

# Board of Directors



The changes to our Board in 2022 have further strengthened its independence and we are well-positioned for long-term growth

## JAN BOONE

Non-Executive Chair



JAN BOONE



### Non-Executive Chair

#### Appointment:

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

#### Committee membership:

Member of the Remuneration and Nomination Committee.

#### Responsibilities, relevant skills and experience:

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

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

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

#### Key external appointments:

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



JENNIFER WINTER



### Chief Executive Officer

#### Appointment:

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

#### Committee membership:

N/A; attends some Committee meetings by invitation.

#### Responsibilities, relevant skills and experience:

As CEO, Jennifer has responsibility for developing and executing the Group's strategy as approved by the Board and drives the performance and results of the Group. She manages Group operations in conjunction with the Leadership Team. With her background in the healthcare sector, including senior commercial roles at AstraZeneca and GlaxoSmithKline, Jennifer brings significant experience of product development, change management, marketing and communications.

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

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

#### Key external appointments:

Jennifer was appointed as Non-Executive Director of EKF Diagnostics Holdings plc on 1 February 2022 and as a Trustee Director and Chair of the Trustees of Royal Brompton and Harefield Hospitals Charity in April 2022.



**CHRIS BREWSTER**



**Chief Financial Officer and Company Secretary**

**Appointment:**

Chris was appointed Chief Financial Officer in 2012.

**Committee membership:**

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

**Responsibilities, relevant skills and experience:**

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

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

**Key external appointments:**

None



**MARC COUCKE**

**Non-Executive Director**

**Appointment:**

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

**Committee membership:**

N/A

**Responsibilities, relevant skills and experience:**

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

**Key external appointments:**

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

**COMMITTEE MEMBERSHIP**



Audit and Risk Committee



Remuneration and Nomination Committee



By invitation



Chair of committee

# Board of Directors CONTINUED



**DR DOUG HUTCHENS**



**Independent Non-Executive Director**

**Appointment:**

Doug was appointed to the Board on 10 February 2022.

**Committee membership:**

Doug became a Member of the Remuneration and Nomination Committee and the Audit and Risk Committee following the Company's AGM on 7 June 2022.

**Responsibilities, relevant skills and experience:**

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

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

**Key external appointments:**

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



**SYLVIA METAYER**



**Independent Non-Executive Director**

**Appointment:**

Sylvia was appointed to the Board on 3 May 2022.

**Committee membership:**

Sylvia became Chair of the Audit and Risk Committee following the Company's AGM on 7 June 2022.

**Responsibilities, relevant skills and experience:**

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

**Key external appointments:**

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



**ED TORR**



**Senior Independent Director**

**Appointment:**

Ed was appointed to the Board in 2017.

**Committee membership:**

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

**Responsibilities, relevant skills and experience:**

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

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

**Key external appointments:**

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



### COMMITTEE MEMBERSHIP



Audit and Risk Committee



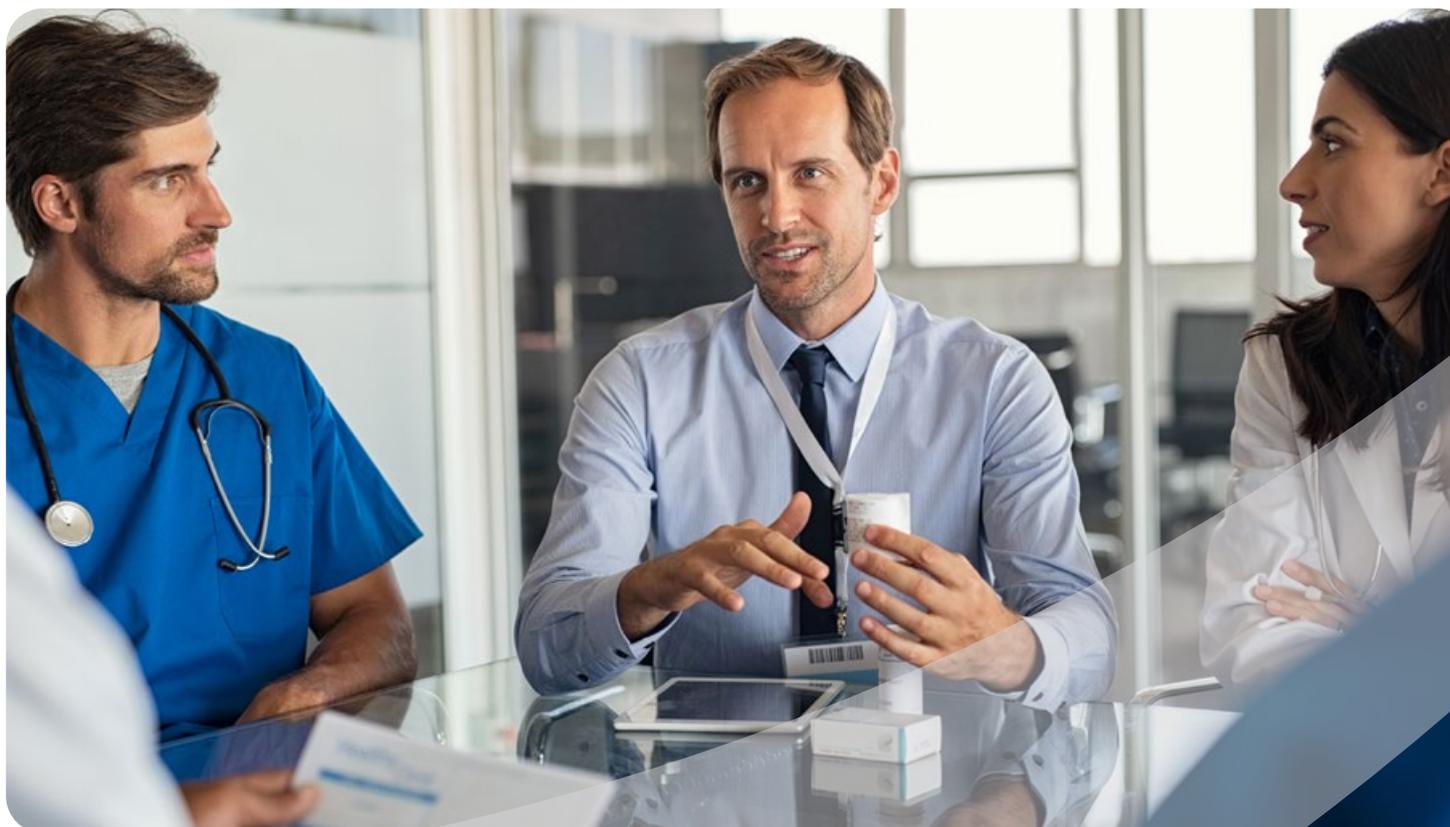
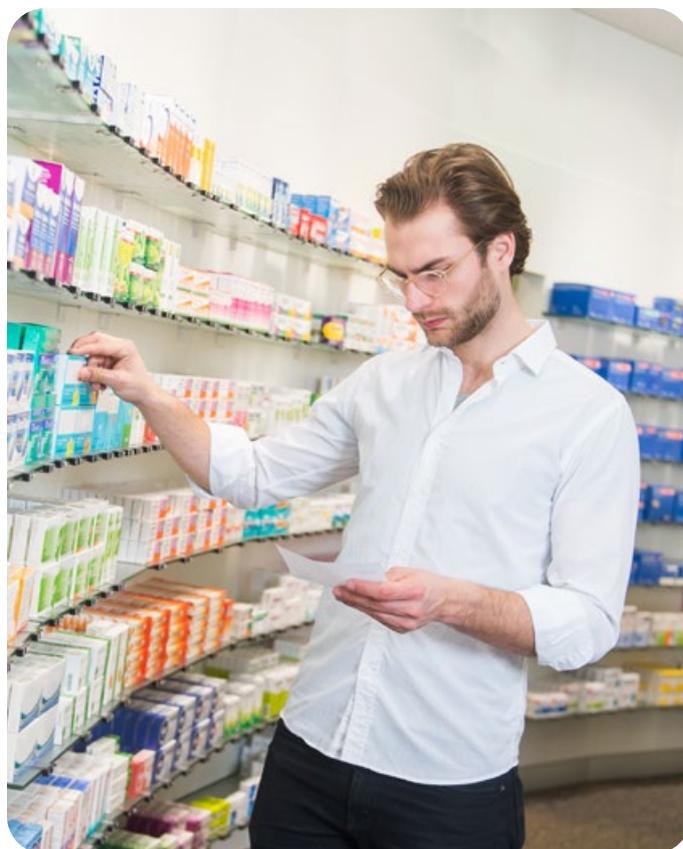
Remuneration and  
Nomination Committee



By invitation



Chair of committee



# Corporate Governance Statement



**JAN BOONE**  
Non-Executive Chair



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

## Dear shareholder,

I am pleased to present the Corporate Governance Report for 2022. Our corporate governance arrangements continued to evolve with a number of changes to the Board during the year. Dr Doug Hutchens and Sylvia Metayer were appointed, bringing additional independent perspective to Board discussions and enabling us to refresh the composition of the Board's committees. In May 2022, we announced the resignation of Nick Downshire, who decided not to seek re-election to the Board at the Company's Annual General Meeting.

## The principles of corporate governance

### Compliance with the QCA Corporate Governance Code (the "QCA Code")

The Board followed all 10 principles of the QCA Code during the year under review. We recognise the need for our governance practices and disclosures to continue to evolve in order to ensure that they support the growth and strategic progress of the Group and the effective application of these principles. Our approach to

governance provides a framework of clearly established roles, policies and procedures designed to support our compliance with the QCA Code, the AIM Rules and other legal, regulatory and compliance requirements which apply to the Group. The Board regularly reviews our approach to governance to ensure that it develops in line with the Group's strategic plans. Further details of our corporate governance framework and activities are set out in our Corporate Governance Report.

## Supporting strategy through effective governance

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

The Board also has oversight of the Group's internal control and risk management systems. Alongside evaluating commercial opportunities, the Board regularly considers and reviews the business' principal and emerging risks and ensures that effective and appropriate mitigation strategies are in place. During the year, we have continued to develop the Group's risk management framework and details of our framework are set out in our Principal Risks section.

### Stakeholder engagement and corporate culture

The Board places great importance on effective engagement with key stakeholders and aims to understand the views and interests of stakeholders

so that these can be appropriately considered as part of its decision-making. The Strategic Report includes a description of how this engagement has worked in practice during the year under review and a statement about how the Directors have discharged their duty under s172 of the Companies Act 2006.

The Company's open and inclusive culture is reflected in the way that the Board conducts itself. While we continued to make use of video-conferencing facilities when appropriate, we ensured that some Board meetings were held in person at the Company's offices in Belgium. We value the opportunity this presents for the Board to interact with employees, thereby helping to promote the

desired corporate culture. The Board recognises the importance of promoting an ethical culture by leading from the top. The Group's Code of Conduct, which is applicable to the Board and all employees, is our guide to doing business in the right way. It is complemented by more detailed rules and guidelines which are included in policies that cover the following areas: Good Business Practice, Respecting People, Safeguarding Information and Use of Information Technology. The Board also recognises the need to maintain a proactive focus on culture as the Group continues to grow. A more detailed explanation of the Board's monitoring of culture is given in the Corporate Governance Report.



# Corporate Governance Statement CONTINUED

## Board appointments and succession planning

We welcomed two new Independent Non-Executive Directors to the Board in 2022. As previously reported, Dr Doug Hutchens was appointed in February 2022 and Sylvia Metayer was appointed in May 2022. In both cases, the appointments were the result of a formal selection process which gave due consideration to the need for diversity and took into account the balance of skills, experience and expertise on the Board. As previously announced, Nick Downshire stood down from the Board at the 2022 Annual General Meeting and we extend our thanks to him for his many years of commitment to the Company.

As Chair, I consider the operation of the Board as a whole and the performance of the Directors individually. The appointments referred to above, were actions agreed by the Board following its most recent formal evaluation process, conducted in March 2021. During the year, the Board continued to monitor progress against all agreed actions.

## Build trust

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

We will continue to monitor our application of the QCA Code

and ensure that our governance framework continues to evolve in line with the strategic development of the Group and to understand the expectations of our stakeholders.

## Board capabilities

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

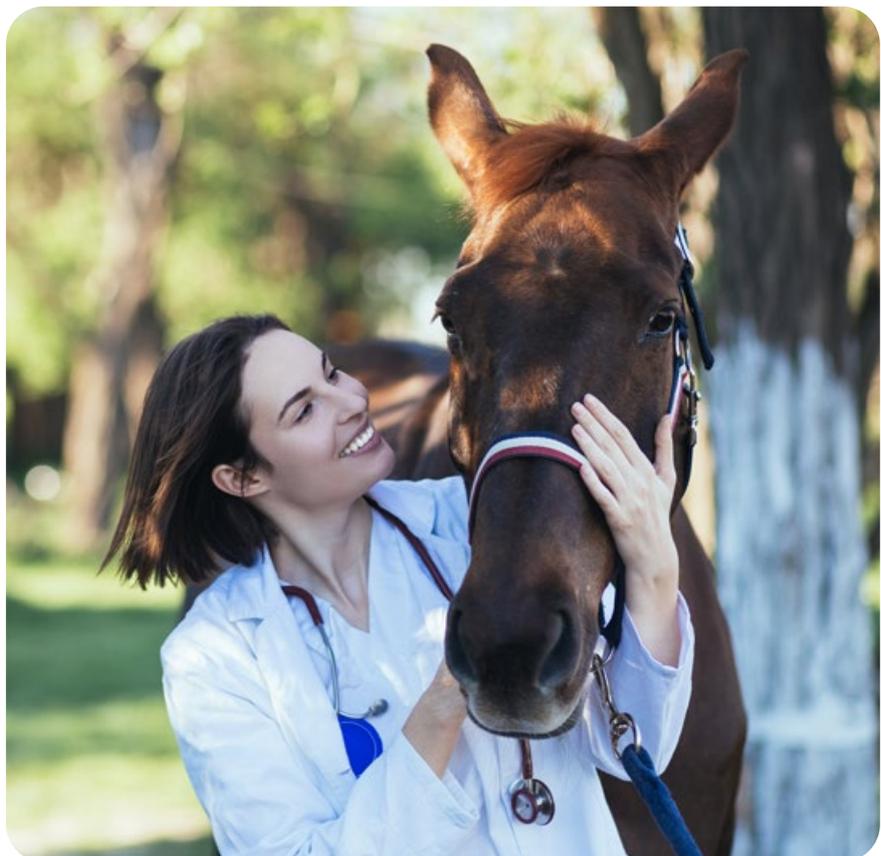
- Strong industry experience and knowledge of the animal health and pharmaceuticals sector
- Leading organisational change and integration
- Managing a global supply chain
- Research and development
- Business planning and development
- Corporate finance and mergers and acquisitions

- Financial
- Risk management
- Governance

## Board evaluation

Following the internal Board evaluation process conducted in 2021 which identified a number of actions to further strengthen the Board and its Committees, progress against the agreed actions was monitored during 2022. We are in the process of carrying out another internal Board evaluation, the outcome of which will be discussed by the Board and actions taken during the year. Further details can be found in the Corporate Governance Report.

**JAN BOONE**  
**Non-Executive Chair**  
15 May 2023



# Corporate Governance Report

## Composition of the Board and its Committees

### Board composition

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

#### Board

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

### Board Committees

#### Audit and Risk Committee

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

#### Remuneration and Nomination Committee

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

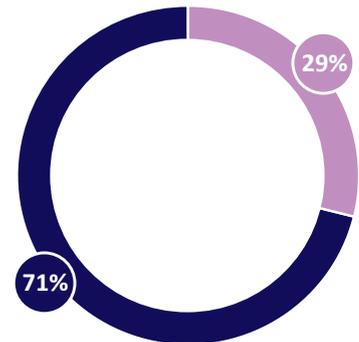
The Board’s composition is designed to ensure that no one individual can dominate decision-making processes.

The Board currently comprises two Executive Directors and five Non-Executive Directors. Directors’ biographies can be found in the Board of Directors section of the Annual Report.

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

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

#### BOARD GENDER DIVERSITY



● Female ● Male

#### SENIOR EXECUTIVE TEAM



● Female ● Male

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

# Corporate Governance Report CONTINUED

The Board keeps under review the mix of experience and skills that are needed on the Board as the Group continues to grow so that Board composition can be adjusted if necessary over time. The Remuneration and Nomination Committee is responsible for succession planning for Board Directors and other Senior Executives. Members of the Senior Executive Team and wider management team are invited to present at Board meetings throughout the year.

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

## Independence

The Non-Executive Chair, Jan Boone, Senior Independent Director, Ed Torr and Non-Executive Directors Dr Doug Hutchens and Sylvia Metayer, are all considered to be independent. The Board is therefore compliant with the QCA Code, having four independent Non-Executive Directors.

24.2% of the issued share capital is held by Alychlo NV, an entity wholly owned by Marc Coucke, non-independent Non-Executive Director.

## Appointments to the Board and re-election

The Board has delegated to the combined Remuneration and Nomination Committee the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors.

As reported elsewhere, there were three changes to the Board in 2022: the appointments of Dr Doug Hutchens and Sylvia Metayer in February and May 2022 respectively, and Nick Downshire standing down from the Board at the 2022 Annual General Meeting. Further details on the role of the Remuneration and Nomination Committee and its activities during the year are set out in its report within the Our Governance section of the Annual Report.

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

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

## How the Board operates

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

- The Group’s strategic aims and objectives
- The structure and capital of the Group, and dividend policy
- Financial reporting and internal controls
- Risk and the Group’s risk management
- The approval of significant contracts and expenditure

- Effective communication with shareholders
- Board structure, size and composition

The schedule of matters reserved for Board approval is available on the Company’s website ([www.animalcaregroup.com](http://www.animalcaregroup.com)).

## Board meetings

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

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

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

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

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

Director	Board	Audit and Risk Committee	Remuneration and Nomination Committee
Jan Boone <sup>1</sup>	4/4	1/1	2/2
Chris Brewster <sup>2</sup>	4/4	–	–
Marc Coucke <sup>3</sup>	4/4	–	1/1
Nick Downshire <sup>4</sup>	2/2	1/1	–
Doug Hutchens	4/4	3/3	1/1
Sylvia Metayer <sup>5</sup>	3/3	2/2	–
Ed Torr	4/4	3/3	2/2
Jennifer Winter	4/4	–	–

<sup>1</sup> Jan Boone stood down from the Audit and Risk Committee on 7 June 2022.

<sup>2</sup> Chris Brewster attends the Audit and Risk Committee by invitation.

<sup>3</sup> Marc Coucke stood down from the Remuneration and Nomination Committee on 7 June 2022.

<sup>4</sup> Nick Downshire ceased to be Chair of the Audit and Risk Committee when he stood down from the Board on 7 June 2022.

<sup>5</sup> Sylvia Metayer joined the Board on 3 May 2022 and became Chair of the Audit and Risk Committee on 7 June 2022.

## Board decisions and activity during the year

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

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

The Board agenda includes a Business Review covering progress against strategy, financial performance, key business initiatives, leadership activities and new product development. Investor relations updates, financial reports and consideration of reports from the Board Committees are also covered on the Board agenda. In addition, key areas put to the Board for consideration and review during the year included:

<b>Strategy</b>	New product development and M&A opportunities Board strategy discussions
<b>Performance</b>	Trading updates Review of budgets and forecasts Going concern and cash flow Presentations from members of the Senior Executive Team Approval of 2021 Annual Report, final dividend recommendation, 2022 Interim Results and interim dividend
<b>Governance</b>	Review of progress on actions identified as part of the internal Board performance evaluation Review of Board composition and search for and appointment of Non-Executive Directors Review of conflicts of interest
<b>Stakeholders</b>	Investor relations and share register analysis Review of AGM business

Details of the Board's key discussions and stakeholder considerations are set out in the Strategic Report.

## Board Committees

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

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

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

## Senior Executive Team

The Senior Executive Team (SET) comprises the CEO, CFO, North and South Region Directors, Group HR Director, Group Commercial Director and, from February 2022, the newly created role of Strategic Product and Portfolio Director. The team meets weekly, monthly and quarterly and its responsibilities include tracking financial performance, progress against our strategic and operational objectives, leadership development, improving employee engagement and all aspects of the operational leadership of the organisation.

## External advisers

The Board seeks advice on various matters from Stifel Nicolaus Europe Ltd, its nominated adviser, corporate

# Corporate Governance Report CONTINUED

finance adviser and joint broker (with Panmure Gordon & Co). Advice is also provided by the Company's lawyers, Squire Patton Boggs (UK) LLP, and by its corporate governance and company secretarial adviser, Prism Cossec, which also provides company secretarial support.

## Development, information and support

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's external advisers where appropriate. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chair or Company Secretary.

## Risk management

The Board has ultimate responsibility for setting the Group's risk appetite and risk management strategy and for reviewing the effectiveness of the Group's framework for risk management and internal control. Oversight of risk management is undertaken by the Audit and Risk Committee which reports to the Board three times a year. Following the implementation of an improved risk management structure during 2021, the Audit and Risk Committee continued to review the adequacy and effectiveness of the risk management structure during the year, with a continued focus on risk reporting. Further details regarding the implementation are set out in the

Audit and Risk Committee Report and in Our Principal Risks in the Strategic Report.

## Internal controls

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

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

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

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



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

## Board evaluation

As reported in the 2021 Annual Report, the Board conducted a formal internal performance evaluation process in 2021. The output was discussed by the Board and a number of actions were agreed in late 2021 and early 2022 including:

- Strengthening Board composition with the appointment of two new independent Non-Executive Directors to improve independence, gender diversity and international and new product development experience on the Board
- Reinstating Board visits to European offices in the annual Board calendar
- Further interaction between the Non-Executive Directors and members of the Senior Executive Team
- Enhancements to the Board's oversight of the Group's risk management framework

Preliminary progress against these actions was reported in the 2021 Annual Report and the Board continued to monitor progress in 2022. In addition to the appointment of Dr Doug Hutchens as an independent Non-Executive Director in February 2022, Board composition was further strengthened by the appointment of Sylvia Metayer as an independent Non-Executive Director in May 2022. The Board met at the Company's offices in Belgium in September and intends to meet at



other offices when appropriate; this facilitates further interaction between the Non-Executive Directors and the members of the Senior Management Team. Enhancements to the Board's oversight of the Group's risk management framework is addressed in the Audit and Risk Committee Report.

The Chair has recently held individual meetings with each member of the Board to discuss how the Board operates and the output from these meetings will be discussed by the Board, with actions agreed and monitored during 2023.

## Succession planning

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

## Conflicts of interest

The Company has procedures in place for managing conflicts of interest. These include a requirement for Directors to declare any interests in the matters to be discussed at each Board or Committee meeting. Directors also have a continuing duty to notify the Company of any changes to their potential or actual conflicts

# Corporate Governance Report CONTINUED

and are regularly reminded of this. The Company's Articles provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

## Independent professional advice

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

## Directors' and officers' liability insurance

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

## Culture

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

We believe that by encouraging the right way of thinking and behaving across the Group, we will reinforce our corporate governance culture, enabling us to conduct business ethically and responsibly, drive our growth and customer-focused, people-led strategy and deliver value for our shareholders.

The Board understands how important it is for it to lead by example. The Group's Code of Conduct, which applies to the Board and all employees, is our guide to doing business in the right way. It is supplemented by detailed policies covering the following areas: Good Business Practice, Respecting People, Safeguarding Information and Use of Information Technology.

When possible, Board meetings take place at the offices of different business units, which gives the Board the opportunity to engage with members of the management team and the wider employee base formally and informally, at meetings, lunches and dinners. Such interactions provide an invaluable opportunity to engage with, and ascertain the views and interests of, a key stakeholder, the workforce. It also allows a valuable insight into our corporate culture and assists the Board in monitoring and promoting a healthy culture throughout the business by setting a positive tone from the top.

The Board also received a report on the results of the annual employee engagement survey and the actions planned to address any issues raised and the focus for the following year. It also covered key people initiatives being undertaken during the year which included the talent management process, learning and development initiatives and the leadership development programme.

Due to the Company's relatively small employee base, the Non-Executive Directors are able to engage directly with employees in their special areas of interest.

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

## Relations with shareholders

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



the opportunity to pose questions to our Directors. Information about the Group is available on the Group's website ([www.animalcaregroup.com](http://www.animalcaregroup.com)), including an overview of the Group's activities and details of all recent Group announcements. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chair and independent Non-Executive Directors will attend meetings with investors and analysts as required.

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

## Employee engagement

As in previous years, we conducted a Company-wide employee survey using the Gallup Q12 methodology. Measured against Gallup's European benchmark of companies, the Group again performed well despite a decline of 2% in overall engagement. The survey highlighted a particularly positive view among employees about their ability to deliver high quality work as well as opportunities to further develop and progress in their roles.

A major theme in 2022 was further development of our people to lead and drive future business success. The introduction of a Group-wide talent management process, supported by a common competency framework, will help identify and develop high potential employees as candidates for leadership positions. In addition, we are reinforcing relevant leadership behaviours through the launch of a branded Animalcare "High Challenge High Support" development programme.

Our surveys have identified internal communication as an area for improvement. In response, we launched a communication working



group to engage and inform our teams more efficiently and effectively through the use of digital tools, including the development of a new intranet.

To facilitate recruitment and onboarding, we have created a global policy to support line managers as they help future talent absorb Animalcare's core culture, values, behaviours and expectations.

Guided by the findings from our annual employee survey, we are accelerating our journey to become "A Great Place to Work". This includes a further focus on employee wellbeing underpinned by our external employee assistance provider programme.

With business success the guiding objective, our main focus for 2023 will be the roll-out of our talent review process and competency framework to our sales and marketing organisation,

the launch of a learning and development strategy and the further implementation of our leadership development programme.

## AGM

The Company's AGM is scheduled for Tuesday 13 June 2023. Further details of the AGM arrangements can be found in the Notice of 2023 AGM, which is available on the Company's website [www.animalcaregroup.com/investors/shareholder-centre/aggm/](http://www.animalcaregroup.com/investors/shareholder-centre/aggm/)

# Audit and Risk Committee Report



**SYLVIA METAYER**  
Chair of the Audit  
and Risk Committee



As the new Chair, I am pleased to present my first Audit and Risk Committee report

I am pleased to present the Audit and Risk Committee's report for the year ended 31 December 2022. I would like to extend the Committee's thanks to Nick Downshire who chaired the Committee until he stood down from the Board in June 2022.

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

## Members of the Audit and Risk Committee during the year

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

- Nick Downshire (Chair) (stood down on 7 June 2022)
- Jan Boone (stood down on 7 June 2022)
- Sylvia Metayer (Chair) (appointed to the Committee on 7 June 2022)
- Doug Hutchens (appointed to the Committee on 7 June 2022)
- Ed Torr

The Committee comprises three independent Non-Executive Directors.

Sylvia Metayer became Chair of the Audit and Risk Committee on 7 June 2022 following the Company's Annual General Meeting, at which the former Committee Chair, Nick Downshire, stood down as a Director after many years of commitment to the Group. On the same date,

we welcomed Doug Hutchens to the Committee and Jan Boone, our Chair, ceased to be a member. The relevant skills and experience of the Committee members are set out in their biographies within the Board of Directors section. The Board is satisfied that Sylvia Metayer has recent and relevant financial experience. Sylvia began her career as an auditor and since then has held a variety of key financial and commercial positions in leading international groups. She is also a highly experienced Non-Executive Director.

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

audit plan for the following year. Other advisers may be invited to attend meetings on occasion.

### Key responsibilities

The role and responsibilities of the Committee are set out in its Terms of Reference which are reviewed annually, taking into account relevant regulatory changes and recommended best practice. The current Terms of Reference were approved by the Board on 12 December 2022 and are available on the Company's website ([www.animalcaregroup.com](http://www.animalcaregroup.com)).

The main duties of the Committee include:

- Maintaining and monitoring the quality and integrity of the Group's financial statements, including its annual and half-yearly reports, and other formal announcements relating to financial performance, and reviewing significant financial reporting issues and judgements

- Reviewing the adequacy and effectiveness of the Company's internal controls and risk management
- Overseeing the relationship with the external auditors, reviewing performance and advising the Board members on the auditor's appointment and remuneration; and
- Reporting formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities

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



# Audit and Risk Committee Report CONTINUED

## Activities undertaken by the Committee during the year

The duties contained in the Terms of Reference form the basis for the Committee's focus and scope of work across each financial year and the Committee meets at appropriate times in the reporting and audit cycle and at such other times as is necessary to discharge its duties. The Committee met three times during the year and on one occasion since the year end. Committee meetings are arranged to coincide with key dates in the financial reporting calendar and audit cycle. Committee members' attendance at the meetings held during the year is set out in the Corporate Governance Report; every Committee member attended all scheduled Committee meetings during 2022.

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

## Annual and interim financial statements

The Committee reviewed the full year and interim financial statements including consideration of significant audit risks identified by the external auditors, and the key accounting judgements and estimates. The Committee's response to the significant accounting judgements and estimates in respect of the 2022 financial statements is set out below. The Committee also reviewed the principal risks' disclosures.

## Risk Management Framework

In 2022, the Committee's focus moved on from overseeing implementation of the Group's new Risk Management Framework (RMF) during 2021 to monitoring how the system was operating in practice as processes became more internally embedded. This entailed receiving and reviewing the internal risk management reports

and considering the appropriateness of the Group's RMF, taking into account the Group's strategic plans. The Committee is satisfied that the Group's RMF enables the Board to monitor, manage and mitigate the key risks in the Group's strategic plan for the benefit of stakeholders.

## Review of provisions and contingent liabilities

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

## Going concern and liquidity

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

## Role of the external auditors

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

The Committee takes into account a number of areas when reviewing the external auditors' appointment, including the auditors' performance in

discharging the audit, the scope of the audit, the terms of engagement, and its independence and objectiveness.

PwC were first appointed as the Group's external auditors in 2018 as the result of a competitive tender process. In accordance with audit regulation, PwC operates a policy of rotating the Audit Partner every five years and following completion of the 2021 audit, Ian Morrison was rotated off and replaced by Kate Finn as the Group's Audit Partner.

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

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

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

As a company listed on AIM, the Company is not required to re-tender its audit every 10 years. The Committee will make a recommendation about timing of the next tender process when it feels the time is appropriate.

## Audit process

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

The Committee reviews the quality and effectiveness of the external audit process on an annual basis, considering the views of both the external audit team, and the CFO, as well as assessing the Committee's own interactions with the external auditors. As part of the review of the 2021 year-end audit, the Committee and the Group's Audit Partner discussed the process and agreed that, while effective, certain refinements would be made to improve the efficiency of the external audit process for the 2022 year end. It will review the 2022 year-end audit process during the course of 2023.

## Internal audit

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

## Significant issues considered in relation to the financial statements

As part of the monitoring of the integrity of the financial statements, significant issues and accounting judgements identified by the finance team, and the external audit process, are reviewed by the Committee and reported to the Board. The key matters considered by the Committee in respect of the year ended 31 December 2022 are set out below:

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

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

## Risk management, internal controls and key activities for 2023

The Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. As explained above,

during 2021 the Group implemented its new and strengthened Risk Management Framework (RMF), which has been consistently applied during 2022. In the second half of the financial year, the Committee undertook a review of the RMF and is currently working alongside the Chief Financial Officer, with guidance from the external advisers who supported the initial implementation, to further develop and refine the RMF for adoption during 2023, with emphasis on R&D commensurate to our strategy to develop differentiated and innovative products for the future. Further details of the Group's system of internal controls can be found in Our Principal Risks. The Committee is satisfied that the risk management framework and internal control systems are operating effectively.

## Activities in 2023

We will continue to refine and strengthen our internal control framework where required in response to changes in our risk profile and the business. Supply chain processes, including how these impact on cash conversion, will be a focus area for 2023.

## Share dealing

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

## Whistleblowing

The Group has in place whistleblowing procedures under which staff may report any suspicion of fraud, financial irregularity or other malpractice.

**SYLVIA METAYER**  
Chair of the Audit and Risk Committee

15 May 2023

# Remuneration and Nomination Committee Report



**ED TORR**  
Senior Independent Director



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

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

## Members of the Remuneration and Nomination Committee during the year

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

- Ed Torr (Chair)
- Jan Boone

- Marc Coucke (stood down from the Committee on 7 June 2022)
- Doug Hutchens (appointed to the Committee on 7 June 2022)

Marc Coucke was a member of the Committee until 7 June 2022 when he stood down as part of a review of Committee memberships following the appointment of Dr Doug Hutchens and Sylvia Metayer as independent Non-Executive Directors in February and May 2022 respectively. Doug Hutchens became a member of the Committee from 7 June 2022.

The Committee now comprises three independent Non-Executive Directors.

## Key responsibilities

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

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

## Nomination

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

## Remuneration

- Setting remuneration for the Executive Directors, including pension allowance and awards under the Long-Term Incentive Plan (LTIP);
- Approving the design of, and determining targets for the annual performance-related bonus

schemes and LTIP and approving the total payments or awards made under these schemes; and

- Recommending and monitoring the level and structure of remuneration for the Senior Executive Team.

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

Terms of Reference are reviewed annually and the Board approved the current Terms of Reference on 12 December 2022.

## Activities during the year

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

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

The Committee continued and completed the work it began during 2021, with the assistance of Ridgeway Partners, to select two new Non-Executive Directors. Following on from the appointment of Dr Doug Hutchens in February 2022, the Committee continued its search for a candidate with financial and audit experience. After a detailed selection process, which entailed drawing up a short list of candidates, interviews with Committee Members and due diligence checks, the Committee

considered and approved a proposal to recommend to the Board the appointment of Sylvia Metayer. Sylvia was subsequently appointed as an independent Non-Executive Director with effect from 3 May 2022 and received a bespoke induction.

In March 2022, the Committee considered bonus entitlement for 2021 considering the financial performance in that year, the performance targets for the 2022 bonus scheme, grant of new LTIP awards in April 2022 and the vesting of the 2019 LTIP awards. Full details are set out in the Directors' Remuneration Report.

Later in the financial year, the Committee discussed the remuneration of the Directors and after due consideration, it was agreed that Executive Directors' salaries and Non-Executive Directors' fees would remain unchanged for 2023. The Committee reviewed performance targets for the Executive Directors' FY 2022 bonus and confirmed that these had not been achieved. The Committee also reviewed the LTIP and agreed that no material changes were required to its overall structure for 2023.

After considering the approach to the Board evaluation process for 2023, the Committee agreed that the Chair would hold individual meetings with each member of the Board to discuss how the Board operates and the output from these meetings would be discussed by the Board, with actions agreed and monitored during the year.

## Induction and development

On appointment, an induction programme was agreed for Doug Hutchens and Sylvia Metayer including

meetings with each of the Directors and members of the Senior Executive Team to develop their knowledge and understanding of Animalcare's operations.

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

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

## Diversity and inclusion

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

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

### ED TORR

#### Chair of the Remuneration and Nomination Committee

15 May 2023

# Directors' Remuneration Report

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

This report covers the financial year ended 31 December 2022.

## The Remuneration and Nomination Committee

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

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

## Remuneration policy

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

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

- Have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary, in line with comparable companies, that attracts and retains Directors of the highest quality;
- Reflect the Directors' personal performance; and

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

## Executive Directors

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

### Base salary

Base salary is reviewed annually by the Committee.

As reported in the Remuneration and Nomination Committee Report, the Committee agreed that the Executive Directors' salaries for 2023 would remain at the same levels as 2022.

### Annual bonus

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

For the CEO, 75% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (37.5 %) and EBITDA (37.5 %)) and 25% is dependent on achievement of personal objectives. The maximum bonus opportunity is 50% of salary.

For the CFO, 75% of the bonus award is aligned to achievement of Group financial performance targets (budgeted revenue (30%), EBITDA (30%) and cash conversion (15%)) and

25% is dependent on achievement of personal objectives. The maximum bonus opportunity is 40% of salary.

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

## Long Term Incentive Plan

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

On 28 April 2022, the Board approved the grant of nil-cost options under the LTIP over a total of 302,037 ordinary shares with a nominal value of 20.0 pence per share ("the Options") which were awarded to the Company's Executive Directors and certain members of the Senior Executive Team and Leadership Team. Details of the nil-cost options granted to the Executive Directors are set out under Statutory Information – Share Options below. The LTIP awards will vest on 1 July 2025 subject to the following performance criteria being met over the three-year financial period ending 30 June 2025. The Options will vest to the extent the following performance conditions based on EPS and TSR are met:

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

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

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

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

On 6 June 2022, 145,382 options granted on 6 June 2019 vested. Details of the awards vested are set out in Statutory Information – Share Options below.

## Other benefits

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

## Service agreements and termination payments

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

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Chris Brewster	24 January 2012	Rolling contract	6 months	6 months
Jennifer Winter	2 August 2018	Rolling contract	6 months	6 months

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

## Letters of appointment

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

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



# Directors' Remuneration Report CONTINUED

## Employees' pay

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

## Non-Executive Directors

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

Fees are designed to ensure the Company attracts and retains high-calibre individuals. They are reviewed annually, taking account of the level of fees paid by companies of a similar size and complexity. Non-Executive Directors do not participate in any annual bonus, share options or pension arrangements. The Company repays the reasonable expenses that Non-Executive Directors incur in carrying out their duties as Directors. There were no changes to the fees payable to the Chair or Non-Executive Directors in the year.

## Remuneration policy for 2023

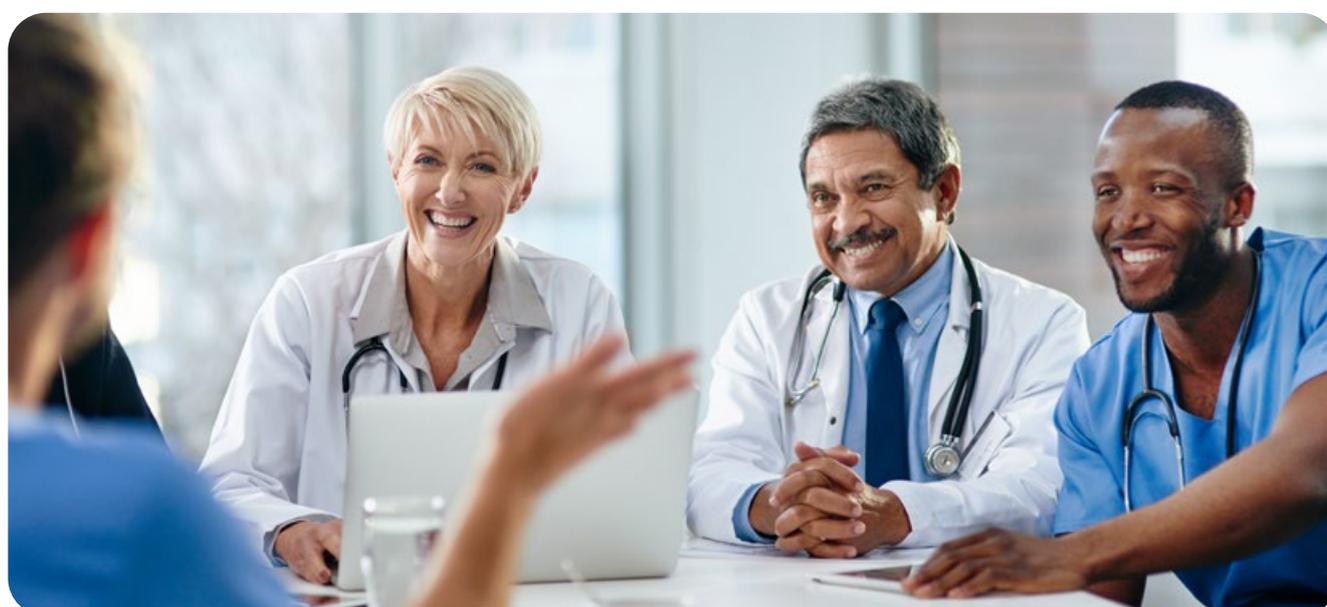
Executive Directors' salary and bonus structure and Non-Executive Directors' fees remain at the same levels as 2022.

The remuneration policy for 2023 will operate as follows:

	Role	Basic salary/fee £'000	Maximum bonus potential
<b>Executive</b>			
Jennifer Winter	Chief Executive Officer	336	50%
Chris Brewster	Chief Financial Officer	230	40%
<b>Non-Executive</b>			
Jan Boone	Chair	70	–
Sylvia Metayer	Chair of Audit and Risk Committee	45	–
Ed Torr	Chair of Remuneration and Nomination Committee	45	–
Marc Coucke	Non-Executive Director	40	–
Doug Hutchens	Non-Executive Director	40	–

## Statutory information

The following information includes disclosures required by the AIM Rules and UK company law in respect of Directors who served during the year to 31 December 2022.



## Directors' remuneration

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 December 2022:

£'000		Salary and fees	Annual bonus	Benefits	Pension	Total
<b>Executive</b>						
Jennifer Winter <sup>1</sup>	<b>2022</b>	<b>336</b>	–	<b>15</b>	–	<b>351</b>
	2021	306	153	14	–	473
Chris Brewster <sup>2</sup>	<b>2022</b>	<b>230</b>	–	<b>14</b>	<b>22</b>	<b>266</b>
	2021	209	84	12	23	328
<b>Non-Executive</b>						
Jan Boone	<b>2022</b>	<b>70</b>	–	–	–	<b>70</b>
	2021	70	–	–	–	70
Marc Coucke	<b>2022</b>	<b>40</b>	–	–	–	<b>40</b>
	2021	40	–	–	–	40
Nick Downshire <sup>3</sup>	<b>2022</b>	<b>17</b>	–	–	–	<b>17</b>
	2021	40	–	–	–	40
Doug Hutchens <sup>4</sup>	<b>2022</b>	<b>38</b>	–	–	–	<b>38</b>
	2021	–	–	–	–	–
Sylvia Metayer <sup>5</sup>	<b>2022</b>	<b>30</b>	–	–	–	<b>30</b>
	2021	–	–	–	–	–
Ed Torr <sup>6</sup>	<b>2022</b>	<b>45</b>	–	–	–	<b>45</b>
	2021	45	–	–	–	45
<b>Total</b>	<b>2022</b>	<b>806</b>	<b>–</b>	<b>29</b>	<b>22</b>	<b>857</b>
	2021	710	237	26	23	996

<sup>1</sup> Jennifer Winter's benefits comprise a car allowance (£10,500) and private medical insurance (£4,400).

<sup>2</sup> Chris Brewster's benefits comprise a car allowance pro-rated to 31 August (£7,000) which was replaced by a company car from 1 September, with a pro-rated lease cost of £4,600 from 1 September to 31 December, and private medical insurance (£2,400).

<sup>3</sup> Nick Downshire ceased to be a Director on 7 June 2022. His annual fee of £40,000 was pro-rated to his date of resignation; the pro-rated fee for 2022 was £17,436.

<sup>4</sup> Doug Hutchens was appointed as a Director on 10 February 2022 for an annual fee of £40,000. He was appointed to the two Board committees on 7 June 2022 and his annual fee was increased to £45,000. Annual fees were pro-rated from the dates of appointment; the total fee paid in 2022 was £38,096.

<sup>5</sup> Sylvia Metayer was appointed as a Director with effect from 3 May 2022. Her annual fee of £40,000, and an additional annual fee of £5,000 for her role as Chair of the Audit & Risk Committee, were pro-rated from her date of appointment. The pro-rated fee for 2022 was £29,885.

<sup>6</sup> Ed Torr receives an annual fee of £40,000 and an additional fee of £5,000 for his chairmanship of the Remuneration and Nomination Committee.

## Share options

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

	Date of grant	End of three-year performance period	Number of LTIP nil cost options awarded	Vested during the year	Lapsed during the year	Total remaining
Jennifer Winter	06/06/19	06/06/22	177,570	73,732	103,838	73,732
	17/11/20	31/12/23	165,761	–	–	165,761
	05/11/21	31/12/24	106,844	–	–	106,844
	28/04/22	01/07/25	130,620	–	–	130,620
Chris Brewster	06/06/19	06/06/22	76,636	31,821	44,815	31,821
	17/11/20	31/12/23	66,848	–	–	66,848
	05/11/21	31/12/24	43,806	–	–	43,806
	28/04/22	01/07/25	53,488	–	–	53,488

During the year, a total of 117,929 options over ordinary shares were also granted to certain members of the Senior Executive Team and Leadership Team.

On 6 June 2022, 73,732 and 31,821 options granted on 6 June 2019 vested to the CEO and CFO respectively.

# Directors' Remuneration Report CONTINUED

Details of the performance targets set and actual achievement against them in respect of the 2019 LTIP awards vesting, based on three-year performance to 31 December 2021, are set out in the table below:

Performance measure	Weighting	Performance period end	Threshold (25% vesting)	Maximum (100% vesting)	Actual	% vesting for this part of the award
Underlying EPS	50%	31 December 2021	12.8p	14.7p	12.0p	0%
TSR	50%	31 December 2021	Median	Upper quartile	Between median and upper quartile	83%

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

## Directors' interests in the share capital of the Company

The Directors' interests in the share capital of the Company as at 31 December 2022 and the movements during the year are set out below:

Director	Number of shares held as at 1 January 2022	Acquired/(disposed) during the period	Number of shares held as at 31 December 2022	Percentage of ISC as at 31 December 2022
Jan Boone	137,890	–	137,890	0.23
Chris Brewster	280,513	–	280,513	0.47
Marc Coucke	14,558,974	–	14,558,974	24.23
Ed Torr	107,455	–	107,455	0.18
Jennifer Winter	7,000	–	7,000	0.01

As at 1 January 2022, Nick Downshire had a beneficial interest in 1,011,620 shares and a non-beneficial interest of 152,037 shares; this number was the same when he ceased to be a Director on 7 June 2022.

Neither Doug Hutchens nor Sylvia Metayer has an interest in the share capital of the Company.

There were no changes in the Directors' interests in shares between 31 December 2022 and 15 May 2023.

### ED TORR

#### Chair of the Remuneration and Nomination Committee

15 May 2023

# Directors' Report

The Directors present their report, together with the audited financial statements of the Group and the Company for the year ended 31 December 2022.

## Principal activities

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

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

## Statutory information contained elsewhere in the Annual Report

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

Results in the Chief Financial Officer's review contained within the Strategic Report.

The Corporate Governance statement.

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

The Directors' Remuneration Report.

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

Details of the salaries, bonuses, benefits and share interests of Directors in the Directors' Remuneration Report.

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

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

The Statement of Directors' Responsibilities is included elsewhere in the Governance section.

Likely future events are disclosed within the Strategic Report.

There are no post balance sheet events.

## Dividend

An interim dividend of 2.0 pence per share was paid on 18 November 2022 to shareholders whose names were on the Register of Members at close of business on 21 October 2022.

Reflecting its continued confidence in the long-term prospects of the Group, the Board is recommending a final dividend of 2.4 pence per share (2021: 2.4 pence per share), giving a total dividend for the year of 4.4 pence (2021: 4.4 pence per share). Subject to shareholder approval at the Annual General Meeting to be held on Tuesday 13 June 2023, the final dividend will be paid on 14 July 2023 to shareholders whose names are on the Register of Members at close of business on Friday 16 June 2023. The ordinary shares will become ex-dividend on Thursday 15 June 2023.

## Directors

The names of the current Directors of the Company up to the date of signing the financial statements and their biographical details are shown in the Board of Directors section. As reported in last year's Annual Report, Dr Doug Hutchens was appointed on 10 February 2022. There were two further changes during the reporting period, the appointment of Sylvia Metayer on 3 May 2022 and the resignation of Nick Downshire on 7 June 2022.

## Share capital structure

The Company's issued share capital as at 31 December 2022 was £12,018,432.20 divided into 60,092,161 ordinary shares of 20.0 pence each. Full details relating to the Company's issued share capital can be found in the Notes to the Consolidated Financial Statements.

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

# Directors' Report CONTINUED

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

## Authority for the Company to purchase its own shares

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

At the AGM on 7 June 2022, the Company was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of section 693 of the Companies Act 2006) of up to a maximum of 6,009,216 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire on the date of this year's AGM.

## Research and development

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

incurred research and development expenditure, including additions to intangibles of £4.1m (2021: £4.5m).

## Articles of Association

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

## Financial instruments and risk management

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

## Directors' indemnities and liability insurance

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

The Group purchases and maintains directors' and officers' liability insurance for the benefit of its Directors, which was in place throughout the year ended 31 December 2022 and remains in place at the date of this report. The Company reviews its level of cover annually.

## Political donations

No political donations were made during the year (2021: £nil).

## Modern slavery

In compliance with the Modern Slavery Act 2015, the Company's Modern Slavery Statement can be found on the Company's website at [www.animalcaregroup.com](http://www.animalcaregroup.com).

## Stakeholder engagement and key decisions

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

## Employees

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

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

## Significant shareholdings

The Company has been notified of the following interests or is otherwise aware of the following interests, representing 3% or more of the issued share capital of the Company as at 31 March 2023:

Name of holder	No. of ordinary shares	% Holding <sup>1</sup>
Alychlo NV	14,558,974	24.23
Liontrust Asset Management	7,583,585	12.62
SEB Investment Management AB	4,864,630	8.10
BlackRock, Inc.	4,414,981	7.35
Canaccord Genuity Wealth Management Inc	3,961,090	6.59
BGF Investment Management Ltd	3,556,839	5.92

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

## Going concern

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

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



# Directors' Report CONTINUED

## Disclosure of information to the auditors

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

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

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

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

## Annual General Meeting

The Company's Annual General Meeting is scheduled to be held on Tuesday 13 June 2023. The Notice of 2023 Annual General Meeting, including the resolutions to be proposed, is set out in a separate Notice of Meeting which accompanies this report and is available on the Company's website [www.animalcaregroup.com/investors/shareholder-centre/agm/](http://www.animalcaregroup.com/investors/shareholder-centre/agm/)

## Approval

The Strategic Report and this Directors' Report were approved by the Board on 15 May 2023 and signed on its behalf by

**CHRIS BREWSTER**  
Chief Financial Officer and Company Secretary

15 May 2023



# Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

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

In preparing the financial statements, the Directors are required to:

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

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

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

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

**CHRIS BREWSTER**  
**Chief Financial Officer**  
**and Company Secretary**

15 May 2023