
Current liabilities		**(4,691)**	**(4,656)**
Total liabilities		**(6,545)**	**(7,222)**
Net assets		**33,649**	**41,311**
Share capital	23	4,615	5,624
Share premium	23	15,047	14,934
Capital redemption reserve	24	1,021	-
Other reserves	25	(8,577)	(10,461)
Retained earnings		21,543	31,214
Total equity		**33,649**	**41,311**

The financial statements were approved by the Board and authorised for issue on 20 March 2024.

Richard Edwards **Marc Wilson**

Richard Edwards
Chief Executive Officer

Marc Wilson
Group Finance Director

Company Number: 03345857

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2022		**5,446**	**11,547**	**-**	**(6,788)**	**30,097**	**40,302**
Profit for the period		-	-	-	-	3,303	3,303
Currency translation differences		-	-	-	387	-	387
Cash flow hedge reserve	19	-	-	-	(902)	-	(902)
Total comprehensive income for the year		-	-	-	(515)	3,303	2,788
Issue of share capital	23	178	3,387	-	-	-	3,565
Joint-share ownership plan	23	-	-	-	(3,270)	-	(3,270)
Share-based payment expense	25	-	-	-	183	-	183
Deferred tax regarding share-based payments		-	-	-	(71)	-	(71)
Final dividend relating to 2021		-	-	-	-	(1,512)	(1,512)
Interim dividend relating to 2022	11	-	-	-	-	(674)	(674)
Transactions with owners		178	3,387	-	(3,158)	(2,186)	(1,779)
Balance at 31 Dec 2022		**5,624**	**14,934**	**-**	**(10,461)**	**31,214**	**41,311**
Profit for the period		-	-	-	-	2,528	2,528
Currency translation differences		-	-	-	(221)	-	(221)
Cash flow hedge reserve	19	-	-	-	722	-	722
Total comprehensive income for the year		-	-	-	501	2,528	3,029
Issue of share capital	23	12	113	-	-	-	125
Purchase and Cancellation of Tender Offer shares	23, 24	(920)	-	920	-	(9,248)	(9,248)
Cancellation of treasury shares	23, 24, 25	(101)	-	101	1,189	(1,189)	-
Share-based payment expense	25	-	-	-	284	-	284
Deferred tax regarding share-based payments		-	-	-	(90)	-	(90)
Final dividend relating to 2022	11	-	-	-	-	(1,228)	(1,228)
Interim dividend relating to 2023	11	-	-	-	-	(534)	(534)
Transactions with owners		(1,009)	113	1,021	1,383	(12,199)	(10,691)
Balance at 31 Dec 2023		**4,615**	**15,047**	**1,021**	**(8,577)**	**21,543**	**33,649**

Consolidated statement of cash flows

for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Operating profit for the year		2,523	3,560
Depreciation and amortisation	4	1,237	1,225
Impairment/Loss on disposal of intangible assets	13	541	45
Loss on disposal of property, plant and equipment	14	11	1
Share-based payments	25	284	183
Fair value adjustment to derivatives		(243)	395
Operating cash flows before changes in working capital		**4,353**	**5,409**
Decrease/(increase) in inventories		3,277	(1,661)
Decrease in trade and other receivables		163	254
Increase/(decrease) in trade and other payables		267	(2,171)
Decrease/(increase) in working capital		**3,707**	**(3,578)**
Cash generated from operations		**8,060**	**1,831**
Income tax refunded/(paid)		635	(744)
Net cash from operating activities		**8,695**	**1,087**
Purchases of property, plant and equipment	14	(277)	(809)

Payments to acquire intangible assets	13	(466)	(731)
Interest received	9	236	124
Realisation of/(Investment in) short-term investments	20	1,718	(25)
Net cash from/(used in) investing activities		**1,211**	**(1,441)**
Purchase of shares through Tender Offer		(9,248)	-
Joint share ownership plan	25	-	(3,270)
Proceeds from issuance of shares		125	3,565
Cash payments in relation to lease liabilities		(69)	(70)
Lease interest paid		(6)	(3)
Dividend paid to Company's shareholders		(1,762)	(2,186)
Net cash used in financing activities		**(10,960)**	**(1,964)**
Net decrease in cash and cash equivalents		**(1,054)**	**(2,318)**
Effect of exchange rate changes		(146)	315
Cash and cash equivalents at 1 January		11,739	13,742
Cash and cash equivalents at 31 December		**10,539**	**11,739**

Notes to the financial statements

for the year ended 31 December 2023

1. General information

Anpario plc ("the Company") and its Subsidiaries (together "the Group") produce and distribute natural feed additives for animal health, hygiene and nutrition. Anpario plc is a public company traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Unit 5 Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS. The presentation currency of the Group is pounds sterling. For details of the basis of consolidation see note 2.2.

2. Summary of significant accounting policies

2.1. Basis of preparation

The Group has presented its financial statements in accordance with UK adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods. More information is available in note 2.22.

The principal accounting policies of the Group are set out below, and have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future and has been specifically assessed to the period ending March 2025

been specifically assessed to the period ending March 2025.

The Group has a strong balance sheet, with no debt and a strong cash position and has traded profitably and cash generatively through the financial year. The Group's forecasts and projections, taking into account reasonable estimate of a possible downturn in trading performance arising from the ongoing market and geo-political uncertainty, show that the Group has sufficient financial resources, both from the Group's robust balance sheet and its expected cash flow generation, sufficient for the going concern period. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries drawn up to 31 December 2023.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of Subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. Revenue recognition

The Group applies IFRS 15 'Revenue from Contracts with Customers'. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns and discounts and after eliminating sales within the Group. Revenue is derived principally from the sales of goods.

The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled to in exchange for those goods. Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods has transferred from Anpario to the buyer. In most instances, control passes and sales revenue is recognised at the point in time when the product is delivered to the vessel or vehicle on which it will be transported once loaded, the destination port or the customer's premises.

In some instances, the goods are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. When goods are sold on a CFR or CIF basis, the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which Anpario has lost control of the goods. Anpario considers revenue related to the shipping and insurance service element of the contract to be immaterial and does not consider there to be separate performance obligations.

2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2.5. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are included in the profit or loss for the period.

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in pounds sterling, which is the Group's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies
The results and financial position of all Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- –□□□□□ assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of the balance sheet;
- –□□□□□ income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated at the rate on the dates of the transaction); and
- –□□□□□ all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recognised in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.6. Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses and is allocated to the appropriate cash-generating unit for the purpose of impairment testing. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

Brands
Brands are stated at cost less accumulated amortisation and impairment. Brand names acquired in a business combination are recognised at fair value based on an expected royalty value at the acquisition date. Useful lives of brand names are estimated and amortised over a period of 20 to 30 years on a straight-line basis and included in administrative expenses in the income statement. The Optivite Brand has already existed for over 30 years and is expected to continue to have a useful life into the foreseeable future, however management felt it appropriate to assign a finite life rather than an indefinite one and as such assigned a life of 30 year's to this asset. This change was made in the current year and amortisation has commenced on this basis. Brands are allocated to appropriate cash-generating units and subject to impairment testing on an annual basis. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

Patents, trademarks and registrations
Separately acquired patents, trademarks and registrations are shown at historical cost. Patents, trademarks and registrations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and registrations over their estimated useful lives of 5 to 20 years and included in administrative expenses in the income statement.

Development costs
Development costs are stated at cost less accumulated amortisation and impairment. Development costs are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset.

The assets are amortised when available for use on a straight-line basis over the period over which the Group expects to benefit from these assets and included in administrative expenses in the income statement.

expects to benefit from these assets and included in administrative expenses in the income statement. Research expenditure is written off to the income statement in the year in which it is incurred.

Where appropriate, once development work has been completed the asset(s) generated is reclassified to the Developed Products intangible asset category and is amortised over a period of 10 years.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- –□□□□□ it is technically feasible to complete the product so that it will be available for use;
- –□□□□□ management intends to complete the product and use or sell it;
- –□□□□□ there is an ability to use or sell the product;
- –□□□□□ it can be demonstrated how the product will generate probable future economic benefits;
- –□□□□□ adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- –□□□□□ the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the development employee costs and an appropriate portion of relevant overheads.

Software and licenses

Software and licenses are stated at cost less accumulated amortisation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Amortisation is calculated using the straight-line method to allocate the cost of software and licenses over their estimated useful lives of 5 to 7 years and included in administrative expenses in the income statement.

2.7. Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if so the asset's recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. For intangible assets that are not yet available for use, goodwill or other intangible assets with an indefinite useful life, an impairment test is performed at each balance sheet date.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation and or amortisation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed.

If an impaired asset is highly unlikely to see future increases in it's recoverable amount then the cost and accumulated amortisation will be written off as a disposal.

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life using the straight-line method, as follows:

Buildings	50 years or period of lease if shorter
Plant and machinery	3-10 years
Fixtures, fittings and equipment	3-10 years

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment and an impairment loss is recognised in the income statement where appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

2.9. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

2.10. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The provision is recognised in the income statement as an administrative expense.

The Group applies the simplified approach when using the expected credit loss (ECL) impairment model for trade receivables. Under the simplified approach the Group always measures the loss allowance at an amount equal to the lifetime ECL for trade receivables.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The ECL's are updated each reporting period to reflect changes in credit risk since initial recognition. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

2.11. Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.12. Cash, cash equivalents and short-term investments

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits that are readily convertible into cash with a notice period of less than three months.

Short-term investments

Short-term investments comprise short-term deposits that are readily convertible into cash with a notice period more than three months and less than a year.

2.13. Financial instruments

The Group's principal financial instruments comprise derivatives and cash and cash equivalents. These financial instruments are used to manage currency exposures, funding and liquidity requirements. Other financial instruments which arise directly from the Group's operations includes trade and other receivables (note 18) and trade and other payables (note 22). The main risks arising from the Group's financial

(note 18) and trade and other payables (note 22). The main risks arising from the Group's financial instruments and related policies are detailed in note 2.21.

Financial instruments, excluding derivatives, are held at amortised cost. Derivative financial instruments are detailed in note 2.14.

The Group uses the following valuation hierarchy to determine the carrying value of financial instrument that are measured at fair value:

Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2.14. Derivative financial instruments

Where qualifying for hedge accounting, derivative financial instruments are held at fair value through other comprehensive income, non-qualifying derivatives are held at fair value through profit or loss.

The Group designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

2.15. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are no material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.16. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's Subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17. Employee benefits

2.17. Employee benefits

Share-based payments
The Group issues equity-settled share-based payments and shares under the Joint Share Ownership Plan ("JSOP"), Company Share Option Plan ("CSOP") and Unapproved schemes to certain employees. These are measured at fair value and along with associated expenses are recognised as an expense in the income statement with a corresponding increase (net of expenses) in equity. The fair values of these payments are measured at the dates of grant using appropriate option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met.

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- –□□□□□ including any market performance conditions (for example, an entity's share price);
- –□□□□□ excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- –□□□□□ including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. The grant by the Company of options over its equity instruments to the employees of Subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in Subsidiary undertakings, with a corresponding credit to equity in the Parent entity financial statements.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Pension obligations
The Group operates a defined contribution pension scheme and contributes a percentage of salary to individual employee schemes. Pension contributions are recognised as an expense as they fall due and the Group has no further payment obligations once the contributions have been paid.

2.18. Equity and reserves

Share capital
Share capital is determined using the nominal value of Ordinary shares that have been issued.

Share premium
The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issue of shares are deducted from the share premium account, net of

any related income tax benefits.

Capital redemption reserve
The capital redemption reserve has arisen following the purchase by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions in accordance with the Companies Act 2006.

Treasury shares
Treasury shares represents consideration paid, including any directly attributable incremental costs, to acquire shares held by the Company in Anpario plc.

Joint Share Ownership Plan
The JSOP shares reserve arises when the Company issues equity share capital under the JSOP, which is held in trust by Anpario plc Employees' Share Trust ("the Trust"). The interests of the Trust are consolidated into the Group's financial statements and the investment in the Company's shares is deducted from equity as if they were treasury shares.

Merger reserve
The premium arising on the issue of consideration shares to acquire a business is credited to the merger reserve.

Cash flow hedge reserve
The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective as cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised only when the hedged transaction impacts the profit or loss.

Share-based payment reserve
The share-based payment reserve is credited with amounts charged to the income statement in respect of the movements in the fair value of equity-settled share-based payments and shares issued under the JSOP.

Translation reserve
Exchange differences relating to the translation of the net assets of the Group's foreign operations, from their functional currency into the Parent Company's functional currency, being pounds sterling, are recognised directly in the foreign exchange reserve.

Retained earnings
All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

2.19. Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20. Leases
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets relating to the Group's leasing activities are recognised in the consolidated statement of financial position at an amount equal to the lease liability on initial measurement and any subsequent adjustments such as modifications to lease terms. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

2.21. Financial risk management

The Group is exposed to a number of financial risks, including credit risk, liquidity risk, exchange rate risk and capital risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's payment and delivery terms and conditions are offered. Where possible, risk is minimised through settlement via letters of credit and purchase of credit insurance. The Group's investment policy restricts the investment of surplus cash to interest bearing deposits with banks and building societies without high credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

Exchange rate risk

The Group's principal functional currency is pounds sterling. However, during the year the Group had exposure to Euros, US dollars and other currencies. The Group's policy is to maintain natural hedges, where possible, by matching revenue and receipts with expenditure and put in place hedging instruments as considered appropriate to mitigate the risk.

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of equity of the Group, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 25. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders or issue new shares.

2.22. Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant

by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Critical accounting judgements

Capitalisation of development costs

Development costs are capitalised as per the Group accounting policy outlined in note 2.6, which identifies several criteria to be met in order for capitalisation to occur in accordance with IAS 38. Inherently due to the nature of developing new products and applications there is uncertainty as to the outcome and judgements are required to make a determination as to the suitability of costs for capitalisation.

Hedge accounting

Judgement is required to assess if hedging instruments qualify for hedge accounting in accordance with IFRS 9. The Group's accounting policy related to this is outlined in note 2.14.

Deferred tax recognition

Deferred tax is provided in full on temporary differences under the liability method using substantively enacted rates to the extent that they are expected to reverse. Provision is made in full where the temporary differences result in liabilities, but deferred tax assets are only recognised where the Directors believe it is probable that the assets will be recovered. Judgement is required to determine the likelihood of reversal of temporary differences in establishing whether an asset should be recognised.

Key sources of estimation uncertainty

Estimated impairment value of intangible assets

The Group tests annually whether intangible assets have suffered any impairment. Impairment provisions are recorded as applicable based on Directors' estimates of recoverable values. Following the assessment of the recoverable amount of goodwill and intangibles of the Group that totalled £10.6m as per note 13 of the financial statements, the Directors consider the recoverable amount of goodwill and intangibles to be supported by their value in use calculation. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage aspects of costs, the revenue projections are inherently uncertain due to the short-term nature of business and unstable market conditions driven by external factors. The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 13.

2.23. Adoption of new and revised accounting standards

New standards, interpretations and amendments effective from 1 January 2022

During the year, the Group has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements except changes to the disclosure of accounting policies which has led to more focused policies on material accounting areas:

- □□□□□ IFRS 17 Insurance Contracts;
- □□□□□ Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2);
- □□□□□ Definition of Accounting Estimates (Amendment to IAS 8);
- □□□□□ Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- □□□□□ International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income taxes).

New standards, interpretations and amendments not yet effective

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective:

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

– Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

3. Operating segments

Management has determined the operating segments based on the information that is reported internally to the Chief Operating Decision Maker, the Board of Directors, to make strategic decisions. The Board considers the business from a geographic perspective and is organised into four geographical operating divisions: Americas, Asia, Europe, Middle-East and Africa (MEA) and Head Office.

All revenues from external customers are derived from the sale of goods and services in the ordinary course of business to the agricultural markets and are measured in a manner consistent with that in the income statement.

for the year ended 31 Dec 2023	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	**Total £000**
Total segmental revenue	9,057	11,367	13,832	3,872	-	38,128
Inter-segment revenue	-	-	(7,130)	-	-	(7,130)
Revenue from external customers	**9,057**	**11,367**	**6,702**	**3,872**	**-**	**30,998**
Depreciation and amortisation	(3)	(75)	(13)	(4)	(1,142)	(1,237)
Net finance income	-	(2)	-	1	231	230
Profit/(loss) before income tax	**1,763**	**2,788**	**2,263**	**1,359**	**(5,420)**	**2,753**

for the year ended 31 Dec 2022	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
Total segmental revenue	9,149	12,617	16,071	3,848	-	41,685
Inter-segment revenue	-	-	(8,582)	-	-	(8,582)
Revenue from external customers	**9,149**	**12,617**	**7,489**	**3,848**	**-**	**33,103**
Depreciation and amortisation	(3)	(55)	(13)	(4)	(1,150)	(1,225)
Net finance income	-	1	-	-	120	121
Profit/(loss) before income tax	**3,301**	**3,530**	**2,641**	**972**	**(6,763)**	**3,681**

No customer accounts for more than 10% of revenue.

Management review and control the Net and Total assets of the Group and individual Companies, however, these are not monitored by Operating Segment and as such they are not presented as such above.

4. Operating profit

Operating profit for the year has been arrived at after charging the following items:

	Notes	2023 £000	2022 £000
Cost of inventories recognised as an expense		11,937	12,449
Employment costs	7	6,743	6,539
Share-based payment charges	6	304	213
Amortisation of intangible assets	13	663	646
Depreciation of property, plant and equipment	14	504	509
Depreciation of right-of-use assets	15	70	70
Loss on disposal of tangible and intangible assets		552	46
Research and development expenditure		63	98

Our specialist technical team includes experts in poultry, swine, ruminant & aquaculture species. During the year we have capitalised internal costs of £153,000 (2022: £447,000) and expended a further £156,000 (2022: £81,000) on external trials in respect of current development projects.

The charge for the year in respect of share options granted and associated expenses amounts to £304,000 (2022: £213,000) of which a charge of £20,000 (2022: £30,000) relates to professional fees.

5. Auditor's remuneration

During the year the Group obtained the following services from the Company's auditor:

	2023 £000	2022 £000
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements	115	111
Fees payable to Company's auditor for other services:		
Other non-audit services	6	5
The audit of Company Subsidiaries	6	5
Total fees payable to Company's auditor	**127**	**121**

6. Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide depth and understanding to the users of the financial statements to allow for further assessment of the underlying performance of the Group.

The Board considers that adjusted EBITDA is the most appropriate profit measure by which users of the financial statements can assess the ongoing performance of the Group. EBITDA is a commonly used measure in which earnings are stated before net finance income, amortisation and depreciation. The Group makes further adjustments to remove items that are non-recurring or are not reflective of the underlying operational performance either due to their nature or level of volatility. EBITDA is often used as a proxy for cash flows and accordingly the Group adjusts for share-based payment charges which are a non-cash measure.

As part of regular review processes, an impairment of research and development expenditure was identified in the year. This relates to a number of projects which, whilst demonstrating positive results, would have required further investment and a decision was made to halt work on these initiatives. Due to the exceptional and non-recurring nature of these costs, they have been excluded from our APMs.

	2023 £000	2022 £000
Operating profit	**2,523**	**3,560**
R&D Impairment	399	-
Non-recurring acquisition costs	-	210
Share-based payments	304	213
Total adjustments	**703**	**423**
Adjusted operating profit	**3,226**	**3,983**
Depreciation and amortisation	1,237	1,225
Adjusted EBITDA	**4,463**	**5,208**

	2023 £000	2022 £000
Adjusted operating profit	**3,226**	**3,983**
Income tax expense	(225)	(378)
Income tax impact of adjustments	5	42
Impact of prior year Patent Box tax reduction	(130)	-
Adjusted profit after tax	**2,876**	**3,647**

7. Employment costs

	2023	2022

	Notes	£000	£000
Wages and salaries		5,806	5,522
Social security costs		643	692
Other pension costs		294	325
Share-based payment charges	26	304	213
Employment costs		**7,047**	**6,752**

Employment costs stated above includes Director's remuneration. The key management of the Group is deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the Group.

Wages and salaries is shown net of an adjustment for capitalised internal costs of £153,000 (2022: £447,000) in respect of current development projects, see note 13.

Director's remuneration details can be found in the Remuneration Committee Report.

	2023 £000	2022 £000
Director's emoluments	548	581
Company contributions to defined contribution pension schemes	41	47
Share-based payment charges	128	80

During the year retirement benefits were accruing to 3 Directors (2022: 3). Richard Edwards and Karen Prior opted to take their entitlement as cash in lieu of contributions to a defined contribution pension schemes.

The highest paid Director received remuneration as outlined below.

	2023 £000	2022 £000
Director's emoluments	260	410
Company contributions to defined contribution pension schemes	25	25
Share-based payment charges	2	2

8. Number of employees

The average monthly number of employees, including Directors, during the year was:

	2023 £000	2022 £000
Directors	5	5
Production	26	33
Administration	22	23
Sales and Technical	62	63
Average headcount	**115**	**124**

In addition to employees, sales and technical specialists are engaged on a consultancy basis in several countries.

9. Net finance income

	2023 £000	2022 £000
Interest receivable on short-term bank deposits	236	124
Finance income	**236**	**124**
Lease interest paid	(6)	(3)
Finance costs	**(6)**	**(3)**
Net finance income	**230**	**121**

10. Income tax

	Note	2023 £000	2022 £000
Current tax on profits for the year		198	263
Adjustment for prior years		(6)	(89)
Current tax		**192**	**174**
Origination and reversal of temporary differences		188	226
Adjustment for prior years		(155)	(22)
Deferred tax	16	**33**	**204**
Income tax expense charged to the income statement		**225**	**378**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard domestic tax rate applicable to profits of the Company as follows:

	2023 £000	2022 £000
Profit before tax	**2,753**	**3,681**
Tax at the UK domestic rate 23.5% (2022: 19.0%)	**648**	**699**
Prior year tax adjustments	(161)	(111)
Patent Box reductions - Prior year	(130)	-
Patent Box reductions - Current year	(203)	(163)
Non-deductible expenses	138	4
Losses not recognised for deferred tax	70	22
Research and development tax credits	(81)	(152)
Tax charge recognised directly in equity	21	9
Difference in overseas tax rates	(77)	70
Tax adjustments	**(423)**	**(321)**
Income tax expense charged to the income statement	**225**	**378**

Corporation tax is calculated at 23.5% (2022: 19.0%) of the estimated assessable profit for the year. The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023.

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income.

	Note	2023 £000	2022 £000
Current tax on profits for the year		-	-
Current tax		**-**	**-**
Origination and reversal of temporary differences		309	(202)
Deferred tax	16	**309**	**(202)**
Income tax recognised in other comprehensive income		**309**	**(202)**

11. Dividends

Amounts recognised as distributions to equity holders for the year ended 31 December:

	2023 per share pence	2023 total £000	2022 per share pence	2022 total £000
Interim dividend - Paid	**3.20p**	**534**	**3.15p**	**674**
Final dividend - Paid	-	-	7.35p	1,228
Final dividend - Proposed	7.50p	1,253	-	-
Final dividend	**7.50p**	**1,253**	**7.35p**	**1,228**

Total dividend	**10.70p**	**1,787**	**10.50p**	**1,902**

The proposed final dividend is subject to approval by the shareholders at the AGM and has not been included as a liability in these financial statements.

The total amount of dividend paid to shareholders in the year was £1,762,000 (2022: £2,186,000), being the final dividend for the year prior and the interim dividend for current year.

Under the Joint Share Ownership Plan ("JSOP") the proceeds of dividends received on jointly owned shares will be divided between the employees and the Trust according to any growth in the market value. Dividend amounts due to the Trust are waived. The calculation of the split is made at the time of payment and the estimated dividend amount shown above includes an estimate of the amounts to be waived.

12. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data, both adjusted and non-adjusted for its ordinary shares. Basic EPS is calculated by dividing profit attributable to ordinary shareholders by the weighted average number of ordinary shares fully outstanding during the period. Potential ordinary shares and shares held in the Joint Share Ownership Plan ("JSOP") are only treated as dilutive when their conversion to ordinary shares would decrease EPS.

The calculation of earnings per share is based on the following data:

	Note	2023	2022
Basic weighted average number of shares		**18,716,282**	**20,481,713**
Number of dilutive potential shares		73,034	1,392,327
Diluted weighted average number of shares		**18,789,316**	**21,874,040**
Profit for the year attributable to owners of the Parent (£000's)		2,528	3,303
Basic earnings per share		**13.51p**	**16.13p**
Diluted earnings per share		**13.45p**	**15.10p**
Adjusted profit attributable to owners of the Parent (£000's)	6	2,876	3,647
Adjusted earnings per share		**15.37p**	**17.81p**
Diluted adjusted earnings per share		**15.31p**	**16.67p**

13. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Software and Licenses £000	Total £000
Cost							
As at 1 January 2022	5,960	4,553	786	1,807	806	797	14,709
Additions	-	78	-	115	528	10	731
Reclassifications	-	135	-	-	(135)	136	136
Disposals	-	-	-	-	(45)	-	(45)
Foreign exchange	-	-	-	2	-	-	2
As at 31 December 2022	5,960	4,766	786	1,924	1,154	943	15,533
Additions	-	50	-	153	259	4	466
Reclassifications	-	529	-	-	(529)	-	-
Disposals	-	-	-	(1,051)	(399)	(22)	(1,472)
As at 31 December 2023	**5,960**	**5,345**	**786**	**1,026**	**485**	**925**	**14,527**
Accumulated amortisation							
As at 1 January 2022	-	992	722	1,068	-	632	3,414
Charge for the year	-	326	23	195	-	102	646
Reclassifications	-	-	-	-	-	98	98
As at 31 December 2022	-	1,318	745	1,263	-	832	4,158
Charge for the year	-	362	10	227	-	64	663
Impairment provision	-	-	-	-	399	-	399
Disposals	-	-	-	(909)	(399)	(22)	(1,330)
As at 31 December 2023	**-**	**1,680**	**755**	**581**	**-**	**874**	**3,890**

Net book value							
As at 1 January 2022	5,960	3,561	64	739	806	165	11,295
As at 31 December 2022	5,960	3,448	41	661	1,154	111	11,375
As at 31 December 2023	**5,960**	**3,665**	**31**	**445**	**485**	**51**	**10,637**

Brands relate to the fair value of previously acquired brands. The Optivite brand was acquired in 2009 and has a net book value at 31 December 2023 of £1,401,000 (2022: £1,451,000). The Meriden brand was acquired in 2012 and has a net book value at 31 December 2023 of £292,000 (2022: £328,000). These are deemed to have a useful economic life between 20 and 30 years due to the inherent intellectual property contained in the products, the longevity of the product lives and global market opportunities.

Goodwill related to previously acquired operations is reviewed on a global basis with a further consideration of the sales attributable to each of the trading brands as identified in the table below.

Goodwill is allocated as follows:

	£000
Acquisition of Kiotechagil operations	3,552
Acquisition of Optivite operations	592
Acquisition of Meriden operations	1,346
Acquisition of Cobbett business	470
Goodwill as at 1 December 2022, 31 December 2022 and 31 December 2023	**5,960**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated using estimated growth rates of 2.5% per annum (2022: 2.5%).

The discount rate used of 14% (2022: 14%) is pre-tax and reflects specific risks relating to the operating segments.

Based on the calculations of the recoverable amount of each CGU, no impairment to goodwill was identified.

The Group has conducted a sensitivity analysis on the impairment test of each CGU and the group of units carrying value. A cut in the annual growth rate of 4.6 (2022: 6.2) percentage points to a negative growth of minus 2.1 (2022: 3.7) percentage points would cause the carrying value of goodwill to equal its recoverable amount.

14. Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 January 2022	1,921	3,801	526	844	7,092
Additions	29	38	35	707	809
Transfer of assets in construction	303	1,203	(139)	(1,503)	(136)
Disposals	(2)	(25)	(29)	-	(56)
Foreign exchange	-	-	2	-	2
As at 31 December 2022	2,251	5,017	395	48	7,711
Additions	2	11	12	252	277
Transfer of assets in construction	-	282	9	(291)	-
Disposals	-	(67)	(37)	(9)	(113)
Foreign exchange	-	-	(4)	-	(4)
As at 31 December 2023	**2,253**	**5,243**	**375**	**-**	**7,871**
Accumulated depreciation					
As at 1 January 2022	313	1,811	365	-	2,489
Charge for the year	47	391	71	-	509
Reclassification	(8)	9	(98)	-	(97)
Disposals	(2)	(24)	(29)	-	(55)
Foreign exchange	-	-	1	-	1
As at 31 December 2022	350	2,187	310	-	2,847

Charge for the year	51	414	39	-	504
Disposals	-	(65)	(37)	-	(102)
Foreign exchange	-	-	(4)	-	(4)
As at 31 December 2023	**401**	**2,536**	**308**	**-**	**3,245**
Net book value					
As at 1 January 2022	1,608	1,990	161	844	4,603
As at 31 December 2022	1,901	2,830	85	48	4,864
As at 31 December 2023	**1,852**	**2,707**	**67**	**-**	**4,626**

Held within land and buildings is an amount of £500,000 (2022: £500,000) in respect of non-depreciable land.

15. Right-of-use assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 January 2022	270	-	3	273
Additions	-	23	-	23
Modification to lease terms	12	-	-	12
Foreign exchange	14	-	-	14
As at 31 December 2022	296	23	3	322
Additions	-	11	-	11
Modification to lease terms	87	-	-	87
Foreign exchange	(19)	-	-	(19)
As at 31 December 2023	**364**	**34**	**3**	**401**
Accumulated depreciation				
As at 1 January 2022	191	-	1	192
Charge for the year	68	1	1	70
Foreign exchange	10	-	-	10
As at 31 December 2022	269	1	2	272
Charge for the year	62	7	1	70
Foreign exchange	(17)	-	-	(17)
As at 31 December 2023	**314**	**8**	**3**	**325**
Net book value				
As at 1 January 2022	79	-	2	81
As at 31 December 2022	27	22	1	50
As at 31 December 2023	**50**	**26**	**-**	**76**

Land and building right-of-use assets relate to leased offices, other assets are less material and various in nature that are required for the Group to conduct its activities.

Further information about the lease liabilities that relate to the right-of-use assets above are contained in note 21. Details of cash outflow for those leases are contained in the Consolidated Statement of Cash Flows.

There are no material short-term or low value leases.

16. Deferred tax

	Notes	2023 £000	2022 £000
As at 1 January		865	912
Income statement charge	10	33	204
Deferred tax charged/(credited) directly to equity	10	309	(202)
Foreign exchange		18	(49)
As at 31 December		**1,225**	**865**

	Notes	Accelerated tax allowances £000	Fair value gains £000	Cashflow hedge £000	Losses £000	Other timing differences £000	Total £000

As at 1 January 2022		1,444	805	15	(433)	(919)	912
Income statement charge/(credit)	10	135	(25)	-	(54)	148	204
Deferred tax charged/(credited) directly to equity		-	-	(273)	(94)	165	(202)
Foreign exchange		-	-	-	(49)	-	(49)
As at 31 December 2022		1,579	780	(258)	(630)	(606)	865
Income statement (credit)/charge	10	(290)	108	-	51	164	33
Deferred tax charged directly to equity		-	-	219	-	90	309
Foreign exchange		-	-	-	18	-	18
As at 31 December 2023		**1,289**	**888**	**(39)**	**(561)**	**(352)**	**1,225**

	2023 £000	2022 £000
Deferred income tax asset	(537)	(859)
Deferred income tax liability	1,762	1,724
Net deferred income tax liability	**1,225**	**865**

Included in 'Other timing differences' above is £351,000 (2022: £529,000) that relates to the tax impact of the elimination of intercompany unrealised profit held in inventory.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023.

A deferred tax asset has been recognised in the UK and US for tax losses, carried forward on the grounds that sufficient future taxable profits are forecast to be realised. No deferred tax asset is recognised in respect of losses incurred in other overseas subsidiaries, due to the uncertainty surrounding the timing of the utilisation of those losses.

17. Inventories

	2023 £000	2022 £000
Raw materials and consumables	3,064	4,664
Finished goods and goods for resale	3,284	5,203
Inventory	**6,348**	**9,867**

18. Trade and other receivables

	2023 £000	2022 £000
Trade receivables - gross	**5,973**	**6,198**
Less: expected credit losses	(357)	(231)
Trade receivables - net	**5,616**	**5,967**
Taxes	475	450
Other receivables	74	56
Prepayments	650	530
Total trade and other receivables	**6,815**	**7,003**

The gross trade receivables are denominated in the following currencies:

	2023 £000	2022 £000
Pounds sterling	1,843	1,724
US dollars	2,341	2,460
Euros	666	924
Other currencies	1,123	1,090
Trade receivables - gross	**5,973**	**6,198**

No interest is charged on trade receivables if balances are paid in full and to terms, there has been no

interest charged in the current or previous financial year. There is no security held against outstanding balances.

The Group applies the simplified approach to provisioning for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provisioning for all trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss "ECL". The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group will also, using this and all other information available, make specific judgements about receivables which may need to be individually assessed for impairment. Where required these are marked as Credit Impaired amounts and detailed analysis undertaken to assess the amount likely to be recovered including consideration of the effect of credit enhancements.

The Group seeks to mitigate credit risk, in so far as possible, through the use of credit insurance. The Group has historically suffered low levels of credit losses, whilst there are no guarantees on future performance, the credit losses experienced in the past have come from customers that we were unable to obtain specific credit insurance for. The credit insurance in place allows for the recovery of 90% of trading debt with a customer according to a pre-agreed insured limit. The Group sometimes trades beyond this credit insured limit according to internal approval procedures.

Accordingly, the Group have segmented customers according to their credit insurance status. The following table details the risk profile of trade receivables based on the Group's provision matrix and individual assessments as at 31 December 2023. The expected loss rates are the same for the Group and Company.

	Not past due £000	1-60 days past due £000	61-120 days past due £000	>121 days past due £000	Total £000
Specifically insured customers	3,633	396	8	1	4,038
Uninsured customers	1,043	316	126	-	1,485
Credit impaired	33	32	62	323	450
Trade receivables - gross	**4,709**	**744**	**196**	**324**	**5,973**
Expected loss rates:					
Specifically insured customers	*0%*	*1%*	*6%*	*7%*	*0%*
Uninsured customers	*2%*	*6%*	*28%*	*35%*	*5%*
Credit impaired	*50%*	*50%*	*50%*	*61%*	*58%*
Specifically insured customers	15	5	-	-	20
Uninsured customers	22	18	36	-	76
Credit impaired	16	16	31	198	261
Expected credit losses	**53**	**39**	**67**	**198**	**357**
Trade receivables - net	**4,656**	**705**	**129**	**126**	**5,616**

The comparative table below shows the Group's provision matrix and individual assessments as at 31 December 2022.

	Not past due £000	1-60 days past due £000	61-120 days past due £000	>121 days past due £000	Total £000
Specifically insured customers	3,884	969	107	-	4,960
Uninsured customers	670	151	31	6	858
Credit impaired	136	101	80	63	380
Trade receivables - gross	**4,690**	**1,221**	**218**	**69**	**6,198**
Expected loss rates:					
Specifically insured customers	*0%*	*1%*	*6%*	*7%*	*1%*
Uninsured customers	*2%*	*6%*	*28%*	*35%*	*4%*
Credit impaired	*28%*	*34%*	*36%*	*100%*	*43%*
Specifically insured customers	16	11	6	-	33
Uninsured customers	14	9	9	2	34

Credit impaired	38	34	29	63	164
Expected credit losses	**68**	**54**	**44**	**65**	**231**
Trade receivables - net	**4,622**	**1,167**	**174**	**4**	**5,967**

The movement in expected credit losses under IFRS 9 are as follows:

	Collectively assessed £000	Individually assessed £000	Total £000
As at 1 January 2022	65	172	237
Provisions for receivables created	2	117	119
Amounts written off as unrecoverable	-	(31)	(31)
Amounts recovered during the year	-	(96)	(96)
Foreign exchange gains	-	2	2
As at 31 December 2022	**67**	**164**	**231**
Provisions for receivables created	29	148	177
Amounts written off as unrecoverable	-	-	-
Amounts recovered during the year	-	(47)	(47)
Foreign exchange gains	-	(4)	(4)
As at 31 December 2023	**96**	**261**	**357**

19. Financial instruments and risk management

Carrying amount of financial instruments:

As at 31 December 2023	Note	Measured at amortised cost £000	Derivatives designated as hedging instruments £000	Derivatives not designated as hedging instruments £000	Total £000
Derivative financial instruments		-	18	235	253
Non-current		**-**	**18**	**235**	**253**
Trade and other receivables	18	6,815	-	-	6,815
Derivative financial instruments		-	-	67	67
Short-term investments	20	110	-	-	110
Cash and cash equivalents	20	10,539	-	-	10,539
Current		**17,464**	**-**	**67**	**17,531**
Financial assets		**17,464**	**18**	**302**	**17,784**
Lease liabilities	21	(46)	-	-	(46)
Derivative financial instruments	19	-	(32)	(14)	(46)
Non-current		**(46)**	**(32)**	**(14)**	**(92)**
Trade and other payables	22	(4,046)	-	-	(4,046)
Lease liabilities	21	(33)	-	-	(33)
Derivative financial instruments	19	-	(191)	(186)	(377)
Current		**(4,079)**	**(191)**	**(186)**	**(4,456)**
Financial liabilities		**(4,125)**	**(223)**	**(200)**	**(4,548)**

As at 31 December 2022	Note	Measured at amortised cost £000	Derivatives designated as hedging instruments £000	Derivatives not designated as hedging instruments £000	Total £000
Derivative financial instruments		-	-	153	153
Non-current		**-**	**-**	**153**	**153**
Trade and other receivables	18	7,003	-	-	7,003
Derivative financial instruments		-	1	20	21
Short-term investments	20	1,828	-	-	1,828
Cash and cash equivalents	20	11,739	-	-	11,739
Current		**20,570**	**1**	**20**	**20,591**
Financial assets		**20,570**	**1**	**173**	**20,744**
Lease liabilities	21	(17)	-	-	(17)

Derivative financial instruments	19	-	(417)	(408)	(825)
Non-current		**(17)**	**(417)**	**(408)**	**(842)**
Trade and other payables	22	(3,983)	-	-	(3,983)
Lease liabilities	21	(35)	-	-	(35)
Derivative financial instruments	19	-	(533)	(105)	(638)
Current		**(4,018)**	**(533)**	**(105)**	**(4,656)**
Financial liabilities		**(4,035)**	**(950)**	**(513)**	**(5,498)**

Hedge relationships

The Group has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. The Group enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed. Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

Fair values of financial instruments

Financial instruments are measured in accordance with the accounting policy set out in note 2.13. Derivative financial instruments, consisting of foreign exchange forward and options contracts, are considered Level 2. There were no transfers between levels in the period and the valuation technique used to measure the instruments are forward exchange rates at the reporting date. The carrying value of the financial instruments is at amortised cost and is deemed to be approximate to fair value.

Credit risk

Trade receivables and cash are financial instruments deemed subject to credit risk. Note 18 details credit risk relating to trade receivables. Cash balances are invested with banks and financial institutions that have a minimum credit rating to mitigate the credit risk. The Directors do not consider any losses from non-performance of these institutions. The carrying value of the trade receivables, cash balances and short-term investments represents the maximum exposure to credit risk at the end of the year.

Liquidity risk

The Group maintains cash balances and monitors working capital to ensure it has sufficient available funds for operations and planned investment activity. The amounts due in more than one year are immaterial.

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

Financial liabilities, excluding those related to financial instruments, with a maturity of more than 3 months are immaterial and comprise of lease liabilities, disclosed in note 21 and derivative financial liabilities details in the exchange rate section below. For all other financial liabilities, the maturity is less than three months and therefore the carrying value is the same as the fair value.

Currently management consider liquidity risk to be minimal.

Exchange rate risk

The Group is exposed to foreign currency exchange rate risk mainly as a result of trade receivables and intercompany balances that will be settled in US dollars.

The Group seeks to minimise the effects of exchange rate risk using various methods, including entering into foreign currency forward and option contracts. Where applicable these are designated as cash flow hedges against highly probable forecast foreign currency sales. If cash flow hedge accounting is not applicable then the value is taken through profit or loss.

Included within other comprehensive income is the movement in the cash flow hedge reserve as outlined below.

	2023	2022

	£000	£000
Change in value of cash flow hedges	941	(1,175)
Deferred tax (liability)/asset	(219)	273
Cash flow hedge movements (net of deferred tax)	**722**	**(902)**

The financial instruments in place are to mitigate the risks associated with net future US dollar receipts. The Group uses two types of hedging instrument: fixed forwards and participating forwards. The fixed forward contracts are fixed agreements to exchange currency at the hedged rate. The participating forwards provide protection at the hedged rate, each contract is divided into monthly windows, at the end of each month the Group has the right but not the obligation to sell at the hedged rate, however if spot trades below the barrier rate in the month then the Group must sell USD at the hedged rate. This means that Anpario has protection at the hedged rate, but may also benefit from exchange between the barrier rate and hedged rate. The details of the notional amounts, hedged rate and spot rate at 31 December are outlined below. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the Consolidated Statement of Financial Position.

	2023	2022
GBP/USD spot rate at 31 December	**1.2732**	**1.2102**
Fixed forward contracts		
Weighted average forward rate	1.2770	1.3049
Maturing in the next year (Notional amount in US dollars 000's)	3,850	2,370
Maturing between one and two years (Notional amount in US dollars 000's)	3,550	4,200
Maturing between two and three years (Notional amount in US dollars 000's)	900	3,000
Notional amount (US Dollars 000's)	**8,300**	**9,570**
Participating forward contracts		
Weighted average forward rate	1.3026	1.3130
Weighted average barrier rate	1.2049	1.2142
Maturing in the next year (Notional amount in US dollars 000's)	5,800	7,050
Maturing between one and two years (Notional amount in US dollars 000's)	2,800	5,800
Maturing between two and three years (Notional amount in US dollars 000's)	800	1,900
Notional amount (US Dollars 000's)	**9,400**	**14,750**

20. Cash, cash equivalents and short-term investments

Cash and cash equivalents comprise cash and short-term deposits held by Group companies. Short-term investments comprise of bank deposits, held with major UK financial institutions, with notice periods greater than three months but less than six months. The carrying amount of these assets approximates to their fair value.

	2023 £000	2022 £000
Short-term investments	110	1,828
Cash and cash equivalents	10,539	11,739
Cash, cash equivalents and short-term investments	**10,649**	**13,567**

21. Lease Liabilities

At 31 December the Group had lease liabilities with maturities as follows:

	2023 £000	2022 £000
Less than one year	33	35
Current lease liabilities	**33**	**35**
Between one and five years	46	17
Non-current lease liabilities	**46**	**17**
Lease Liabilities	**79**	**52**

Lease Liabilities	79	52

22. Trade and other payables

	2023 £000	2022 £000
Trade payables	2,033	2,698
Taxes and social security costs	132	169
Other payables	104	112
Accruals	1,777	1,004
Trade and other payables	**4,046**	**3,983**

There is no interest payable on trade payables and no security against outstanding balances.

23. Share capital and share premium

The authorised share capital is made up of:

	Number	£000
Ordinary shares of 23p each	86,956,521	20,000
'A' Shares of 99p each	1,859,672	1,841
Authorised share capital		**21,841**

The allotted, called up and fully paid share capital is made up of Ordinary shares of 23p each as follows:

	Note	Number	Share capital £000	Share premium £000	Total £000
As at 1 January 2022		23,676,181	5,446	11,547	16,993
Exercise of share options	26	177,338	40	255	295
Issue of shares to JSOP	25	600,000	138	3,132	3,270
As at 31 December 2022		24,453,519	5,624	14,934	20,558
Exercise of share options	26	50,000	12	113	125
Cancellation of Tender Offer Shares	24	(4,000,000)	(920)	-	(920)
Cancellation of Treasury Shares	24	(440,388)	(101)	-	(101)
As at 31 December 2023		**20,063,131**	**4,615**	**15,047**	**19,662**

The company held shares in treasury, which were cancelled in the year, as follows:

	Number	£000
As at 1 January 2022 and 31 December 2022	440,388	1,189
Cancellation of Treasury Shares	(440,388)	(1,189)
As at 31 December 2023	**-**	**-**

The Anpario plc Employees' Share Trust holds shares in relation to the Joint Share Ownership Plan as follows:

	Number
As at 1 January 2022	2,800,000
Purchase of shares	600,000
As at 31 December 2022 and 31 December 2023	**3,400,000**

24. Capital redemption reserve

	Note	£000
As at 1 January 2022 and 31 December 2022		-
Cancellation of Tender Offer Shares	23	920
Cancellation of Treasury Shares	23	101
As at 31 December 2023		**1,021**

The shares acquired under the tender offer were immediately cancelled, alongside and at the same time as the shares previously held in Treasury. The capital redemption reserve represents the cumulative par value of all shares bought back and cancelled, less the associated transaction costs and stamp duty. The capital redemption reserve is not distributable.

25. Other reserves

	Note	Treasury shares £000	Joint Share Ownership Plan £000	Merger reserve £000	Share-based payment reserve £000	Cashflow hedge reserve £000	Translation reserve £000	Total £000
As at 1 January 2022		1,189	7,840	(228)	(2,281)	(61)	329	6,788
Joint-share ownership plan	23	-	3,270	-	-	-	-	3,270
Share-based payment charge	26	-	-	-	(183)	-	-	(183)
Share-based payment tax adjustments		-	-	-	71	-	-	71
Movement in fair value (net of tax)	19	-	-	-	-	902	-	902
Currency translation differences		-	-	-	-	-	(387)	(387)
As at 31 December 2022		1,189	11,110	(228)	(2,393)	841	(58)	10,461
Cancellation of treasury shares	23	(1,189)	-	-	-	-	-	(1,189)
Share-based payment charge	26	-	-	-	(284)	-	-	(284)
Share-based payment tax adjustments		-	-	-	90	-	-	90
Movement in fair value (net of tax)	19	-	-	-	-	(722)	-	(722)
Currency translation differences		-	-	-	-	-	221	221
As at 31 December 2023		**-**	**11,110**	**(228)**	**(2,587)**	**119**	**163**	**8,577**

The nature and purpose of other reserves' items are disclosed in note 2.18.

26. Share-based payments

The Group operates, or has operated previously, a number of equity-settled share based remuneration schemes for employees. Including the following: Enterprise Management Incentive ("EMI") scheme; Save As You Earn ("SAYE") scheme; Company Share Option Plan ("CSOP") and an unapproved scheme. These schemes are subject to only one vesting condition being that the individual remains an employee of the Group for a period of either 3 or 5 years.

Movements in the number of share options outstanding are as follows:

	Number of options 2023	Weighted average exercise price (p) 2023	Number of options 2022	Weighted average exercise price (p) 2022
Outstanding at 1 January	470,018	339	562,842	254
Granted during the year	-	-	84,514	565
Lapsed during the year	(20,545)	382	-	334
Exercised during the year	(50,000)	248	(177,338)	308
Outstanding at 31 December	**399,473**	**348**	**470,018**	**339**
Exercisable at 31 December	**234,000**	**284**	**264,000**	**269**

Share options outstanding at the end of the year have the following expiry dates and weighted average exercise prices:

	Number of options 2023	Weighted average exercise price (p) 2023	Number of options 2022	Weighted average exercise price (p) 2022
2024	50,000	242	100,000	245
2025	84,800	290	84,800	290
2026	62,200	239	62,200	239
2027	76,675	323	91,504	323
2028	47,000	438	47,000	438
2032	78,798	535	84,514	535
Total outstanding share options	**399,473**	**348**	**470,018**	**339**

The range of exercise prices of outstanding share options at the year end was 238p to 565p (2022: 238p to 565p) and their weighted average remaining contractual life was 3.5 years (2022: 4.2 years).

505p) and their weighted average remaining contractual life was 3.5 years (2022: 4.2 years).

The fair value of services received in return for share options granted and the shares which have been issued into the joint beneficial ownership of the participating Executive Directors and the Trustee of The Anpario plc Employees' Share Trust is calculated based on the Black-Scholes valuation model. The expense is apportioned over the vesting period and is based on the number of financial instruments which are expected to vest and the fair value of those financial instruments at the date of the grant.

The charge for the year in respect of share options granted and associated expenses amounts to £304,000 (2022: £213,000) of which a charge of £20,000 (2022: £30,000) relates to professional fees.

27. Related party transactions

The Group considers the Directors to be the key management personnel. There were no transactions within the year in which the Directors had any interest. The Remuneration Committee Report contains details of the Board emoluments.

None of the Group's shareholders are deemed to have control or significant influence and therefore are not classified as related parties for the purposes of this note.

28. Capital commitments

The Group had authorised capital commitments as at 31 December as follows:

	2023 £000	2022 £000
Property, plant and equipment	-	140
Capital commitments	**-**	**140**

Company statement of financial position

as at 31 December 2023

	Note	2023 £000	restated[1] 2022 £000
Intangible assets	33	10,127	10,855
Property, plant and equipment	34	4,615	4,854
Right of use assets		29	26
Investment in subsidiaries	35	11,353	11,353
Derivative financial instruments	19	253	153
Non-current assets		**26,377**	**27,241**
Inventories	37	3,608	5,315
Trade and other receivables	38	8,523	10,845
Derivative financial instruments	19	67	21
Current income tax assets		186	971
Short-term investments		110	1,828
Cash and cash equivalents		6,158	8,790
Cash, cash equivalents and short-term investments		6,268	10,618
Current assets		**18,652**	**27,770**
Total assets		**45,029**	**55,011**
Lease liabilities		(4)	1
Derivative financial instruments	19	(46)	(825)
Deferred tax liabilities	36	(1,761)	(1,576)
Non-current liabilities		**(1,811)**	**(2,400)**
Trade and other payables	39	(7,285)	(7,496)
Lease liabilities		(27)	(27)
Derivative financial instruments	19	(377)	(638)

Current income tax liabilities		-	-
Current liabilities		**(7,689)**	**(8,161)**
Total liabilities		**(9,500)**	**(10,561)**
Net assets		**35,529**	**44,450**
Share capital	40	4,615	5,624
Share premium		15,047	14,934
Capital redemption reserve		1,021	-
Other reserves	41	(6,393)	(8,498)
Retained earnings		21,239	32,390
Total equity		**35,529**	**44,450**

1 The prior year has been restated to reflect an adjustment to the computation of the deferred tax liability between the finalisation of the accounts and the submission of the tax computation for the Company. See note 36 for more details.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company income statement. The profit for the Parent Company for the year was £1,048,000 (2022: £857,000).

The financial statements were approved by the Board and authorised for issue on 20 March 2024.

Richard Edwards
Chief Executive Officer

Marc Wilson
Group Finance Director

Company Number: 03345857

Company statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	restated[1] Retained earnings £000	Total equity £000
Balance at 1 Jan 2022		**5,446**	**11,547**	**-**	**(4,438)**	**33,719**	**46,274**
Profit for the period		-	-	-	-	857	857
Cash flow hedge reserve		-	-	-	(902)	-	(902)
Total comprehensive loss for the year		-	-	-	(902)	857	(45)
Issue of share capital	23	178	3,387	-	-	-	3,565
Purchase of treasury shares		-	-	-	-	-	-
Joint-share ownership plan	26	-	-	-	(3,270)	-	(3,270)
Share-based payment adjustments	26	-	-	-	183	-	183
Deferred tax regarding share-based payments		-	-	-	(71)	-	(71)
Final dividend relating to 2021		-	-	-	-	(1,512)	(1,512)
Interim dividend relating to 2022	11	-	-	-	-	(674)	(674)
Transactions with owners		178	3,387	-	(3,158)	(2,186)	(1,779)
Balance at 31 Dec 2022 - restated[1]		**5,624**	**14,934**	**-**	**(8,498)**	**32,390**	**44,450**
Profit for the period		-	-	-	-	1,048	1,048
Cash flow hedge reserve		-	-	-	722	-	722
Total comprehensive income for the year		-	-	-	722	1,048	1,770
Issue of share capital	23	12	113	-	-	-	125
Purchase and Cancellation of Tender Offer shares	23	(920)	-	920	-	(9,248)	(9,248)
Cancellation of treasury shares	23	(101)	-	101	1,189	(1,189)	-
Share-based payment adjustments	26	-	-	-	284	-	284
Deferred tax regarding share-based payments		-	-	-	(90)	-	(90)
Final dividend relating to 2022	11	-	-	-	-	(1,228)	(1,228)
Interim dividend relating to 2023	11	-	-	-	-	(534)	(534)
Transactions with owners		(1,009)	113	1,021	1,383	(12,199)	(10,691)
Balance at 31 Dec 2023		**4,615**	**15,047**	**1,021**	**(6,393)**	**21,239**	**35,529**

1 The prior year has been restated to reflect an adjustment to the computation of the deferred tax liability

1 The prior year has been restated to reflect an adjustment to the computation of the deferred tax liability between the finalisation of the accounts and the submission of the tax computation for the Company. See note 36 for more details.

29. Significant accounting policies

Please refer to note 1 for full details of the Company's incorporation, registered office, operations and principal activity.

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the Group financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies, and critical accounting judgements and key sources of estimation uncertainty adopted are the same as those set out in note 2 to the Group financial statements except as noted below. These have been applied consistently throughout the period and the preceding period.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Receivables from Subsidiary undertakings

The Company holds intercompany receivables with subsidiary undertakings subject to terms of less than one year. If a significant change in credit risk occurs following initial recognition then an impairment assessment is carried out. The Directors assess periodically and at each period end whether there has been a significant increase in credit risk. Where there has been a significant increase in credit risk an impairment assessment is carried out.

30. Profit for the period

The auditor's remuneration for audit and other services is disclosed within note 5 to the Group financial statements.

Dividends declared and paid during the financial period are disclosed in note 11 to the Group financial statements.

31. Employment costs

	Note	2023 £000	2022 £000
Wages and salaries		3,631	3,292
Social security costs		363	419
Other pension costs		222	265
Share-based payment charges	26	304	213
Employment costs		**4,520**	**4,189**

Employment costs stated above includes Director's remuneration. The key management of the Group is deemed to be the Board of Directors who have authority and responsibility for planning and controlling all significant activities of the Group. Director's remuneration details can be found in the Remuneration Committee Report.

32. Number of employees

The average monthly number of employees, including Directors, during the year was:

	2023 £000	2022 £000
Directors	5	5
Production	26	33
Administration	15	16
Sales and Technical	34	32
Average headcount	**80**	**86**

33. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Software and Licenses £000	Total £000
Cost							
As at 31 December 2022	5,490	4,677	559	1,915	1,154	943	14,738
Additions	-	50	-	153	259	4	466
Reclassifications	-	529	-	-	(529)	-	-
Disposals	-	-	-	(1,051)	(399)	(22)	(1,472)
As at 31 December 2023	**5,490**	**5,256**	**559**	**1,017**	**485**	**925**	**13,732**
Accumulated amortisation							
As at 31 December 2022	-	1,229	559	1,263	-	832	3,883
Charge for the year	-	362	-	227	-	64	653
Impairment provision	-	-	-	-	399	-	399
Disposals	-	-	-	(909)	(399)	(22)	(1,330)
As at 31 December 2023	**-**	**1,591**	**559**	**581**	**-**	**874**	**3,605**
Net book value							
As at 31 December 2022	5,490	3,448	-	652	1,154	111	10,855
As at 31 December 2023	**5,490**	**3,665**	**-**	**436**	**485**	**51**	**10,127**

More information about Goodwill can be found in note 13 to the financial statements.

34. Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 31 December 2022	2,251	5,017	337	48	7,653
Additions	2	11	6	252	271
Transfer of assets in construction	-	282	9	(291)	-
Disposals	-	(67)	(37)	(9)	(113)
As at 31 December 2023	**2,253**	**5,243**	**315**	**-**	**7,811**
Accumulated depreciation					
As at 31 December 2022	350	2,187	262	-	2,799
Charge for the year	51	414	34	-	499
Disposals	-	(65)	(37)	-	(102)
As at 31 December 2023	**401**	**2,536**	**259**	**-**	**3,196**
Net book value					
As at 31 December 2022	1,901	2,830	75	48	4,854
As at 31 December 2023	**1,852**	**2,707**	**56**	**-**	**4,615**

Held within land and buildings is an amount of £500,000 (2022: £500,000) in respect of non-depreciable land.

35. Investment in subsidiaries

35. Investment in subsidiaries

	Unlisted investments £000
Cost	
As at 1 December 2022	14,812
Investment in Subsidiaries	18
As at 31 December 2022 and 31 December 2023	**14,830**
Provisions for diminution in value	
As at 1 January 2022	2,616
Provisions made in the year	861
As at 31 December 2022 and 31 December 2023	**3,477**
Net book value	
As at 1 January 2022	12,196
As at 31 December 2022 and 31 December 2023	**11,353**

In the prior year, following an impairment review it was determined that a provision for diminution of value of £861,000 was required in relation to the investment in Anpario Saúde e Nutrição Animal Ltda to reflect the fair value of the investment. Last year, investment balances in dormant subsidiaries that no longer feature as part of the Group strategy were written off, these totalled £7,000 and relate to Anpario Turkey Hayvan Sağlığı ve Yem Katkıları İthalat İhracat Sanayi ve Ticaret Anonim Şirketi.

Total investments in Subsidiaries in the year were £nil (2022: £18,000). The prior year investment relates to the establishment of Anpario (Vietnam) Company Limited.

Full list of investments

The Group holds share capital in the following Companies which are accounted for as Subsidiaries, all of which have a principal activity of Distribution Services and the Group holds 100% of the Ordinary Shares.

	Country of registration or incorporation
Directly held	
Anpario Pty Ltd Level 1, 286 High Street, Penrith 2750	Australia
Anpario Saúde e Nutrição Animal Ltda Rua Brigadeiro Henrique Fontenelle, 745 - room 4, Parque São Domingos, São Paulo, 05125-000	Brazil
Anpario (Shanghai) Biotech Co. , Ltd. Room 703, No.8 Dong An Road, Xu Hui District, Shanghai	China
Anpario GmbH c/o Startplatz, IM Mediapark 5, 50670 Cologne	Germany
Anpario (Biotech) Limited 6th Floor, South Bank House, Barrow Street, Dublin 4.	Ireland
PT. Anpario Biotech Indonesia Gedung 18 Office Park Iantai Mezz- unit F2, Jl. , TB Simatupang Kav. 18, Jakarta 12520	Indonesia
Anpario Malaysia Sdn. Bhd. Real Time Corporate Services Sdn. Bhd. Unit C-12-4, Level 12, Block C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Malaysia
Anpario Biotech Malaysia Sdn. Bhd Real Time Corporate Services Sdn. Bhd. Unit C-12-4, Level 12, Block C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Malaysia
Anpario Latinoamerica SA de CV Av. Technologico Sur # 134 cas 4, Colonia Moderna, CP 76030, Queretaro	Mexico
Anpario (Thailand) Ltd 65/152 Chamnan Phenjati Building Floor 18, Rama 9 Road, Huaykwang Sub-district, Huaykwang District, Bangkok 10310	Thailand
Anpario Turkey Hayvan Sağlığı ve Yem Katkıları İthalat İhracat Sanayi ve Ticaret Anonim Şirketi Barbaros Mahallesi Halk Cad. Palladium Residence, (A Blok) Apt. No: 8 A/3 Ataşehir/İstanbul.	Turkey
Anpario Inc 2 W. Washington Street, Suite 400, Greenville, SC 29601	US
Anpario NZ Limited Alliott NZ LTD, Level 2, 142 Broadway, Newmarket, Auckland, 1023, NZ	New Zealand
Anpario (Vietnam) Company Limited No.8, Lane 265 Chien Thang Street, Van Quan Residential Area, Van Quan Ward, Ha Dong District, Hanoi, Vietnam.	Vietnam
Optivite International Limited - Company Number 02346087*	
Agil Limited**	
Anpario UK Limited**	
Aquatice Limited**	
Kiotech Limited**	
Kiotechagil Limited**	

Meriden Animal Health Limited**	
Orego-Stim Limited**	
Optivite Limited**	
Unit 5 Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS	United Kingdom

Indirectly held

Meriden (Shanghai) Animal Health Co. , Ltd.	
Room 703, No.8 Dong An Road, Xu Hui District, Shanghai	China
Optivite Latinoamericana SA de CV**	
20 Boulevard de la Industria, Cuautitlan-Izcalli, 54716	Mexico
Optivite SA (Proprietary) Limited	
PO Box 578, Cape Town 8000	South Africa

The Group has no associates or joint-ventures.

* Companies where the Directors have taken advantage of the exemption from having an audit of the entities' individual financial statements for the year ended 31 December 2023 in accordance with Section 479A of The Companies Act 2006.
** Dormant companies

36. Deferred tax

	2023 £000	2022 £000
As at 1 January	1,576	1,962
Income statement credit	(124)	(184)
Deferred tax charged/(credited) directly to equity	309	(202)
As at 31 December	**1,761**	**1,576**

	Accelerated tax allowances £000	Fair value gains £000	Cashflow hedge £000	Losses £000	Other timing differences £000	Total £000
As at 1 January 2022	1,444	805	15	-	(302)	1,962
Income statement charge/(credit)	(13)	(25)	-	(148)	2	(184)
Deferred tax (credited)/charged directly to equity	-	-	(273)	(94)	165	(202)
As at 31 December 2022	1,431	780	(258)	(242)	(135)	1,576
Income statement (credit)/charge	(142)	108	-	(104)	14	(124)
Deferred tax charged directly to equity	-	-	219	-	90	309
As at 31 December 2023	**1,289**	**888**	**(39)**	**(346)**	**(31)**	**1,761**

	2023 £000	2022 £000
Deferred income tax asset	-	-
Deferred income tax liability	1,761	1,576
Net deferred income tax liability	**1,761**	**1,576**

Following the approval of the financial statements in the previous year further work was done as part of the finalisation and submission of the tax computation for the company. This work identified matters which lead to the deferred tax liability being reduced by £148,000 as a result of revisions to the calculation of capital allowances and research and development tax credit. These matters could have been identified at the time the tax provision was calculated for inclusion in the statutory accounts if the finalisation of the tax computations had occurred at this time. The amount was not material in the prior year but as the amount is material to the reported profit for the period ended 31 December 2023 the correction to the prior year deferred tax has been reported in the prior year results rather than as an adjustment in the current year. The impact of the adjustment is to increase the reported profit for the period ended 31 December 2022 included in the statement of changes in equity by £148,000 and subsequently increase the closing retained earnings at 31 December 2022 reported in the statement of changes in equity and the statement of financial position by the same amount. The deferred tax liability in the statement of financial position at 31 December 2022 has been reduced by £148,000.

37. Inventories

	2023 £000	2022 £000
Raw materials and consumables	3,064	4,664
Finished goods and goods for resale	544	651
Inventory	**3,608**	**5,315**

38. Trade and other receivables

	2023 £000	2022 £000
Trade receivables - gross	**3,860**	**3,958**
Less: expected credit losses	(282)	(149)
Trade receivables - net	**3,578**	**3,809**
Receivables from Subsidiary undertakings	4,364	6,479
Taxes	18	56
Other receivables	1	2
Prepayments	562	499
Total trade and other receivables	**8,523**	**10,845**

No interest is charged on trade receivables if balances are paid in full and to terms, there has been no interest charged in the current or previous financial year. There is no interest charged on receivables from subsidiary undertakings and payment is expected within terms of less than one year. There is no security against outstanding balances.

The Group applies the simplified approach to provisioning for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provisioning for all trade receivables. More information about how ECL is calculated is contained in note 18 to the Group financial statements.

Credit risk related to receivables from subsidiary undertakings are individually assessed based on an assessment of changes in credit risk and there was no impairment provision as at 31 December 2023 (2022: £nil).

The movements in expected credit losses under IFRS 9 are as follows:

	Collectively assessed £000	Individually assessed £000	Total £000
As at 1 January 2022	45	121	166
Provisions for receivables created	-	117	117
Provisions for receivables released	(13)	-	(13)
Amounts written off as unrecoverable	-	(31)	(31)
Amounts recovered during the year	-	(90)	(90)
As at 31 December 2022	**32**	**117**	**149**
Provisions for receivables created	31	145	176
Amounts recovered during the year	-	(43)	(43)
As at 31 December 2023	**63**	**219**	**282**

39. Trade and other payables

	2023 £000	2022 £000
Trade payables	1,982	2,620
Amounts due to subsidiary undertakings	4,224	4,202
Taxes and social security costs	100	127
Other payables	47	44
Accruals and deferred income	932	503
Trade and other payables	**7,285**	**7,496**

There is no interest payable on trade payables or amounts due to subsidiary undertakings and no security

against outstanding balances.

40. Share capital

The movements in share capital are disclosed in note 23 to the Group financial statements.

41. Other reserves

	2023 £000	2022 £000
Treasury shares	-	1,189
Joint Share Ownership Plan	11,110	11,110
Merger reserve	(228)	(228)
Unrealised reserve	(2,021)	(2,021)
Share-based payment reserve	(2,587)	(2,393)
Cash flow hedge reserve	119	841
Other reserves	**6,393**	**8,498**

The nature and purpose of other reserves' items are disclosed in note 2.18 to the Group financial statements.

A reconciliation of each component of other reserves that has a movement is shown in the note 24 to the Group financial statements.

42. Related party transactions

Transactions between the Company and its subsidiaries are on an arm's length basis or in accordance with local transfer pricing regulations.

The following amounts were outstanding at the reporting date:

	Note	2023 £000	2022 £000
Amounts owed by Subsidiaries	38	4,364	6,479
Amounts owed to Subsidiaries	39	4,224	4,202

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

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