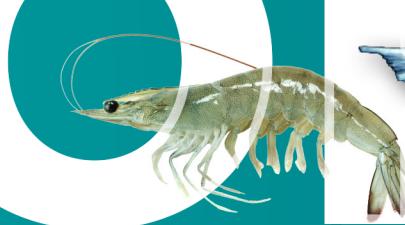




Anpario plc
Annual Report
2022

MORE FOR LESS



9 Trials

6 Countries

2 Universities
2 Research Institutes
5 Commercial Studies

Average number of EXTRA eggs per hen

Meta-analysis 2016 -2022



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Highlights

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 2022.

Financial highlights

- ✓ 1% decrease in revenue to £33.1m (2021: £33.4m).
- ✓ 25% decrease in adjusted EBITDA¹ to £5.2m (2021: £7.0m).
- ✓ 35% decrease in profit before tax to £3.7m (2021: £5.7m).
- ✓ Basic earnings per share down 30% to 16.13p (2021: 22.92p).
- ✓ Diluted adjusted earnings¹ per share down 28% to 16.67p (2021: 23.01p).
- ✓ Increase of 5% in proposed final dividend of 7.35p (2021: 7.0p) per share, total dividend for the year 10.5p (2021: 10.0p).
- ✓ Cash and bank deposit balances² of £13.6m at the year-end (2021: £15.5m).

Operational highlights

- ✓ Sales growth across Asia, Middle East & Africa (MEA) and the Americas, offset by a decrease in Europe.
- ✓ Implementation of sales price increases helped partial recovery in gross margins through H2.
- ✓ Mastercube™ pellet binder grew by 39%, driven by demand for natural products in aquaculture.
- ✓ pHorce® and Orego-Stim® combination presented at the International Poultry Scientific Forum in Georgia, USA for the prevention and control of necrotic enteritis.

ESG highlights

- ✓ Awarded ISO 14001 certification for Environmental Management Systems.
- ✓ 39% reduction in Carbon Intensity³, a cumulative reduction since 2019 of 62%.

“ The Board reports the Group's operating performance in what has been a difficult year impacted by supply chain disruption and significant and immediate raw material and logistics price inflation. This challenging backdrop has also adversely affected many producers who have experienced input cost pressures, notably feed and energy, hurting their profitability and in some cases viability. Some farmers, particularly across the UK and Europe, decided to forgo unprofitable production which is now leading to specific food shortages in the retail channels. With less animals being reared the demand for animal feed and therefore additives is inevitably lower and partly explains the Group's disappointing performance across Europe.

I am proud of the contribution and support from all our stakeholders, especially our staff around the world, who have maintained high customer service levels and at the same time been able to implement sensitive sales price increases to partially mitigate what has been unprecedented raw material price inflation. Our margins improved in the second half of the year as a result of our actions. We also experienced lower volumes in China because of covid lockdowns, which was a very testing time for our local staff. So, it is pleasing to see the relaxation of this policy and hopefully a resumption to more normal economic activity.

Trading in the first couple of months of 2023 has been weak and market conditions are expected to continue to be challenging through the first half of the year. Avian influenza which for the first time is evident around the world at the same time will present its challenges to the industry. However, Anpario is well diversified geographically and with a broad range of products also targeting new markets in aquaculture and ruminants we therefore expect the Group's performance to improve as the year progresses supported by our strong balance sheet and business development initiatives. Looking beyond the current trading environment, the Group continues to see significant growth opportunities for natural and sustainable feed additives.

Kate Allum, Chairman

¹ Adjusted EBITDA is defined in note 6.

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.

³ Carbon intensity represents tCO2e per £m sales for Scope 1 and 2 emissions, more information available in the Environment and Social Responsibility Report.

Chairman's statement

Overview

Anpario reports its revenue and profit performance for the period during what has been a very difficult year for the Group. Sales decreased by 1% to £33.1m and the decline in our gross margins due to significant and immediate raw material price inflation led to a decrease of 25% in Adjusted EBITDA to £5.2m. Profit before tax declined 35% to £3.7m (2021: £5.7m). The period has been characterised by a series of global events, not least the invasion of Ukraine by Russia, which has affected energy, agricultural commodities and certain raw materials manufactured in the region. Global supply chains and logistics continued to be disrupted following the pandemic and China's zero-covid policy for most of the period.

I am proud of the way the Group planned and reacted to these challenges and, in particular, being able to implement sensitive sales price increases to rebuild gross margins, which improved in the second half of the period. We have continued to invest in our sales channels, storage capacity and energy saving initiatives such as the solar panels at our head office and manufacturing site, as well as increase inventory to ensure customer service levels were maintained during this disruption. Our strong balance sheet and control on costs enabled us to make these investments and to return cash to shareholders by way of a 5% increase in the total dividend subject to shareholder approval at the Annual General Meeting (AGM).

Despite the difficult backdrop, there were positive sales performances in Asia Pacific, Latin America, United States (US), the Middle East & Africa (MEA) and North-West Europe. Key products which performed well in these regions included Mastercube™, pHorce® and our mycotoxin binder range Anpro®. Sales in the UK declined by 36% primarily due to a large customer reducing their use of our feed hygiene product following significant increases in the price of organic acids. The other territories in Europe experiencing declines included Belarus and Russia, following our decision to suspend trading in these territories, with sales down by over £0.2m, and Spain and Italy where high input costs are making business very difficult for producers.

We set up a wholly owned subsidiary in Vietnam in the prior period and I am pleased the team delivered a strong sales performance which affirms our strategy to supply direct to end customers by employing local sales personnel in key markets. We have developed valuable skills in setting up subsidiaries around the world which can take longer to implement but prove to be more durable. During the period we also recruited additional sales resource in Brazil, Europe, Mexico, the Middle East and the US.

China had a difficult period where sales declined by 6% due to disruption caused by intermittent covid lockdown periods followed by the rapid spread of covid after the relaxation of these restrictions at the end of the year. The opening up of China will bolster its economy and with it, meat protein consumption, in addition to supporting the wider Asia Pacific economy.

Given the challenges of our global supply chain we increased our stockholding of both raw materials and finished goods in our subsidiaries by approximately £2 million during the period, but as supply chains improve our inventory levels are expected to return to more normal levels.

Our research and development activities continue with several scientific trials and new product development initiatives. The scientific paper presented at the 2023 International Poultry Forum in Georgia, USA showed that using a cost-effective combination of our leading products, pHorce® and Orego-Stim®, can prevent and control necrotic enteritis in poultry whilst at the same time maintaining bird performance. In addition, our recently launched 100% natural omega 3 supplement, branded Optomega® Algae, is now being used in poultry feed to enrich both eggs and meat to support improved human health.

Dividend

The Board is recommending a final dividend of 7.35 pence per share (2021: 7.0 pence) making a total of 10.5 pence per share for the year (2021: 10.0 pence), an increase of 5%. This dividend, payable on 28 July to shareholders on the register on 14 July, reflects the Board's continued confidence in the Group and its ability to generate cash.

AGM

The Board plans to hold the AGM on Thursday 29 June 2023, 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.

Environmental, Social and Governance (ESG)

Anpario's philosophy is to provide innovative solutions for animal health challenges by working in synergy with the animal's natural biological processes to support natural immunity through improved gut health. This is complemented by our culture and ethics which we have encapsulated in our 3 Pillars framework: People, Planet and Promise to communicate our sustainable behaviours and objectives including achievement of net zero carbon emissions by 2030. We have attained ISO 14001 accreditation for our robust Environmental

Management System and are committed to strong governance and stakeholder accountability which is central to our values. More information can be found in the Environment and Social Responsibility Report and the Corporate Governance section of this Report.

People

This period has been one of the toughest to navigate for our staff across the globe. There has been no respite since the pandemic to challenge our staff who have stepped up ensuring our customers have been supported with products and services with minimal disruption. I thank them for their unstinting support and commitment to Anpario. The team has also embraced our environmental, social and governance strategy, some of whom are members of our internal 'Green Team'. Our operations department is also continually looking at efficiency initiatives to reduce energy usage and wastage, including being able to provide carbon footprint data for our packaging.

Outlook

The year has started weaker than anticipated, at similar levels to the final quarter of 2022, which reflects the current challenges facing the global agricultural industry. The high input costs, notably feed and energy, affecting farmers in many parts of the world has impacted their profitability leading both to a reduction in animals being reared and a focus on reducing animal production costs. In addition, the strength of the US dollar and a tightening in liquidity has led some developing countries to implement currency controls restricting the level of trade we can prudently do with our customers in these regions. Avian influenza which for the first time is evident all around the world will inevitably affect feed volumes for a period.

We expect the Group's performance to improve as the year progresses as some of the challenges dissipate and inflationary pressures alleviate. We have several business development initiatives including growing our sales in both the aquaculture and ruminant markets and as recently recruited sales personnel start to deliver new business. In addition, the investment in production automation in recent years enables the Group to keep tight cost control when volumes are subdued.

Anpario's products improve animal feed conversion rates through both natural gut health improvement making the animal more efficient in nutrient utilisation and by improving feed quality. We will continue to run our 'Produce More for Less' campaign to remind customers of the efficiency benefits delivered by our products which are even greater when their input costs are high.

Our geographic diversity and strong balance sheet afford us to invest in developing the Group even during challenging periods. We therefore remain confident in the future profitable development of the Group with the industry growth drivers still intact and look forward to supplementing our organic growth initiatives with suitable acquisition opportunities which may arise.

Kate Allum
Chairman
22 March 2023

Chief Executive Officer's statement

Overview of the financial year

Group sales for the year to 31 December 2022 declined by 1% to £33.1m (2021: £33.4m) with sales growth across Asia, Middle East & Africa (MEA) and the Americas offset by a significant decrease in Europe. Asia Pacific, excluding China which declined by 6%, grew sales by 15% and Latin America and the United States (US) experienced growth of 44% and 19% respectively, helped by a favourable exchange rate. Latin America's strong performance can be attributed to sales of our natural pellet binder brand Mastercube™ into aquaculture markets and demand for our acid-based eubiotics range. The US continued to benefit from pHorce®, the leading anti-viral feed mitigant product, which is also successfully being used as a replacement for zinc oxide in piglet diets.

China experienced a 6% decline in sales due to the intermittent covid lockdowns throughout the year followed by an abrupt end to the restrictions which led to the rapid spread of the virus at the end of the period. Europe including the UK inflicted the biggest impact on Group performance with sales declining 22%. The result included the loss of a significant customer, for which our feed hygiene product was no longer commercially viable following significant increases in organic acid prices. This product is more acutely exposed to organic acid cost increases than others across our range and we were able to retain other smaller customers. As well as an overall reduction in animal production levels especially in the pig and egg-layer sectors in the UK and across Europe, where feed and energy costs forced some farmers to limit production.

Group product volumes declined by 11% which was offset by an increase in the weighted-average selling price of 11% due to the actions taken to recover raw material price inflation. Our strongest product growth came from our natural pellet binder and mycotoxin binder range, especially in Asia, where any switch to lower quality grain because of high prices would require an increase in the use of mycotoxin binders to improve feed quality. Sales of higher value Orego-Stim® declined by 8% as farmers reduced their production output or their use of Orego-Stim® to alleviate inflationary pressures in their operations, despite the consequence of animal performance being compromised. This change in product mix also affected our overall gross margin.

We are receiving very positive customer feedback on the performance of Orego-Stim® in ruminants, following our research with the University of Reading which showed that Orego-Stim® reduced the proportion of bacteria in the gut that show antimicrobial resistance, when added to the diets

of young cattle. Our recently launched natural and sustainably sourced omega 3 supplement brand Optomega® Algae is being used in dairy feeds for animal fertility and in poultry for egg and meat enrichment. Our unique carrier and packaging technology allows us to specify an extended shelf-life compared to competitor products.

During the period we recently developed and launched a new phytogenic product in a water-soluble form to add to the Orego-Stim® range. Orego-Stim® Forte is Anpario's newest phytogenic feed additive for aquaculture, containing 100% natural oregano essential oils (OEO), saponin and natural astaxanthin. It is fully water soluble and specifically designed for use in feed or on farm, to defend against infectious pathogens and support the performance of aquatic species.

Group gross profit decreased by 13% to £14.1m (2021: £16.3m) for the year to 31 December 2022 due to the significant increases in raw material and logistics costs and the change in product mix, with gross margins lower at 42.7% (2021: 48.7%) compared to the same period last year. A number of sales price increases were implemented during the year which helped to improve gross margins in the second half. Our focus on margin recovery and cost control will continue during this year.

The investment in automation and storage capacity in our Manton Wood production plant affords the Group a solid platform from which to grow profitably as the market improves, taking advantage of our operational gearing. We are committed to building our sales presence in key markets around the world through recruitment to support both existing and new customers in the transition to using natural additives to improve animal health, productivity, and performance.

Operational review

Asia

Overall, this segment grew sales by 4% with the Asia Pacific region, which accounted for 56% of Asia's sales, achieving growth of 15% in contrast to Australasia and China which declined by 7% and 6% respectively. There were strong performances in the Philippines, Malaysia and Vietnam driven by growth in demand for mycotoxin binders and acid-based eubiotics. Vietnam is particularly encouraging given we recently set up a wholly owned subsidiary and see its combination of agriculture and aquaculture as being an attractive opportunity for Anpario's broad product range, especially our new aquaculture product Orego-Stim® Forte.

Bangladesh, Indonesia and South Korea struggled with high energy and imported feed raw material costs

with sales declines of 33%, 25% and 16% respectively. Orders for Bangladesh were delayed at the end of the period due to central bank foreign currency restrictions preventing letters of credit being issued to importers. Any weakening of the US dollar is expected to help improve this specific issue evident in some developing economies.

China which accounted for 13% of Group sales during the period struggled with covid lockdowns and the subsequent reversal of government policy at the end of last year. The relaxation of people movement including tourism and business activity should bring a welcome resumption of economic activity not just in China but also the wider region. The small to medium sized pig farmer in China has all but disappeared following African Swine Fever with the emphasis now on larger more sophisticated integrators with the feed mill sector becoming more relevant to the non-integrated sector. Our China team is therefore working to target feed mills with added value solutions they can offer their customers.

Americas

With better energy security and locally grown raw materials for animal feed the Americas region experienced less disruption than the rest of the world in the animal production industry. Overall, the segment grew sales by 11%, partially helped by a favourable exchange rate, but also strong performances in Latin America and the United States (US) which grew sales by 44% and 19% respectively.

All countries except one, Guatemala, in Latin America delivered sales growth including strong performances from Mexico, Ecuador and Colombia with growth of 55%, 27% and 111% respectively. The region benefited from an increase in sales of our Mastercube™ pellet binder for aquafeed purposes and acid-based eubiotic products, especially in Mexico. Sales to our South America region declined by 19% weighed down by weak performances from Brazil and Chile, which delivered declines of 14% and 65% respectively. Chile's weak performance is due to lower sales of Orego-Stim® for sea lice control compared to the prior period. The region's weak performance was tempered by a strong showing from both Argentina and Peru.

In the US pHorce® continues to prove its credentials in the swine market as an anti-viral feed mitigant and is also being used as an effective replacement for zinc oxide in piglet diets as the industry starts to look for safe environmentally friendly alternatives. Demand for Orego-Stim® was maintained by a number of marketing initiatives with key distributors and running commercial trials in the ruminant market for feeding young cattle.

The territory also experienced an increase in mycotoxin binder demand. We instigated some management changes at the beginning of the period which included recruiting account managers which overall helped improve the profitability of the business unit.

The Middle East, Africa and India

The Middle East delivered sales growth of 9% supported by sales price increases and a focus on higher value-add products, offsetting a volume decline of 5%. There were some very strong performances from Egypt and Saudi Arabia with sales more than doubling and from India and the United Arab Emirates (UAE) which both delivered growth of more than 60%. The region experienced declines in Iraq, which performed very strongly last year, and Pakistan. Sales of our mycotoxin binders, pellet binders and phytogenics products continued to deliver growth in contrast to demand for our acid-based eubiotic products which declined due to the significant price inflation of organic acids.

We expect some parts of this region to be adversely affected by the strength of the US dollar in 2023, especially those countries which are net importers of grain and energy.

Europe

Clearly Europe delivered the most disappointing performance with sales declining 21%, but the region suffered from significant geopolitical events none more so than Russia's invasion of Ukraine which exacerbated already chaotic supply chains hungover from the Covid-19 pandemic. Europe's energy crisis and the impact of high grain prices meant farmers across the region faced an unprofitable near-term future with some choosing to reduce output as they were unable to recover inflationary costs from retail channels. The decline in production has affected the poultry and swine markets across Europe with, for example, the number of eggs packed in UK packing stations declining by 12% in quarter four of 2022 compared to the same quarter in 2021 and German pork production decreased by more than 9% in 2022 and by over 5% across the EU for the year to October 2022.

Inevitably we delivered a decrease in sales in several countries including Italy and Spain with a reduction of around 40% each. However, the biggest impact was the United Kingdom (UK) which declined by 36%, and because of its importance to the region the amount was more significant and was the result of losing price sensitive feed hygiene business due to significant cost inflation of organic acids which more than doubled from their low point before the pandemic. We also had

Chief Executive Officer's statement continued

a reduction in combined sales of £0.2m from Russia and Belarus following our decision to suspend trading in these territories.

There were some positive performances especially in North West Europe with sales growth of 69% which includes countries such as Austria, Denmark, Switzerland and Serbia which is a new territory for the Group. Other good performances were in Hungary and Israel with sales growth of 89% and 69% respectively. Product growth in North West Europe predominantly came from Orego-Stim® and our acid-based eubiotic range. This performance followed the recent review of our distribution relationships in the region supported by our European stockholding hub.

Innovation and development

With the expansion of our global sales team, we have taken the decision to invest in a customer relationship management (CRM) system to improve the management of the sales process, contact management, customer retention and marketing campaigns. The nature of our business is that the sales process can be lengthy, often with multiple decision makers. A CRM system will give senior management greater visibility of order progress across the Group and identify buying patterns to help improve customer retention. In addition the sales team will be able to link global accounts giving better visibility of product usage in customers' facilities in different parts of the world. The CRM system will be rolled out on a regional basis in a phased approach during 2023.

During the period we developed and launched a new phytogenic feed additive for aquaculture, containing 100% natural oregano essential oils (OEO), saponin and natural astaxanthin. It is fully water soluble and specifically designed for use in feed or on farm, to defend against infectious pathogens and support the performance of aquatic species. Trials of Orego-Stim® Forte have shown to inhibit Vibrio species growth after 48-hours in the absence of antibiotics, performing as well as Florfenicol, a commonly used antibiotic to mitigate aquaculture bacterial infections.

Since the development of our Optomega® Algae product, which is gaining traction in both the dairy and poultry sectors, our research is now investigating how the product can help reduce greenhouse gas emissions and farm carbon footprint. Farmers are more likely to adopt products which reduce their environmental

impact if these products bring a productive benefit in themselves. If we can assign a carbon value to Optomega® Algae, then eventually this can be used by the farmer to offset his emissions in other activities on the farm or reduce any future carbon taxes which may be legislated for by various governments around the world. The New Zealand government has already announced plans to tax agricultural emissions, including those related to the burps, urine, and dung of livestock like sheep and cows.

Growth Strategy

Our organic growth strategy has been focused on expanding and strengthening our global sales channels by recruiting local sales and technical teams and setting up wholly owned subsidiaries. We now have a platform on which to build a greater presence by increasing our sales resource to build critical mass in key markets. This is the next phase of development in our sales channels and is supported by the implementation of the CRM system.

Both the Americas, because of their strong position in energy and agricultural commodities and Asia due to its large population and above average Gross Domestic Product (GDP) growth are key markets for Anpario currently accounting for over 65% of Group sales. Changes in regulation which are often initially introduced in Europe or from consumer pressure are, over time, adopted in other overseas territories and has enabled Anpario to position itself ahead of the transition away from harsher chemical treatments used in agriculture towards sustainable and environmentally friendly products. Key product brands such as Orego-Stim®, Optomega® Algae, pHorce® and Mastercube™ exemplify our safe and sustainable product range.

Anpario has historically been focused on the monogastric market with up to 80% of sales in poultry and swine species. However, in recent years we have developed the product range and invested in scientific trials to support business development in the ruminant and aquaculture markets which is starting to gain momentum as we develop the appropriate sales channels. Diversifying into broader species segments will help build resilience in our business, reducing reliance on any one species especially at times when, for example, the poultry industry is facing challenges from avian influenza or pork producers are struggling to be viable.

Pursuing suitable acquisition opportunities 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 the product, species or geographic portfolio.

Richard Edwards
Chief Executive Officer
22 March 2023

Key performance indicators

Financial

	Note	2022 £000	2021 £000	change	% change
Revenue	3	33,103	33,367	-264	-1%
Gross profit		14,136	16,261	-2,125	-13%
Gross margin		42.7%	48.7%	-6.0%	
Adjusted EBITDA	6	5,208	6,977	-1,769	-25%
Profit before tax		3,681	5,701	-2,020	-35%
Basic earnings per share	12	16.13p	22.92p	-6.79p	-30%
Diluted adjusted earnings per share	12	16.67p	23.01p	-6.34p	-28%
Total dividend for the year	11	10.50p¹	10.00p	+0.50p	+5%
Cash balances	20	13,567	15,545	-1,978	-13%
Net assets		41,311	40,302	+1,009	+3%

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

	2022	2021	change	% change
GHG emissions ¹ (tCO ₂ e)	77	129	-52	-40%
Carbon intensity ¹ (tCO ₂ e per £m sales)	2.3	3.8	-1.5	-39%
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 are introducing two new related performance indicators, total carbon 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

Revenues for the year declined by 1% to £33.1m (2021: £33.4m) as a result of the difficult market conditions highlighted in the Chief Executive Office Statement. Three of the four operating segments achieved sales growth, with the Americas growing the strongest with a £0.9m increase in revenue, followed by Asia £0.5m and MEA £0.3m. However, this was offset by a large decline in European sales of £2.1m which suffered due to the significant increase in organic acid costs which resulted in lost revenues from price sensitive feed hygiene business. This lost business contributed the majority of an 11% reduction in overall sales volumes.

Gross profit for the year declined by 13% to £14.1m (2021: £16.3m), and gross margins were 42.7% (2021: 48.7%). The most significant factor reducing margins has been the continuation of raw material price inflation pressures outlined at the end of last year, in particular the significant cost increases for organic acids products used predominantly in our ABE range. As well as lower sales of Orego-Stim® which is a lower volume, higher value product than other ranges and so this product mix change has a larger impact on gross margins.

We have continued to react as quickly as possible and implement successive price rises in response to cost pressures and margins have improved through the second half of the year. As we enter 2023, there are signs that raw material prices and availability have stabilised and in some cases we are expecting slight reductions in input costs which, alongside a drive to increase Orego-Stim® sales, should help gross margins.

Administrative expenses

Administrative expenses were overall unchanged in the year, despite high levels of inflation, and remained at £10.6m. This includes non-recurring costs of £0.2m on due diligence fees related to an acquisition opportunity that was unfortunately unsuccessful.

Employment costs, excluding bonuses and R&D staff capitalisation, increased by £0.3m (4%) in the year through inflationary rises and also an increase in the number of sales managers. In light of the financial performance there was a £0.8m reduction in bonus costs.

Travel and marketing costs increased by £0.3m, now reflecting a full-year normalised rate following the impact of Covid-19, this new level is materially down on pre pandemic rates as we operate with new business practices and tools allowing for more optimised travel and marketing expenditure.

Establishment costs increased by £0.2m as a result of inflationary pressures and in particular increases in insurance costs, IT expenditure on new risk management tools and expenditure on the new CRM system currently being implemented.

Profitability and earnings per share

As a result of the decline in gross profits, Adjusted EBITDA¹ for the year decreased by 25% to £5.2m (2021: £7.0m) and diluted adjusted earnings per share fell by 28% to 16.67p per share (2021: 23.01p). These measures exclude the non-recurring acquisition costs mentioned previously.

Profit before tax fell by 35% to £3.7m (2021: £5.7m). Basic earnings per share fell by 30% to 16.13p (2021: 22.92p).

Foreign exchange

The Group's primary foreign currency exchange rate risk relates to both sales and related receivables denominated in US Dollars, for which there has been significant movement in the year. The average rate experienced for GBP/USD has reduced from 1.376 in the prior year to 1.237 in the current year, with a rate at 31 December of 1.210. As such there has been a beneficial impact, both in terms of USD sales being converted at a more favourable rate, but also through the revaluation of receivables denominated in that currency.

As previously discussed, we actively take steps to mitigate the downside-risks related to adverse GBP/USD exchange rate movements through the use of hedging contracts. These protect a large portion of the forecasted net US Dollar cash flows over the next three years. The contracts protect cash flows at a higher rate than those at the end of the period, and as such currently have a net fair value of a £1.3m liability. Of this amount, £0.2m has been recognised in the income statement, with £1.1m deferred in equity in accordance with cash-flow hedge accounting. This accounting treatment means that any potential charge unwinds at the same time as the future USD cash flows which it protects, which is over the next three years.

Despite this potential charge, which is dependent on future rates experienced, lower GBP/USD rates should be net beneficial overall in context of the wider gains made on USD denominated sales. Our hedging strategy is in place to mitigate adverse risk and improve certainty about the value of future USD cash flows to aid in matters such as pricing strategies.

Taxation

The effective tax rate for the year was 10.3% (2021: 17.9%). The prior year charge including both an exceptional deferred tax charge relating to changes in Corporation Tax rates from April 2023 and the prior year tax benefit from Patent Box. Excluding these factors for the prior year the underlying effective tax rate for the year was similar to last year at 10.3% (2021: 10.8%).

As previously announced following the successful granting of our first patent for our market leading phytopathogenic product Orego-Stim®, we expect a tax benefit to the Group via the UK Patent Box scheme which allows companies to apply a lower rate of corporation tax to profits attributable to qualifying patents. The scheme was first applied to our 2021 tax return and at the current reporting date we are still in the window for HMRC to review this first submission.

Cash flows and balances

Operating cash flows before changes in working capital were £5.4m (2021: £7.5m). Changes in working capital absorbed £3.6m (2021: £3.3m), this was mainly due to a £1.7m increase in inventories and a £2.2m decrease in trade and other payables. The trade and other payables declined in part due to the completion of outstanding CAPEX projects from the end of the prior year and lower provision levels.

Higher overall inventory balances are partly the result of price inflation but also additional factors. Raw material holdings increased over the prior year as a result of both higher onsite storage to manage supply chain risks and strategic purchasing decisions at the end of the year. Concerns over both supply chain risks and logistics delays and constraints have began to ease and we expect to be able to reduce inventory levels through the coming year. Finished good levels were flat compared to last year, with a reduction of £1.6m through the second-half of the year. Finished good levels across most subsidiaries have started to reduce in the year, however, these reductions were offset by an increase in USA for certain product lines to support sales growth and additional stock held to support the recently established Mexican subsidiary.

Net cash used in investing activities was flat versus the prior year at £1.4m. Of which, £0.6m related to the capital commitments at the end of the prior year to conclude a number of projects such as the solar panel investment. Net cash used in financing activities was also the same as in the previous year at £2.0m. Cash and cash equivalents decreased by £2.3m in the period.

Anpario seeks to maximise the interest received on cash held by the Group and as such utilises a number of notice deposit accounts which give a higher rate of interest. During the preparation of the financial statements, it was identified that some balances are held in accounts with a notice period of greater than three months and less than six months, and as such they should be classified as short-term investments in accordance with IAS 7. Consequently, the prior year statement of financial position and cash flow statement have been restated to show the split between the overall balances into cash and cash equivalents and short-term investments. More information is available in note 20.

Including these short-term investments, the overall cash and bank deposit balances held by the Group at the end of the year was £13.6m (2021: £15.5m). 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 7.35 pence per share (2021: 7.00 pence) payable on 28 July to shareholders on the register on 14 July. In addition to the interim dividend already paid, this represents an increase to the total dividend for the year of 5% to 10.5 pence per share (2021: 10.0 pence).

Marc Wilson

Group Finance Director
22 March 2023

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.
- **Efficiency** - Efficient automated production and effective operations that can meet 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.

Our business model and strategy continued

Strategy

Regional focus	Environmental, Social and Governance
<p>Developing local commercial and technical relationships across the world.</p> <p>Delivered through:</p> <ul style="list-style-type: none">» regional sales structure;» local language speakers;» resource that understands local market needs & challenges; and» closer relationships with key end customers. <p>Future plans:</p> <ul style="list-style-type: none">» We now have operations and personnel in our key markets, and as such the focus now is on developing a stronger market position through increased resource and presence in these territories.	<p>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.</p> <p>Delivered through:</p> <ul style="list-style-type: none">» our three-pillar framework, 'People; Planet and Promise';» robust governance structures appropriate for our business size; and» engagement with our stakeholders. <p>Future plans:</p> <ul style="list-style-type: none">» continued evaluation of ways to reduce our carbon emissions;» continued engagement with our stakeholders, and our work with our staff chosen Charity of the year, Dementia UK https://www.dementiauk.org/
<p>Add value by developing products that help overcome the challenges of modern day farming.</p> <p>Delivered through:</p> <ul style="list-style-type: none">» 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. <p>Future plans:</p> <ul style="list-style-type: none">» 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.	<p>Actions in 2022:</p> <ul style="list-style-type: none">» zinc-oxide replacement campaign following banning of their use in the UK and EU;» launch of Orego-Stim® Forte to defend against infectious pathogens and support performance of aquatic species; and» continued development of new products and applications to drive future growth, with £0.5m capitalised on these projects in this year
<p>Growth through complementary and earnings enhancing acquisitions.</p> <p>Delivered through:</p> <ul style="list-style-type: none">» 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. <p>Future plans:</p> <ul style="list-style-type: none">» continue active search for acquisition opportunities within defined criteria.	<p>Actions in 2022:</p> <ul style="list-style-type: none">» further discussed and reviewed the acquisition strategy as part of our Strategic Review process;» conducted due diligence and prepared a Sale and Purchase Agreement for a UK-based high-value add company, however we were unsuccessful with this opportunity; and» engaged with and evaluated a number of other acquisition targets through both formal and informal sale processes.
<p>High quality, consistent and efficient manufacturing.</p> <p>Delivered through:</p> <ul style="list-style-type: none">» further automation of production facilities;» key industry quality accreditations; and» quality supply partners. <p>Future plans:</p> <ul style="list-style-type: none">» automated palletiser project approved to reduce manual handling requirements and increase automation; and» continued evaluation of further production investment opportunities;	<p>Actions in 2022:</p> <ul style="list-style-type: none">» expanded on-site storage for powdered products, reducing requirements for third-party warehousing; and» several smaller CAPEX investments to expand the range of presentations of our product that can be prepared through the production site.

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	Key actions and decisions in the year relevant to this stakeholder group
» Delivering sustainable, profitable growth over the long-term.	» Increase in dividend per share proposed in light of results (see Chairman's statement). » Launched a new board-evaluation process to ensure effectiveness and alignment with shareholder values.
» Robust governance and appropriate controls to mitigate risk.	» Launched a new strategic review process alongside members of the Executive Management team to evaluate current strategy and the opportunities and challenges arising from changes in the industry and our customer base.
» ESG initiatives and responsible management practices.	» Evaluated a number of acquisition opportunities, making offers on a select few that met our criteria, albeit these were unfortunately unsuccessful.

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	Key actions and decisions in the year relevant to this stakeholder group
» Innovative, high-quality products that help overcome the challenges of modern-day farming.	» Launched new products to help customers comply with changes in EU regulation. » Continued to ensure supply to global customers of our products during a period of logistical constraints and challenges. Albeit these pressures have now started to ease.
» Reliable logistics networks with good stock availability and timely delivery.	

Employees: Anpario has over 120 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	Key actions and decisions in the year relevant to this stakeholder group
» Fair and equitable recruitment and remuneration practices and policies.	» Welcomed all staff back to working at our UK Headquarters, following Covid-19 restrictions.
» Safe working environments.	» Continued to evaluate and offer flexible home-working policies following this return, ensuring a balance between the benefits of both working from home and alongside colleagues on-site.
» The opportunity for personal growth and career progression.	» Launched an internal coaching programme, initially supporting six staff to become qualified coaches, and through a continual programme making their services available to all 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	Key actions and decisions in the year relevant to this stakeholder group
» Conducting business in an ethically and environmentally responsible manner.	» Launched our inaugural Sustainability Report to demonstrate our commitment to sustainable development of our business operations. » Awarded ISO 14001 certification which sets out the requirements for an environmental management system and helps improve environmental performance, efficient use of resources and the reduction of waste.
	» Donated £25,000 to the British Red Cross -Disasters Emergency Committee (DEC) to help towards the Ukraine Humanitarian Appeal » Employees vote for the annual charity of the year. For 2022 the Charity chosen by staff was a local cancer support charity, Weston Park Cancer Charity, https://www.westonpark.org.uk/

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	Key actions and decisions in the year relevant to this stakeholder group
» Mutually beneficial relationships with fair business practices.	» 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.
» Supply chain resilience.	
» Prompt payment.	

Section 172 Statement continued

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.

Updating the strategic plan and priorities:

Actions taken	Key stakeholder groups considered
<ul style="list-style-type: none">» Held a strategy review meeting including the Board and Executive Management Team.» Reviewed market developments and opportunities.» Evaluated internal processes and resource requirements.» Updated the strategic plans and focus following these discussions.	<ul style="list-style-type: none">» Updating the strategic plan ensures that priorities are aligned with the business opportunities available and the right resources are in place to deliver enhanced shareholder value.» A key part of this process relates to our customers and ensuring that Anpario's product range and service meets their needs and requirements both now and into the future.» This process also highlights areas of internal training and progression available for employees.» With the launch of our ESG Three Pillars we can evaluate our future strategy to ensure alignment between this framework and the growth opportunities available.

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. The Russian invasion of Ukraine and resulting impact on energy costs and agricultural supply chains has been the most significant across our industry in 2022. Price inflation and recessionary factors will continue to depress worldwide economies and agriculture.

We have continued to monitor residual Covid-19 and Brexit related risks which caused supply chain disruption including force majeure being declared by key raw material suppliers. These were all successfully managed without serious detriment to our customers or operations. As part of our continual risk management process we consider new and emerging risks. 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.

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 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.

What has been successful?

Key successes include:

- conducted an assessment and review of Board risk appetite;
- reviewed IT risk management policies and procedures;
- implemented enhanced IT security systems;
- launch of new products such as aqua product Oregon-Stim Forte;
- Zinc Oxide replacement campaign in response to industry regulatory changes;
- responded to market conditions with 'More for Less' campaign focused on improved feed efficiency and supporting producers with rising global feed costs;
- membership of SEDEX (Supplier Ethical Data Exchange) to give supplier chain transparency on a global platform; and
- internal development training and coaching of key managers across all disciplines.

What can be improved?

We continually endeavour to improve our key control framework and processes and improve our risk management capabilities. In response to new or emerging risks and to any improvements recommended by management, external auditors and advisors we will implement appropriate measures. For 2023 our key areas of focus include:

- implement planned changes to internal review and audit of controls and processes in subsidiary entities; and
- further review and updating of business continuity plans and procedures.

Risk management continued

Risk framework

1. Market Risk

Risks

- 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.

Control and mitigation

- 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's 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.

Risk rating	Trend
Likelihood: Medium Impact: Medium	Increasing ↑

2. Political and Economic Risk

Risks

- Russian invasion of Ukraine.
- Interest and Inflationary pressures.
- Customer pressures to reduce costs.
- Residuary Brexit consequences.
- 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.
- Unable to sell or transport finished goods to EU. Unable to import goods from EU.
- Border delays.
- Reduced revenue, increased costs and lower profitability.

Control and mitigation

- Proactive and continual management of pricing.
- Close communication with customers on key pricing and supply issues.
- Increased inventories of EU sourced raw materials.
- Established a warehouse and distribution facility in the EU.
- 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.

Risk rating	Trend
Likelihood: Medium Impact: Medium	Increasing ↑

3. Product Development Risk

Risks

- 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.
- Lack of significant financial, R&D and other resources.

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.

Control and mitigation

- 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 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.

Risk rating	Trend
Likelihood: Medium Impact: Medium	No change ↔

4. Production, Quality and Logistics Risk

Risks

- 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 closures due to major accident or incident or disaster.
- 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, fatality leading to possible closure or fine.
- Poor product quality or product contamination.
- Damage to customer relationship, reputation and financial loss.

Control and mitigation

- 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.
- 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.

Risk rating	Trend
Likelihood: Medium Impact: Medium	Decreasing ↓

Risk management continued

5. Climate Change Risk	6. Environmental, Social and Governance (ESG) Risks	7. Systems Risk	8. Legislation, Regulatory and Non-compliance Risk																
<p>Risks</p> <ul style="list-style-type: none"> 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. <p>Potential impact</p> <ul style="list-style-type: none"> Loss of key customers, suppliers, investor base. 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. <p>Control and mitigation</p> <ul style="list-style-type: none"> Board approved global sustainability strategy and implementation plan. Engagement of all senior 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 key climate change risks and opportunities. 	<p>Risks</p> <ul style="list-style-type: none"> 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. <p>Potential impact</p> <ul style="list-style-type: none"> 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. <p>Control and mitigation</p> <ul style="list-style-type: none"> 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; Roll out of 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. 	<p>Risks</p> <ul style="list-style-type: none"> IT or communications failure, due to, accident or sabotage. Cyber-attack. Data breach. <p>Potential impact</p> <ul style="list-style-type: none"> Unable to operate. Criminal attack could be aimed at stealing money, extortion, fraud, data theft etc. GDPR imposes heavy financial penalties, plus reputational damage. <p>Control and mitigation</p> <ul style="list-style-type: none"> 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. 	<p>Risks</p> <ul style="list-style-type: none"> Changing market, legislative and regulatory needs. Failure to comply with export controls and sanctions. Failure to comply with anti-bribery and corruption legislation. Non-compliance with tax, legal or regulatory obligations. Failure to comply with regulatory requirements. <p>Potential impact</p> <ul style="list-style-type: none"> 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. <p>Control and mitigation</p> <ul style="list-style-type: none"> 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. 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. 																
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The strategic report was approved by the board and signed on its behalf by:

Richard Edwards
Chief Executive Officer
22 March 2023

Board of Directors | Non-Executive Directors



Kate Allum, BSc.

Non-Executive Chairman (A, N, R)

Kate has an extensive track record of senior executive and Non-Executive leadership roles in the food supply chain and agriculture industries. Her previous executive roles include Head of European Supply Chain at McDonald's Restaurants, CEO of First Milk, the British farmer-owned dairy co-operative, and CEO at Cedo Ltd, a plastic recycler and manufacturer of household disposables. She is also the Chair of the Court of the University of the West of Scotland.

Kate is currently a Non-Executive Director of Billington Food Group, Co-Op plc and Eurocell, the UK's leading manufacturer, distributor and recycler of UPVC window, door, conservatory and roofline systems. Kate previously held Non-Executive roles at Cranswick plc, Stock Spirit and Origin Enterprises plc.

Kate became Non-Executive Chairman in 2021.



Matthew Robinson, MA, ACA.

Non-Executive Director (A, N, R)

Matthew Robinson was appointed to the Board in January 2021. Matthew has spent much of his career working with and advising growth companies and is currently Chairman of Inland Homes plc, having previously been 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.

Board of Directors | 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 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.

Principal 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 a new 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.

Corporate governance

continued

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 accreditation;
- Anti-Bribery and 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 four Executive Directors and two independent Non-Executive Directors.

Executive Directors

Name	Role	Qualifications	Key Committees		
			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

Name	Role	Qualifications	Key Committees		
			Audit	Nom.	Rem.
Kate Allum	Non-Executive Chairman	BSc.	M	C	M
Matthew Robinson	Senior Independent Director	MA, ACA.	C	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 2022. A list of the meetings convened during the year is set out below.

The Chief Executive Officer and Group Finance Director work full time for the Group. The Corporate

Responsibility Director works two days a week in the year 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. During the year, following the resignation of Ian Hamilton, the number of Non-Executive Directors reduced to two. The Board is currently evaluating the needs of this role and potential candidates for the position.

Principal 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

Number of meetings convened	Full attendance of meeting
Board meetings	6
Audit Committee meetings	2
Remuneration Committee meetings	2

Corporate governance

continued

experience with other boards and organisations as well as formal training and seminars.

Principal 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 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 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 published its inaugural Sustainability Report and accompanying video which is available on the website <https://www.anpario.com/about/sustainability/>.

Principal 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 Kate Allum. 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.

Principal 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.

The most recent AGM took place on 16 June 2022, full details of which are included on our Website. The results of the AGM are set out below. None of the resolutions had a significant number of votes cast against it.

No.	Resolution	Result
1	Accept Financial Statements and Statutory Reports	Passed
2	Approve Final Dividend	Passed
3	Re-elect Karen Prior as Director	Passed
4	Re-elect Marc Wilson as Director	Passed
5	Re-appoint BDO LLP as Auditors	Passed
6	Authorise the Directors to agree the auditor's remuneration	Passed
7	To adopt new Articles of Association	Passed
8	Authorise Issue of Equity with Pre-emptive rights	Passed
9	Authorise Issue of Equity without Pre-emptive rights	Passed
10	Authorise Market Purchase of Ordinary 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.

Environment and Social Responsibility Report continued



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 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 are progressing with aquaculture experts new formulations for sustainable and antibiotic free fish production.



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 to deliver 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.



Environment and Social Responsibility Report

continued

Gender and diversity

128 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 18 nationalities speaking 19 languages with 22 of positions of manager and above being held by non-white. Females represent 3 out of 7 the Executive Management team and 2 out of 5 of the Board are women including the role of Chairperson. 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 2022 is as follows:

	Male	Female
Directors	3	2
Group Management	17	13
Production	24	2
Administration	5	12
Sales and Technical	26	24
Total	75	53

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:

Length of Service	%
5 years +	48
10 years +	19
15 years +	6

Community Engagement

We believe in contributing and enriching the communities in 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.

Anpario and its staff are proud to have been able to support the local community over the course of the pandemic, having donated £10,000 each to the Nottingham Hospitals Charity "NHS Heroes Appeal run" and towards Doncaster and Bassetlaw Teaching Hospitals Rainbow Garden Appeal. The latter has now created a memorial garden in honour of those lost to Covid-19, providing a place of comfort and contemplation for its visitors. Anpario staff volunteered their time to work on the Rainbow Garden Memorial during the build, creating a valuable outdoor space for the friends, family and loved ones of those who sadly passed away, as well as for staff working within the hospital.

During the height of the PPE shortages, Anpario were able to use their logistics expertise and business contacts to source 50,000 medical grade face masks. These were donated and distributed, with the help of staff volunteers, to more than 12 local care homes, hospices and community care providers surrounding our Manton Wood head office.

In recognition of the community work undertaken Anpario was awarded the "Giving Back: Community Business Hero Award" at the Sage Impact Awards. 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 staff supported Weston Park Cancer Charity in 2022 with several fund raising events. This local charity provides financial, physical, and emotional support to patients and families facing a cancer diagnosis and an experimental cancer research centre which conducts vital research and clinical trials run by exceptional medical experts every year. The results are shared, helping to influence cancer treatments both nationally and globally.

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. Anpario will work to raise awareness and funds for this cause.

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. Combating 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 replace harmful applications such as formaldehyde and zinc oxide used for antimicrobial control in the feed, and help reduce antibiotic use in animal production thus improving and safeguarding

Environment and Social Responsibility Report

continued

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, is just one example 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.

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.

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 of LEAF (Linking Environment and Farming) seeking circular approaches to farming and food through integrated solutions.

In 2022 Anpario:

- Achieved ISO14001 internationally recognised standard for Environmental Management Systems which provides a framework to identify, manage, monitor and control environmental processes.
- Became a member of Supplier Ethical Database (SEDEX) providing a high level transparency of operational standards, employment practices and corporate ethics.
- Joined Centre for Innovation Excellence in Livestock (CIEL) a collaboration of major 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 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:

- the installation of solar panels generating electricity for use at our plant in Nottinghamshire reducing our reliance upon fossil fuels;
- 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 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.

Environment and Social Responsibility Report

continued

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 2019	prior year 2021	year on year change	% change	current year 2022	cumulative change	% change
Scope 1	15.3	9.8	(5.3)	(54%)	4.5	(10.8)	(71%)
Scope 2	163.9	118.8	(46.0)	(39%)	72.8	(91.1)	(56%)
GHG emissions in tCO₂e	179.2	128.6	(51.3)	(40%)	77.3	(101.9)	(57%)
Group sales £m	29.1	33.4	(0.3)	(1%)	33.1	4.1	14%
Intensity (t tCO₂e: per £m sales)	6.2	3.8	(1.5)	(39%)	2.3	(3.9)	(62%)
Energy use in kWh:							
Natural Gas	51,433	40,602	(23,285)	(57%)	17,317	(34,116)	(66%)
Electricity	641,366	559,583	(182,964)	(33%)	376,619	(264,747)	(41%)

Business Travel

Whilst we have always sought to minimise travel and flights to essential multi-purpose trips, Covid-19 restrictions have taught us valuable lessons in how much more we can do to reduce our carbon footprint by adapting our ways of working through homeworking, e-conferencing, internet based training, a significant reduction in physical visits and movements, and a paperless office becoming our new normal.

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.

There was a reduction in the amount of waste produced in the year of 120 Tons (28%), with a cumulative reduction from the 2019 baseline year of 165 Tons (34%).

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.

There was a reduction in the amount of water consumed in the year of 408 cubic metres (27%), with a cumulative reduction from the 2019 baseline year of 877 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. We retain key industry quality accreditations in particular, UFAS and FEMAS certifications.

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.

Environment and Social Responsibility Report

continued

Anti-Bribery and 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 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.

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 2022.

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 Group financial statements.

Results and dividends

The financial results for the year ended 31 December 2022 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 £3.3m (2021: £4.7m).

The Directors propose a final dividend of 7.35p per share (2021: 7.00p) making a total of 10.50p per share for the year (2021: 10.00p), amounting to a total dividend of £2.3m (2021: £2.1m). More information can

be found in note 11 to 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 Group financial statements. During the year, £528,000 (2021: £360,000) was capitalised as development projects with £98,000 (2021: £42,000) expensed to the income statement.

Directors

The Directors during the year under review were:

Non-Executive Directors

Kate Allum	Non-Executive Chairman
Matthew Robinson	Non-Executive Director
Ian Hamilton	Non-Executive Director (resigned 18 April 2022)

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.

Directors' report continued

Stakeholder engagement

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

Indemnities

By virtue of, and subject to, Article 172 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

During the year 177,338 (2021: 35,048) Ordinary shares of 23p each were issued pursuant to the exercise of share options. During the year the Company issued 600,000 (2021: 50,000) 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 2022 to make market purchases of Ordinary shares in the capital of the Company.

As at 31 December 2022, the Company holds 440,388 (2021: 440,388) Ordinary shares of 23p in treasury.

Substantial shareholdings

At 1 March 2023, 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	3,400	14.2
Investec Wealth & Investment	2,539	10.6
Unicorn Asset Management	2,014	8.4
Gresham House Asset Management	1,399	5.8
Interactive Investor	1,212	5.0
Hargreaves Lansdown Asset Management	1,015	4.2
BGF	811	3.4
Columbia Threadneedle Investments	766	3.2

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

Peel Hunt LLP are the Company's stockbroker and nominated adviser.

The closing share price on 31 December 2022 was 500p per share (2021: 616p per share).

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 22 March 2023 and is signed by order of the board:

Karen Prior
Company Secretary
22 March 2023

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 2022. 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 Matthew Robinson, Non-Executive Director. The other Committee member is Kate Allum, 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 twice during the year ended 31 December 2022 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:

- implementation of changes outlined in the previous year, in particular, dilution limits and long-term incentive structures;
- approved awards under the new LTIP policy for new Executive Board members, Senior Management and other key management;
- review of Director remuneration, following which there were no changes to base salary or fees; and
- review and evaluation of talent management and succession planning activities.

Remuneration policy for the year in review

As outlined last year, following a review by the Committee and consultation with external consultants and shareholders, there have been a number of changes implemented for this year's remuneration policy. The policy below reflects the changes made on dilution limits, long-term incentive structures and a number of other minor policy changes.

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 <ul style="list-style-type: none">» 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: <ul style="list-style-type: none">• 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 <ul style="list-style-type: none">» 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 <ul style="list-style-type: none">» 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 <ul style="list-style-type: none">» 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 6% growth in adjusted EBITDA, 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 16% 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 2022.

Report of the Remuneration Committee

continued

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.

The EMI, SAYE and JSOP 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 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.

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. Currently these are based on diluted adjusted earnings per share growth and the achievement of a ESG related targets.

Non-Executive Directors

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: <ul style="list-style-type: none">• 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 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, an Executive Director must 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 outlined in the previous year a new policy on dilution limits has been adopted. In which, whilst it will initially increase the potential dilution limit (including all awards made since Jan 2015) to 18%, will by 2025 reduce the potential dilution from shares awarded under all incentive plans to below 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 2022 and the prior year is set out in the table below.

	Richard Edwards	Karen Prior ¹	Marc Wilson ²		
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000
Base salary	250	250	60	81	140
Taxable benefits	10	10	9	8	9
Pension	25	25	6	8	16
Annual bonus	-	150	-	49	-
Share-based payment ³	-	2	-	2	-
Share options vested ³	-	-	-	-	-
Total remuneration	285	437	75	148	165
Of which:					
Fixed remuneration	285	285	75	97	165
Variable remuneration	-	152	-	51	-

¹ Karen Prior worked four days a week through to 1 July 2021, after which, upon taking on her new role as Corporate Responsibility Director this reduced to two days per week.

² Remuneration shown for Marc Wilson for 2021 relates to amounts between the date of appointment as a Director on 1 July 2021 and the end of the financial year.

³ For 2022 and onwards, the IFRS 2 share-based payment charge disclosure will be replaced by the value of vested share options in the period. This change is related to the implementation of the PSP long-term incentive award structure. The PSP award includes performance based vesting criteria and therefore subject to estimations on future performance which can lead to variability in the IFRS 2 charge. Disclosing the value of share options vested will be a fairer reflection of the value of share options received by Directors.

Report of the Remuneration Committee

continued

Non-Executive Directors

The remuneration of each Non-Executive Director for the year ended 31 December 2022 and the prior year is set out in the table below.

	Fees	
	2022 £000	2021 £000
Kate Allum ^{1,2}	58	32
Matthew Robinson ³	35	34
Ian Hamilton ⁴	10	26
Peter Lawrence ⁵	-	19
Richard Wood ⁶	-	9

¹ Appointed 1 February 2021.

² Remuneration for 2022 includes £8,000 relating to agreed increases in fees following the appointment as Chair that should have been paid in the prior year.

³ Appointed 11 January 2021

⁴ Appointed 1 April 2021, resigned 17 April 2022

⁵ Resigned 17 June 2021

⁶ Resigned 31 January 2021

Ad hoc payments

There were no ad hoc payments to any Directors for the year ended 31 December 2022.

Payments to past Directors

There were no payments to past Directors for the year ended 31 December 2022.

Loss of office

There were no loss of office payments made for the year ended 31 December 2022.

Long-term incentive structure

In March, following advice from FIT Remuneration Consultants LLP and a consultation process with shareholders, a new long-term incentive structure was implemented that will apply to Executive Directors and management. As a result, Anpario has introduced a new Performance Share Plan to work alongside the existing JSOP share scheme.

PSP

The Anpario PSP award creates a maximum opportunity for the participating Executive Directors equivalent to 100% of salary, Executive Management 40% of salary and other key management 20% of salary.

The Awards have been granted in the form of nil-cost share options and will normally vest after three years, subject to the achievement of performance conditions. Awards may become exercisable subject to continued employment and 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.

Joint Share Ownership Plan

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.

Director's share interests and awards

Share interests

The interests of the Directors who served during the period, as at 31 December 2022, in the Ordinary shares of 23p each in the Company were as follows:-

	31 Dec 2021 Number	Interests acquired in the year	Interests disposed in the year	31 Dec 2022 Number	Shareholding guidelines met
Richard Edwards	88,396	80,000	-	168,396	100% Yes
Karen Prior	77,445	80,000	-	157,445	100% Yes
Marc Wilson	9,676	2,000	-	11,676	100% No
Matthew Robinson	-	8,600	-	8,600	n/a n/a

The have been no changes in Directors' interests between 31 December 2022 and 22 March 2023.

Share awards

Awards granted in the year are as follows.

Director	Award plan	Date of grant	Normal vesting period	Awards made during the year	Minimum Exercise price (pence per share)
Marc Wilson	JSOP	23 March 2022	3 years	300,000	545
Marc Wilson	PSP	23 March 2022	3 years	26,168	nil

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

Report of the Remuneration Committee continued

Director	Award plan	Exercise price (pence per share)	31 Dec 2021 Number	Options exercised in year	Options granted in year	31 Dec 2022 Number
Richard Edwards	EMI	158.50	80,000	(80,000)	-	-
	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	158.50	80,000	(80,000)	-	-
	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 services contracts are set out below.

Executive Director	Position	Notice period		
		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.

Non-Executive Director	Date of current appointment	Notice period	
		From Company	From Director
Kate Allum	1 February 2021	3 months	3 months
Matthew Robinson	11 January 2021	3 months	3 months

Matthew Robinson

Remuneration Committee Chairman
22 March 2023

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 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 2022 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 judgments 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 judgments, 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;

Audit Committee report continued

- 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

Management override of controls

The Committee considered the inherent risk of management override of internal controls as defined by auditing standards. In doing so the Committee continue to review the overall robustness of the control environment, including consideration of the Group's

whistleblowing arrangements and the review by the external auditor.

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 was satisfied with the accounting policy in force and with the estimates and judgements applied by management in employing this policy.

Revenue recognition

The Committee considered the inherent risk of fraud in revenue recognition as defined by auditing standards and was satisfied that there no issues arising.

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 2022 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 2022 which comprise 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	2022 Yes	2021 Yes
Materiality	Group financial statements as a whole £246,000 (2021: £285,000) based on 5% (2021: 5%) of a 3 year average profit before tax (2021: annual 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 Netherlands, 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.

Independent auditors' report continued

Key audit 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)	<p>Valuation</p> <p>The Group has a material net book value for internally developed products of £1.7m (2021 - £1.7m) forming part of the Brands and developed products intangible asset with net book value of £3.4m (2021 - £3.6m) disclosed in Note 13.</p> <p>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.</p> <p>Existence:</p> <p>In addition the Group has cumulative capitalised development costs of £1.2m (2021 - £0.8m) for products in development at the year end date.</p> <p>Under accounting standards to capitalise development costs management is required to make certain judgements, including the stage of development, the technical feasibility of completing the product development and the commercial viability of the products.</p> <p>These judgements determine whether development costs are eligible for capitalisation and the period of time over which assets will be amortised.</p> <p>There is also a risk of fraud through manipulation in respect of the assessment made by management of which costs are eligible for capitalisation</p> <p>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.</p>	<p>Valuation</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We consulted with our internal valuation experts on the reasonableness of the discount rate applied and the basis of the impairment model.</p> <p>Existence:</p> <p>We tested, on a sample basis, that internally generated development costs capitalised in the year of £0.5m (2021 - £0.4m) were valid business 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.</p> <p>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.</p> <p>Key observations:</p> <p>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.</p>

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Materiality	246	285	226	257
Basis for determining materiality	5% of pre-tax profit, based on a 3 year average	5% of pre-tax profit	5% of Parent Company pre-tax profit	Capped at 90% of Group materiality
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	190	199	170	180
Basis for determining performance materiality	Set at 75% of materiality	Set at 70% of materiality	Set at 75% of materiality	Set at 70% of materiality

Our calculation of performance materiality was increased from 70% of financial statement materiality to 75% in the year. Our rationale for this increase is that it is the third 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 them all individual audit differences in excess of £5k (2021: £5.7k). 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

Independent auditors' report continued

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	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none">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; andthe Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>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.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none">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; orthe Parent Company financial statements are not in agreement with the accounting records and returns; orcertain disclosures of Directors' remuneration specified by law are not made; orwe 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:

We gained an understanding of the legal and regulatory framework applicable to the Group and the Components of the Group including the industry in which they operate and considered the risk of acts by the Group and components which were contrary to applicable laws and regulations, including fraud. Our understanding was obtained from enquires with the board of Directors and the management team, our experience of auditing similar business models, and continuity in the audit team in respect of auditing the entity in previous years. The most significant matters relevant to the Group included but were not limited to compliance with the Companies Act 2006, the AIM listing rules Animal Feed product regulatory requirements, the principles of the Quoted Companies Alliance Corporate Governance Code and accounting standards.

We focused on areas that could give rise to a material misstatement in the Group and Company financial statements which, alongside the key audit matter, included a fraud risk in relation to revenue recognition and the risk of management override of controls. Our testing included, but was not limited to:

- enquiries of management of non compliance with laws and regulations or fraud in the period and other unusual transactions. We corroborated our enquires through a review of minutes of Board meetings throughout the year;
- challenge of key estimates and judgements, including those applied to the key audit matter by management in the financial statements to check that it was free from management bias;
- identifying and testing a sample of journal entries for the following journal types:
- any journals outside of the normal course of business or indicative of manipulation of the financial statements;
- all journals posted to revenue to ascertain if any unusual transactions exist which are outside the normal course of business; and
- any manual or late journals posted at a consolidated level.
- performing the following revenue tests:
- review of the revenue nominal accounts for any unusual transactions, including reviewing all postings to revenue in the significant component of the Group using data analytic techniques to identify outliers which did not follow the pattern we expected;
- testing a sample of transactions posted to the nominal ledger in December 2021 to check that revenue had been recorded in the correct period;
- review of the elimination of intra-group revenue and associated unrealised profit within inventories at consolidation level; and
- review of transfer prices applied on a sample of intra-group revenue transactions to verify that arm's length prices had been applied.
- Consideration of management's assessment of related parties and any other unusual transactions and evaluating the process for identifying and monitoring any such transactions, and
- Consideration of the total unadjusted audit differences for indications of bias or deliberate misstatement.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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.

Independent auditors' report continued

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

Use of our report

This report is made solely to the 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
22 March 2023

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 2022

	Note	2022 £000	2021 £000
Revenue	3	33,103	33,367
Cost of sales		(18,967)	(17,106)
Gross profit		14,136	16,261
Administrative expenses		(10,576)	(10,610)
Operating profit	4	3,560	5,651
Depreciation and amortisation	4	1,225	1,273
Adjusting items	6	423	53
Adjusted EBITDA	6	5,208	6,977
Net finance income	9	121	50
Profit before tax		3,681	5,701
Income tax	10	(378)	(1,018)
Profit for the year		3,303	4,683
Other comprehensive income/(expense):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translating foreign operations		387	(12)
Cashflow hedge movements (net of deferred tax)	19	(902)	(124)
Total comprehensive income for the year		2,788	4,547
Basic earnings per share	12	16.13p	22.92p
Diluted earnings per share	12	15.10p	21.16p
Adjusted earnings per share	12	17.81p	24.92p
Diluted adjusted earnings per share	12	16.67p	23.01p

Consolidated statement of financial position
as at 31 December 2022

	Note	2022 £000	restated ¹ 2021 £000	restated ¹ 2020 £000
Intangible assets	13	11,375	11,295	11,522
Property, plant and equipment	14	4,864	4,603	4,142
Right-of-use assets	15	50	81	85
Deferred tax assets	16	859	1,352	987
Derivative financial instruments	19	153	108	641
Non-current assets		17,301	17,439	17,377
Inventories	17	9,867	7,578	4,902
Trade and other receivables	18	7,003	6,873	6,053
Derivative financial instruments	19	21	335	327
Current income tax assets		774	214	-
Short-term investments		1,828	1,803	2,348
Cash and cash equivalents		11,739	13,742	13,472
Cash, cash equivalents and short-term investments	20	13,567	15,545	15,820
Current assets		31,232	30,545	27,102
Total assets		48,533	47,984	44,479
Lease liabilities	21	(17)	(17)	(7)
Derivative financial instruments	19	(825)	(157)	-
Deferred tax liabilities	16	(1,724)	(2,264)	(1,662)
Non-current liabilities		(2,566)	(2,438)	(1,669)
Trade and other payables	22	(3,983)	(5,172)	(5,007)
Lease liabilities	21	(35)	(68)	(83)
Derivative financial instruments	19	(638)	(4)	-
Current income tax liabilities		-	-	(215)
Current liabilities		(4,656)	(5,244)	(5,305)
Total liabilities		(7,222)	(7,682)	(6,974)
Net assets		41,311	40,302	37,505
Called up share capital	23	5,624	5,446	5,426
Share premium	23	14,934	11,547	11,148
Other reserves	24	(10,461)	(6,788)	(6,506)
Retained earnings	25	31,214	30,097	27,437
Total equity		41,311	40,302	37,505

¹ Prior years have been restated to distinguish between cash and cash equivalents and short-term investments, the later of which relate to deposit accounts with a notice period of more than three months but less than six months. These were previously shown as cash and cash equivalents. See note 20.

The financial statements were approved by the Board and authorised for issue on 22 March 2023.

Richard Edwards
Chief Executive Officer
Company Number: 03345857

Marc Wilson
Group Finance Director

Consolidated statement of changes in equity
for the year ended 31 December 2022

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2021		5,426	11,148	(6,506)	27,437	37,505
Profit for the period		-	-	-	4,683	4,683
Currency translation differences		-	-	(12)	-	(12)
Cash flow hedge reserve	19	-	-	(124)	-	(124)
Total comprehensive income for the year		-	-	(136)	4,683	4,547
Issue of share capital	23	20	399	-	-	419
Joint-share ownership plan	24	-	-	(310)	-	(310)
Share-based payment adjustments	24	-	-	36	-	36
Deferred tax regarding share-based payments		-	-	128	-	128
Final dividend relating to 2020		-	-	-	(1,372)	(1,372)
Interim dividend relating to 2021	11	-	-	-	(651)	(651)
Transactions with owners		20	399	(146)	(2,023)	(1,750)
Balance at 31 Dec 2021		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	24	-	-	(3,270)	-	(3,270)
Share-based payment adjustments	24	-	-	183	-	183
Deferred tax regarding share-based payments		-	-	(71)	-	(71)
Final dividend relating to 2021	11	-	-	-	(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

Consolidated statement of cash flows
for the year ended 31 December 2022

	Note	2022 £000	restated ¹ 2021 £000
Operating profit for the year		3,560	5,651
Depreciation, amortisation and impairment	4	1,225	1,273
Loss on disposal of intangible assets	13	45	-
Loss/(gain) on disposal of property, plant and equipment	14	1	(2)
Share-based payments	24	183	36
Fair value adjustment to derivatives		395	533
Operating cash flows before changes in working capital		5,409	7,491
Increase in inventories		(1,661)	(2,759)
Decrease/(increase) in trade and other receivables		254	(915)
(Decrease)/increase in trade and other payables		(2,171)	375
Increase in working capital		(3,578)	(3,299)
Cash generated from operations		1,831	4,192
Income tax paid		(744)	(1,047)
Net cash from operating activities		1,087	3,145
Purchases of property, plant and equipment	14	(809)	(917)
Proceeds from disposal of property, plant and equipment		-	6
Payments to acquire intangible assets	13	(731)	(506)
Interest received	9	124	54
Movement in short-term investments	20	(25)	545
Net cash used in investing activities		(1,441)	(818)
Joint share ownership plan	24	(3,270)	(310)
Proceeds from issuance of shares		3,565	419
Cash payments in relation to lease liabilities		(70)	(89)
Lease interest paid		(3)	(4)
Dividend paid to Company's shareholders		(2,186)	(2,023)
Net cash used in financing activities		(1,964)	(2,007)
Net (decrease)/increase in cash and cash equivalents		(2,318)	320
Effect of exchange rate changes		315	(50)
Cash and cash equivalents at the beginning of the year		13,742	13,472

¹ Prior years have been restated to distinguish between cash and cash equivalents and short-term investments, the later of which relate to deposit accounts with a notice period of more than three months but less than six months. These were previously shown as cash and cash equivalents and therefore included in the statement of cash flows, however now only the movement in short-term investments is shown. See note 20.

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for the year ended 31 December 2022

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 2024.

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 2022.

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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a Subsidiary is the fair values of the assets transferred, the liabilities incurred to the

former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the Subsidiary acquired, the difference is recognised in profit or loss.

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 or services. 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.

Notes to the financial statements

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for the year ended 31 December 2022

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.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are deemed to have a finite useful life and are carried at original fair value less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years and included in administrative expenses in the income statement.

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. 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.

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
Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

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Cost includes professional fees. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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 include trade and other receivables (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

The Group applies IFRS 9 '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.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The Group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, these have been designated as qualifying cash flow hedges.

IFRS 9 removed the requirement to demonstrate hedge effectiveness between a range of 80-125%

and instead requires that you can demonstrate an economic relationship between the hedged item and hedging instrument. 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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither

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accounting nor taxable profit or loss. 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 is provided on temporary differences arising on investments in Subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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.

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.

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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 2021.

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 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.

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 £11.4m 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.

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.

Patent Box Scheme

The UK Patent Box scheme 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, HMRC reserves the right to query the Company's calculations. The scheme was first applied to our 2021 tax return and at the current reporting date we are still in the window for HMRC to review this first submission. We have consulted with our tax and patent advisors and discussions have taken place with Her Majesty's Revenue and Customs (HMRC) about the principles of the UK Patent Box Legislation. 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.

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:

- Annual Improvements to IFRSs (2018–2020 Cycle): IFRS 1; IFRS 9; IAS 41 and the illustrative examples accompanying IFRS 16;
- Conceptual Framework for Financial Reporting (Amendments to IFRS 3);
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract); and
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use).

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:

- IFRS 17 Insurance Contracts;

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- Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Definition of Accounting Estimates (Amendment to IAS 8); and

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 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

for the year ended 31 Dec 2021	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
Total segmental revenue	8,264	12,074	20,523	3,521	-	44,382
Inter-segment revenue	-	-	(11,015)	-	-	(11,015)
Revenue from external customers	8,264	12,074	9,508	3,521	-	33,367

Depreciation and amortisation	(3)	(57)	(11)	(3)	(1,199)	(1,273)
Net finance income	-	6	(1)	-	45	50
Profit/(loss) before income tax	3,149	3,406	3,838	1,212	(5,904)	5,701

No customer accounts for more than 10% of revenue.

Management review and control the Net and Total assets of the Group, 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/(crediting) the following items:

	Notes	2022 £000	2021 £000
Cost of inventories recognised as an expense		12,449	11,508
Employment costs	7	6,539	7,277
Share-based payment charges	6	213	53
Amortisation of intangible assets	13	646	733
Depreciation of property, plant and equipment	14	509	451
Depreciation of right-of-use assets	15	70	89
Loss/(gain) on disposal of tangible and intangible assets		46	(2)
Research and development expenditure		98	42

Our specialist technical team includes experts in poultry, swine, ruminant & aquaculture species. During the year we have capitalised internal costs of £447,000 (2021: £223,000) and expended a further £81,000 (2021: £137,000) on external trials in respect of current development projects.

5. Auditor's remuneration

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

	2022 £000	2021 £000
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements	111	92
Fees payable to Company's auditor for other services:		
Other non-audit services	5	-
The audit of Company Subsidiaries	5	5
Total fees payable to Company's auditor	121	97

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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.

During the year the Group incurred legal and professional costs in relation to specific acquisition opportunities that did not proceed. Due to the exceptional and non-recurring nature of these costs, they have been excluded from our APMs.

	2022 £000	2021 £000
Operating profit	3,560	5,651
Non-recurring acquisition costs	210	-
Share-based payments	213	53
Total adjustments	423	53
Adjusted operating profit	3,983	5,704
Depreciation and amortisation	1,225	1,273
Adjusted EBITDA	5,208	6,977

	2022 £000	2021 £000
Adjusted operating profit	3,983	5,704
Income tax expense	(378)	(1,018)
Income tax impact of adjustments	42	3
Impact of changes in tax rates on deferred tax	-	540
Impact of prior year Patent Box tax reduction	-	(137)
Adjusted profit after tax	3,647	5,092

7. Employment costs

	Note	2022 £000	2021 £000
Wages and salaries		5,522	6,204
Social security costs		692	734
Other pension costs		325	339
Share-based payment charges	26	213	53
Employment costs		6,752	7,330

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 includes an adjustment for capitalised internal costs of £447,000 (2021: £223,000) in respect of current development projects, see note 13.

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

	2022 £000	2021 £000
Directors' emoluments	581	808
Company contributions to defined contribution pension schemes	47	42
Share-based payment charges	80	9

During the year retirement benefits were accruing to 3 Directors (2021: 3) in respect of defined contribution pension schemes.

The highest paid Director received remuneration as outlined below.

	2022 £000	2021 £000
Directors' 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:

	2022 Number	2021 Number
Directors	5	5
Production	33	32
Administration	23	23
Sales and Technical	63	61
Average headcount	124	121

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

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9. Net finance income

	2022 £000	2021 £000
Interest receivable on short-term bank deposits	124	54
Finance income	124	54
Lease interest paid	(3)	(4)
Finance costs	(3)	(4)
Net finance income	121	50

10. Income tax

	Note	2022 £000	2021 £000
Current tax on profits for the year		263	591
Adjustment for prior years		(89)	48
Current tax		174	639
Origination and reversal of temporary differences		226	(165)
Effect of change in deferred tax rate		-	540
Adjustment for prior years		(22)	4
Deferred tax	16	204	379
Income tax expense charged to the income statement		378	1,018

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:

	2022 £000	2021 £000
Profit before tax	3,681	5,701
Tax at the UK domestic rate 19% (2021: 19%)	699	1,083
Prior year tax adjustments	(111)	189
Patent Box reductions - Prior year	-	(137)
Patent Box reductions - Current year	(163)	(359)
Non-deductible expenses	4	(13)
Losses not recognised for deferred tax	22	64
Research and development tax credits	(152)	(172)
Tax charge recognised directly in equity	202	158
Effect of change in deferred tax rate	-	540
Difference in overseas tax rates	70	(175)
Deferred tax impact of share options	(193)	(160)
Tax adjustments	(321)	(65)
Income tax expense charged to the income statement	378	1,018

Corporation tax is calculated at 19% (2021: 19%) 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. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements which has resulted in a deferred tax charge of £540,000 in the prior year.

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

	Note	2022 £000	2021 £000
Current tax on profits for the year		-	(19)
Current tax		-	(19)
Origination and reversal of temporary differences		(202)	(139)
Deferred tax	16	(202)	(139)
Income tax recognised in other comprehensive income		(202)	(158)

11. Dividends

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

	2022 per share pence	2022 total £000	2021 per share pence	2021 total £000
Interim dividend - Paid	3.15p	674	3.00p	651
Final dividend - Paid	-	-	7.00p	1,512
Final dividend - Proposed	7.35p	1,562	-	-
Final dividend	7.35p	1,562	7.00p	1,512
Total dividend	10.50p	2,236	10.00p	2,163

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 £2,186,000 (2021: £2,023,000), 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.

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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 the basic and diluted earnings per share is based on the following data:

	2022	2021
Profit for the year attributable to owners of the Parent (£000's)	3,303	4,683
Weighted average number of shares in issue	20,481,713	20,429,730
Number of dilutive shares	1,392,327	1,697,602
Weighted average number for diluted earnings per share	21,874,040	22,127,332
Basic earnings per share	16.13p	22.92p
Diluted earnings per share	15.10p	21.16p
Adjusted profit attributable to owners of the Parent (£000's) Note	6 3,647	5,092
Weighted average number of shares in issue	20,481,713	20,429,730
Number of dilutive shares	1,392,327	1,697,602
Weighted average number for diluted earnings per share	21,874,040	22,127,332
Adjusted earnings per share	17.81p	24.92p
Diluted adjusted earnings per share	16.67p	23.01p

13. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patent Trademarks & registrations £000	Development Costs £000	Software & Licenses £000	Total £000
Cost							
As at 1 January 2021	5,960	4,440	786	1,773	559	784	14,302
Additions	-	-	-	133	360	13	506
Reclassifications	-	113	-	-	(113)	-	-
Disposals	-	-	-	(99)	-	-	(99)
As at 31 December 2021	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
Accumulated amortisation							
As at 1 January 2021	-	731	661	890	-	498	2,780
Charge for the year	-	261	61	277	-	134	733
Disposals	-	-	-	(99)	-	-	(99)
As at 31 December 2021	-	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
Net book value							
As at 1 January 2021	5,960	3,709	125	883	559	286	11,522
As at 31 December 2021	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

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 2022 of £1,451,000 (2021: £1,501,000). The Meriden brand was acquired in 2012 and has a net book value at 31 December 2022 of £328,000 (2021: £363,000). 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.

The reclassification to Brands and Developed Products of £135,000 represents newly created products from Development projects. The reclassification to Software and Licenses of £136,000 cost and £98,000 amortisation, represents website costs previously included as a tangible asset, see also note 14.

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 31 December 2021 and 31 December 2022	5,960

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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 (2021: 2.5%).

The discount rate used of 14% (2021: 12%) 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 6.2 percentage points to a negative growth of minus 3.7 percentage points would cause the carrying value of goodwill to equal its recoverable amount.

14. Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 January 2021	1,854	3,355	635	479	6,323
Additions	16	119	39	743	917
Transfer of assets in construction	51	327	-	(378)	
Disposals	-	-	(148)	-	(148)
As at 31 December 2021	1,921	3,801	526	844	7,092
Additions	29	38	35	707	809
Transfer of assets in construction	303	1,203	(3)	(1,503)	-
Reclassification	-	-	(136)	-	(136)
Disposals	(2)	(25)	(29)	-	(56)
Foreign exchange	-	-	2	-	2
As at 31 December 2022	2,251	5,017	395	48	7,711
Accumulated depreciation					
As at 1 January 2021	283	1,473	425	-	2,181
Charge for the year	30	338	83	-	451
Transfer of assets in construction	-	-	-	-	-
Disposals	-	-	(144)	-	(144)
Foreign exchange	-	-	1	-	1
As at 31 December 2021	313	1,811	365	-	2,489
Charge for the year	47	391	71	-	509
Transfer of assets in construction	(8)	9	-	-	1
Reclassification	-	-	(98)	-	(98)
Disposals	(2)	(24)	(29)	-	(55)
Foreign exchange	-	-	1	-	1
As at 31 December 2022	350	2,187	310	-	2,847
Net book value					
As at 1 January 2021	1,571	1,882	210	479	4,142
As at 31 December 2021	1,608	1,990	161	844	4,603
As at 31 December 2022	1,901	2,830	85	48	4,864

Held within land and buildings is an amount of £500,000 (2021: £500,000) in respect of non-depreciable land.

The reclassification out of Fixtures, fittings and equipment of £136,000 cost and £98,000 amortisation, represents website costs are now included as an intangible asset, see also note 13.

15. Right-of-use assets

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
As at 1 January 2021	321	26	7	354
Additions	28	-	-	28
Modification to lease terms	56	-	-	56
Disposals	(139)	(26)	(4)	(169)
Foreign exchange	4	-	-	4
As at 31 December 2021	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

Accumulated depreciation

As at 1 January 2021	239	25	5	269
Charge for the year	87	1	1	89
Modification to lease terms	-	-	(5)	(5)
Disposals	(139)	(26)	-	(165)
Foreign exchange	4	-	-	4
As at 31 December 2021	191	-	1	192
Charge for the year	68	1	1	70
Foreign exchange	10	-	-	10
As at 31 December 2022	269	1	2	272

Net book value

As at 1 January 2021	82	1	2	85
As at 31 December 2021	79	-	2	81
As at 31 December 2022	27	22	1	50

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.

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for the year ended 31 December 2022

16. Deferred tax

	Note	2022 £000	2021 £000				
As at 1 January		912	675				
Income statement charge	10	204	379				
Deferred tax credited directly to equity	10	(202)	(139)				
Foreign exchange		(49)	(3)				
As at 31 December		865	912				
	Accelerated tax allowances	Fair value gains	Cashflow hedge	Other timing differences	Total		
	Note	£000	£000	£000	£000		
As at 1 January 2021		947	671	44	(483)	(504)	675
Income statement credit	10	497	134	-	53	(305)	379
Deferred tax charged directly to equity		-	-	(29)	-	(110)	(139)
Foreign exchange		-	-	-	(3)	-	(3)
As at 31 December 2021		1,444	805	15	(433)	(919)	912
Income statement charge	10	135	(25)	-	(54)	148	204
Deferred tax charged directly to equity		-	-	(273)	(94)	165	(202)
Foreign exchange		-	-	-	(49)	-	(49)
As at 31 December 2022		1,579	780	(258)	(630)	(606)	865
		2022 £000	2021 £000				
Deferred income tax asset				(859)		(1,352)	
Deferred income tax liability				1,724		2,264	
Net deferred income tax liability		865	912				

Included in 'Other timing differences' above is £529,000 (2021: £675,000) 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. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements which has resulted in a deferred tax charge of £540,000 in the prior year.

A deferred tax asset has been recognised for tax losses in the UK and US, 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

	2022 £000	2021 £000
Raw materials and consumables	4,664	2,366
Finished goods and goods for resale	5,203	5,212
Inventory	9,867	7,578

18. Trade and other receivables

	2022 £000	2021 £000
Trade receivables - gross	6,198	6,076
Less: expected credit losses	(231)	(237)
Trade receivables - net	5,967	5,839
Taxes	450	543
Other receivables	56	49
Prepayments	530	442
Total trade and other receivables	7,003	6,873

The carrying amount of gross trade receivables are denominated in the following currencies:

	2022 £000	2021 £000
Pounds sterling	1,724	1,828
US dollars	2,460	2,740
Euros	924	764
Other currencies	1,090	744
Trade receivables - gross	6,198	6,076

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.

Notes to the financial statements continued
for the year ended 31 December 2022

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 2022. 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	Credit impaired £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
<i>Expected loss rates:</i>						
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 comparative table below shows the Group's provision matrix and individual assessments as at 31 December 2021.

	Not past due £000	1-60 days past due £000	61-120 days past due £000	>121 days past due £000	Credit impaired £000	Total £000
Specifically insured customers	3,977	381	-	26	-	4,384
Uninsured customers	1,351	149	15	5	-	1,520
Credit impaired	-	-	-	-	172	172
Trade receivables - gross	5,328	530	15	31	172	6,076
<i>Expected loss rates:</i>						
Specifically insured customers	0%	1%	5%	7%	-	1%
Uninsured customers	2%	6%	23%	33%	-	3%
Credit impaired	-	-	-	-	100%	100%
Specifically insured customers	16	5	-	2	-	23
Uninsured customers	28	9	3	2	-	42
Credit impaired	-	-	-	-	172	172
Expected credit losses	44	14	3	4	172	237
Trade receivables - net	5,284	516	12	27	-	5,839

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

	Collectively assessed £000	Individually assessed £000	Total £000
As at 1 January 2021	54	103	157
Provisions for receivables created	11	115	126
Amounts recovered during the year	-	(48)	(48)
Foreign exchange gains	-	2	2
As at 31 December 2021	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

19. Financial instruments and risk management

Carrying amount of financial instruments

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)

Notes to the financial statements

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for the year ended 31 December 2022

As at 31 December 2021	Note	Measured at amortised cost £000	Derivatives designated as hedging instruments £000	Derivatives not designated as hedging instruments £000	Total £000
Derivative financial instruments	-	108	-	108	
Non-current		108	-	108	
Trade and other receivables	18	6,873	-	-	6,873
Derivative financial instruments		-	206	129	335
Short-term investments		1,803	-	-	1,803
Cash and cash equivalents	20	13,742	-	-	13,742
Current		22,418	206	129	22,753
Financial assets		22,418	314	129	22,861
Lease liabilities	21	(17)	-	-	(17)
Derivative financial instruments	19	-	(93)	(64)	(157)
Non-current		(17)	(93)	(64)	(174)
Trade and other payables	22	(5,172)	-	-	(5,172)
Lease liabilities	21	(68)	-	-	(68)
Derivative financial instruments	19	-	-	(4)	(4)
Current		(5,240)	-	(4)	(5,244)
Financial liabilities		(5,257)	(93)	(68)	(5,418)

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 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.

	2022 £000	2021 £000
Change in value of cash flow hedges	(1,175)	(153)
Deferred tax asset	273	29
Cash flow hedge movements (net of deferred tax)	(902)	(124)

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.

	2022	2021
GBP/USD spot rate at 31 December	1.2102	1.3536
Fixed forward contracts		
Weighted average forward rate	1.3049	1.3822
Maturing in the next year (Notional amount in US Dollars 000's)	2,370	270
Maturing between one and two years (Notional amount in US Dollars 000's)	4,200	2,370
Maturing between two and three years (Notional amount in US Dollars 000's)	3,000	2,550
Notional amount (US Dollars 000's)	9,570	5,190
Participating forward contracts		
Weighted average forward rate	1.3130	1.3145
Weighted average barrier rate	1.2142	1.2128
Maturing in the next year (Notional amount in US Dollars 000's)	7,050	8,674
Maturing between one and two years (Notional amount in US Dollars 000's)	5,800	6,600
Maturing between two and three years (Notional amount in US Dollars 000's)	1,900	2,500
Notional amount (US Dollars 000's)	14,750	17,774

The hedged ratio is 1:1.

Notes to the financial statements

continued
for the year ended 31 December 2022

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.

	2022 £000	restated 2021 £000	restated 2020 £000
Short-term investments	1,828	1,803	2,348
Cash and cash equivalents	11,739	13,742	13,472
Cash, cash equivalents and short-term investments	13,567	15,545	15,820

During the preparation of financial statements, it was identified that certain deposits did not meet the definition of cash and cash equivalents due to having a notice period greater than three months. All amounts are held in accounts with periods of less than six months. This was also the case for prior periods and as such they have been restated. These amounts held in deposit accounts with a notice period of over three months and less than six months have now been presented as short-term investments. There is no impact on the net assets or income statement for any of the periods, the only change is within the presentation of the current assets.

As a result of this change the consolidated statement of cash flows has been restated. The short term investments have been removed from cash and cash equivalents and the movement on the investments have been shown in investing activities. The total net cash used in investing activities for the year ended 31 December 2021 has reduced from £1,363,000 as previously stated to £818,000.

21. Lease Liabilities

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

	2022 £000	2021 £000
Less than one year	35	68
Current lease liabilities	35	68
Between one and five years	17	17
Non-current lease liabilities	17	17
Lease Liabilities	52	85

22. Trade and other payables

	2022 £000	2021 £000
Trade payables	2,698	2,604
Taxes and social security costs	169	150
Other payables	112	101
Accruals	1,004	2,317
Trade and other payables	3,983	5,172

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 2021		23,591,133	5,426	11,148	16,574
Exercise of share options	26	35,048	8	101	109
Issue of shares to JSOP	26	50,000	12	298	310
As at 31 December 2021		23,676,181	5,446	11,547	16,993
Exercise of share options	26	177,338	40	255	295
Issue of shares to JSOP	26	600,000	138	3,132	3,270
As at 31 December 2022		24,453,519	5,624	14,934	20,558

The company holds shares in treasury as follows:

	Number	£000
As at 1 January 2021, 31 December 2021 and 31 December 2022	440,388	1,189

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

	Number
As at 1 January 2021	2,750,000
Purchase of shares	50,000
As at 31 December 2021	2,800,000
Purchase of shares	600,000
As at 31 December 2022	3,400,000

Notes to the financial statements

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for the year ended 31 December 2022

24. 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 2021		1,189	7,530	(228)	(2,117)	(185)	317	6,506
Joint-share ownership plan	23	-	310	-	-	-	-	310
Share-based payment charge	26	-	-	-	(36)	-	-	(36)
Share-based payment tax adjustments		-	-	-	(128)	-	-	(128)
Movement in fair value (net of tax)	19	-	-	-	-	124	-	124
Currency translation differences		-	-	-	-	-	12	12
As at 31 December 2021		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

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

25. Retained earnings

	£000
As at 1 January 2021	27,437
Profit for the year	4,683
Dividends	(2,023)
As at 31 December 2021	30,097
Profit for the year	3,303
Dividends	(2,186)
As at 31 December 2022	31,214

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.

PSP

Under the PSP scheme awards have been granted in the form of nil-cost share options and will normally vest after three years, subject to the achievement of performance conditions. Awards may become exercisable subject to continued employment and 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.

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

	Number of options 2022	Weighted average exercise price (p) 2022	Number of options 2021	Weighted average exercise price (p) 2021
Outstanding at 1 January	562,842	255	592,469	254
Granted during the year	84,514	535	10,000	565
Lapsed during the year	-	-	(4,579)	334
Exercised during the year	(177,338)	167	(35,048)	308
Outstanding at 31 December	470,018	339	562,842	255
Exercisable at 31 December	264,000	269	441,338	228

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

	Number of options 2022	Weighted average exercise price (p) 2022	Number of options 2021	Weighted average exercise price (p) 2021
2022	-	-	538	334
2023	-	-	160,000	159
2024	100,000	245	109,000	245
2025	84,800	290	84,800	290
2026	62,200	239	70,000	240
2027	91,504	323	91,504	323
2028	47,000	438	47,000	438
2032	84,514	535	-	-
Total outstanding share options	470,018	339	562,842	255

Notes to the financial statements continued

for the year ended 31 December 2022

The range of exercise prices of outstanding share options at the year end was 238p to 565p (2021: 159p to 565p) and their weighted average remaining contractual life was 4 years (2021: 4 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 £213,000 (2021: £53,000) of which a charge of £30,000 (2021: £17,000) relates to professional fees.

During the year options totalling 684,514 were awarded under incentive schemes listed in the schedule below. For which, the weighted average fair value of options granted was determined based on the following assumptions using the Black-Scholes pricing model. Expected volatility was determined by management using historical data.

Plan	PSP	JSOP
Grant date	23 Mar 2022	23 Mar 2022
Number of options granted	84,514	600,000
Grant price (p)	535.0	545.0
Carrying cost (per annum)	-	4.5%
Exercise price (p)	-	618.6
Vesting period (years)	3.0	3.0
Option expiry (years)	10.0	10.0
Expected volatility of the share price	25.0%	25.0%
Dividends expected on the shares	1.9%	1.8%
Risk-free rate	1.4%	1.4%
Fair value (p)	496.5	72.8

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:

	2022 £000	2021 £000
Property, plant and equipment	140	615
Capital commitments	140	615

Company statement of financial position

as at 31 December 2022

	Note	2022 £000	restated ¹ 2021 £000
Intangible assets	33	10,855	10,767
Property, plant and equipment	34	4,854	4,592
Right of use assets		26	4
Investment in subsidiaries	35	11,353	12,196
Deferred tax assets	36	-	302
Derivative financial instruments	19	153	108
Non-current assets		27,241	27,969
Inventories	37	5,315	3,219
Trade and other receivables	38	10,845	13,889
Derivative financial instruments	19	21	335
Current income tax assets		971	295
Short-term investments		1,828	1,803
Cash and cash equivalents		8,790	9,854
Cash, cash equivalents and short-term investments		10,618	11,657
Current assets		27,770	29,395
Total assets		55,011	57,364
Lease liabilities		1	(1)
Derivative financial instruments	19	(825)	(157)
Deferred tax liabilities	36	(1,724)	(2,264)
Non-current liabilities		(2,548)	(2,422)
Trade and other payables	39	(7,496)	(8,660)
Lease liabilities		(27)	(4)
Derivative financial instruments	19	(638)	(4)
Current income tax liabilities		-	-
Current liabilities		(8,161)	(8,668)
Total liabilities		(10,709)	(11,090)
Net assets		44,302	46,274
Called up share capital	40	5,624	5,446
Share premium		14,934	11,547
Other reserves	41	(8,498)	(4,438)
Retained earnings		32,242	33,719
Total equity		44,302	46,274

¹ Prior year have been restated to distinguish between cash and cash equivalents and short-term investments, the later of which relate to deposit accounts with a notice period of more than three months but less than six months. These were previously shown as cash and cash equivalents. See note 20.

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 £709,000 (2021: £4,553,000).

The financial statements were approved by the Board and authorised for issue on 23 March 2023.

Richard Edwards
Chief Executive Officer
Company Number: 03345857

Marc Wilson
Group Finance Director

Company statement of changes in equity

for the year ended 31 December 2022

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2021		5,426	11,148	(4,168)	31,189	43,595
Profit for the period		-	-	-	4,553	4,553
Cash flow hedge reserve		-	-	(124)	-	(124)
Total comprehensive income for the year		-	-	(124)	4,553	4,429
Issue of share capital	23	20	399	-	-	419
Joint-share ownership plan	26	-	-	(310)	-	(310)
Share-based payment adjustments	26	-	-	36	-	36
Deferred tax regarding share-based payments		-	-	128	-	128
Final dividend relating to 2020		-	-	-	(1,372)	(1,372)
Interim dividend relating to 2021	11	-	-	-	(651)	(651)
Transactions with owners		20	399	(146)	(2,023)	(1,750)
Balance at 31 Dec 2021		5,446	11,547	(4,438)	33,719	46,274
Profit for the period		-	-	-	709	709
Cash flow hedge reserve		-	-	(902)	-	(902)
Total comprehensive income for the year		-	-	(902)	709	(193)
Issue of share capital	23	178	3,387	-	-	3,565
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	11	-	-	-	(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	(8,498)	32,242	44,302

Notes to the financial statements

continued
for the year ended 31 December 2022

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

	Notes	2022 £000	2021 £000
Wages and salaries		3,292	3,913
Social security costs		419	475
Other pension costs		265	218
Share-based payment charges	26	213	53
Employment costs		4,189	4,659

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:

	2022 Number	2021 Number
Directors	5	5
Production	33	32
Administration	16	16
Sales and Technical	32	29
Average headcount	86	82

33. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patents trademarks & registrations £000	Development costs £000	Software & Licenses £000	Total £000
Cost							
As at 31 December 2021	5,490	4,464	559	1,800	806	797	13,916
Additions	-	78	-	115	528	10	731
Reclassifications	-	135	-	-	(135)	136	136
Disposals	-	-	-	-	(45)	-	(45)
As at 31 December 2022	5,490	4,677	559	1,915	1,154	943	14,738
Accumulated amortisation							
As at 31 December 2021	-	903	546	1,068	-	632	3,149
Charge for the year	-	326	13	195	-	102	636
Reclassifications	-	-	-	-	-	98	98
As at 31 December 2022	-	1,229	559	1,263	-	832	3,883
Net book value							
As at 31 December 2021	5,490	3,561	13	732	806	165	10,767
As at 31 December 2022	5,490	3,448	-	652	1,154	111	10,855

The reclassification to Brands and Developed Products of £135,000 represents newly created products from Development projects. The reclassification to Software and Licenses of £136,000 cost and £98,000 amortisation, represents website costs previously included as a tangible asset, see also note 34.

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

Notes to the financial statements

continued
for the year ended 31 December 2022

34. Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 31 December 2021	1,921	3,801	473	844	7,039
Additions	29	38	32	707	806
Transfer of assets in construction	303	1,203	(3)	(1,503)	-
Reclassification	-	-	(136)	-	(136)
Disposals	(2)	(25)	(29)	-	(56)
As at 31 December 2022	2,251	5,017	337	48	7,653
Accumulated depreciation					
As at 31 December 2021	313	1,811	323	-	2,447
Charge for the year	47	391	66	-	504
Transfer of assets in construction	(8)	9	-	-	1
Reclassification	-	-	(98)	-	(98)
Disposals	(2)	(24)	(29)	-	(55)
As at 31 December 2022	350	2,187	262	-	2,799
Net book value					
As at 31 December 2021	1,608	1,990	150	844	4,592
As at 31 December 2022	1,901	2,830	75	48	4,854

Held within land and buildings is an amount of £500,000 (2021: £500,000) in respect of non-depreciable land.

The reclassification out of Fixtures, fittings and equipment of £136,000 cost and £98,000 amortisation, represents website costs are now included as a intangible asset, see also note 33.

35. Investment in subsidiaries

	Unlisted investments £000
Cost	
As at 1 January 2021	12,202
Investment in Subsidiaries	2,617
Write-off of dormant subsidiary investments	(7)
As at 31 December 2021	14,812
Investment in Subsidiaries	18
As at 31 December 2022	14,830
Provisions for diminution in value	
As at 1 January 2021 and 31 December 2021	2,616
Provisions made in the year	861
As at 31 December 2022	3,477
Net book value	
As at 1 January 2021	9,586
As at 31 December 2021	12,196
As at 31 December 2022	11,353

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 £18,000 (2021: £2,617,000). This 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 Technology Services and the Group holds 100% of the Ordinary Shares.

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

Notes to the financial statements continued
for the year ended 31 December 2022

	Country of registration or incorporation	
Directly held		
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, Cuauitlan-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 2022 in accordance with Section 479A of The Companies Act 2006.

** Dormant companies

36. Deferred tax

		2022 £000	2021 £000
As at 1 January		1,962	1,470
Income statement (charge)/credit		(36)	631
Deferred tax credited directly to equity		(202)	(139)
As at 31 December		1,724	1,962
		Accelerated tax allowances £000	Fair value gains £000
		Cashflow hedge £000	Other timing differences £000
		Total £000	
As at 1 January 2021		947	671
Income statement credit		497	134
Deferred tax credited directly to equity		-	(29)
As at 31 December 2021		1,444	805
Income statement (charge)/credit		135	(25)
Deferred tax charged/(credited) directly to equity		-	(273)
As at 31 December 2022		1,579	780
		(258)	(242)
		(135)	1,724

	2022 £000	2021 £000
Deferred income tax asset	-	(302)
Deferred income tax liability	1,724	2,264
Net deferred income tax liability	1,724	1,962

37. Inventories

	2022 £000	2021 £000
Raw materials and consumables	4,664	2,366
Finished goods and goods for resale	651	853
Inventory	5,315	3,219

Notes to the financial statements continued
for the year ended 31 December 2022

38. Trade and other receivables

	2022 £000	2021 £000
Trade receivables - gross	3,958	4,706
Less: expected credit losses	(149)	(166)
Trade receivables - net	3,809	4,540
Receivables from Subsidiary undertakings	6,479	8,789
Taxes	56	125
Other receivables	2	2
Prepayments	499	433
Total trade and other receivables	10,845	13,889

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 Dec 2022 (2021: £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 2021	32	33	65
Provisions for receivables created	13	115	128
Amounts recovered during the year	-	(27)	(27)
As at 31 December 2021	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)
Foreign exchange (losses) and gains	-	-	-
As at 31 December 2022	32	117	149

39. Trade and other payables

	2022 £000	2021 £000
Trade payables	2,620	2,533
Amounts due to subsidiary undertakings	4,202	4,536
Taxes and social security costs	127	102
Other payables	44	52
Accruals and deferred income	503	1,437
Trade and other payables	7,496	8,660

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

	2022 £000	2021 £000
Treasury shares	1,189	1,189
Joint Share Ownership Plan	11,110	7,840
Merger reserve	(228)	(228)
Unrealised reserve	(2,021)	(2,021)
Share-based payment reserve	(2,393)	(2,281)
Cash flow hedge reserve	841	(61)
Other reserves	8,498	4,438

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

A reconciliation of each component of other reserves that has a movement is shown in the note 24.

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	2022 £000	2021 £000
Amounts owed by Subsidiaries	38	6,479	8,789
Amounts owed to Subsidiaries	39	4,202	4,536

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.

Company information

Enquiries:

Anpario plc

Richard Edwards, CEO

+44(0) 777 6417 129

Marc Wilson, Group Finance Director

+44(0) 1909 537380

Karen Prior, Corporate Responsibility Director and Company Secretary

+44(0) 1909 537380

Peel Hunt LLP (Nomad and broker)

Adrian Trimmings

+44 (0)20 7418 8900

Andrew Clark

Lalit Bose

Website

The Group's main commercial site can be found at <https://www.anpario.com/>

The Group's investor focused page can be found at <https://www.anpario.com/investor/>

The site is regularly updated to provide information about the Group and further links are provided below.

Annual reports - <https://www.anpario.com/investor/annual-reports/>

Regulatory news - <https://www.anpario.com/investor/rns-announcements/>

AGM information - <https://www.anpario.com/investor/shareholder-notices/>

Registrar

Any enquiries concerning your holding of shares should be addressed to the Company's registrar. The registrar should be notified promptly of any change in a shareholder's address or other details. The contact details for the Company's registrar are as below:

Share Registrars Limited

3 The Millennium Centre

Crosby Way

Farnham

Surrey

GU9 7XX

England

Telephone: 01252 821390

Website: <https://www.shareregistrars.uk.com/>

Payment of dividends

Shareholders may find it more convenient to make arrangements to have dividends paid directly into their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post. To set up a dividend mandate or to change an existing mandate, please contact Share Registrars Limited, whose details are above.

Shareholder security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. Details of any share dealing facilities that the Company endorses will be included in Company mailings or on our website. More detailed information can be found at www.moneyadviceservice.org.uk.

You can find out more information about investment scams, how to protect yourself and report any suspicious telephone calls to the Financial Conduct Authority (FCA) by visiting its website (www.fca.org.uk/scamsmart/resources) or contacting the FCA on 0800 111 6768.

Company number

Registered in England and Wales 03345857

Registered office and head office

Manton Wood Enterprise Park
Worksop
Nottinghamshire
S80 2RS
England
Telephone: 01909 537380

Board

Executive Directors

Richard Edwards – Chief Executive Officer
Marc Wilson – Group Finance Director
Karen Prior – Corporate Responsibility Director

Non-executive Directors

Kate Allum – Non-Executive Chairman
Matthew Robinson – Non-Executive Director

Company secretary

Karen L Prior

Stock exchange

London
Code: ANP

Auditor

BDO LLP

Two Snowhill
Birmingham
B4 6GA
England

Nominated adviser and broker Peel Hunt LLP

7th Floor
100 Liverpool St
London
EC2M 2AT
England
Telephone: 0207 418 8900

Registrar

Share Registrars Limited

3 The Millennium Centre
Crosby Way
Farnham
Surrey
GU9 7XX
England
Telephone: 01252 821390
Website: <https://www.shareregistrars.uk.com/>

AGM

Anpario has published its Notice of AGM, which has been sent to shareholders who have elected to receive them and is available on the Company's website: www.anpario.com/investor/shareholder-notices/. The Board plans to hold the AGM at 11.00 am on Thursday 29 June 2023 at Anpario plc, Unit 5, Manton Wood Enterprise Park, Worksop, S80 2RS.

Global Leaders. Local Experts.

Offices in: Mexico, USA, Brazil, Ireland, UK, Germany, Turkey, UAE, China
Malaysia, Thailand, Vietnam, Indonesia, Australia & New Zealand



Anpario's Product Portfolio



Health & Performance

Products that naturally support and maintain gut health. A balanced gut microflora is essential for optimal immune function, digestion and absorption of nutrients to achieve maximum performance.

Feed Quality

Products that will improve feed quality to deliver optimum feed performance.

Toxin Management

Products that help to mitigate problems associated with the potentially harmful effects of a wide range of mycotoxins found in the feed of livestock and aquaculture.

Hygiene & Insect Control

Products that help to mitigate the risk of feed deterioration, anti-nutrients, pests and poor environmental hygiene. Improving feed and water quality supports gut health to achieve maximum performance.

Head Office

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