

**ECO Animal Health Group plc (“ECO”, the “Company” or the “Group”)  
(AIM: EAH)**

**Results for the six months ended 30 September 2023**

**HIGHLIGHTS**

**Financial**

- Group Revenue increased 9% to £38.0 million (H1 2022: £34.9 million)
  - Revenues on a constant currency basis increased 15%
- Gross margins 41% (H1 2022: 45%)
- Adjusted EBITDA at £0.7 million (H1 2022: £1.7 million)
- Loss per share of 1.93p (H1 2022: earnings per share: 1.96p)
- Cash generated by operations increased to £4.8m (H1 2022: £3.0m)
- Cash balances increased to £20.6m (30 September 2022 £12.9m)

**Operational**

- Revenue in China and Japan increased by 14% to £9.7 million (H1 2022: £8.5 million)
- Revenue in USA and Canada increased by 26% to £8.2 million (H1 2022: £6.5 million)
- US FDA and Veterinary Drugs Directorate in Canada approval received for use of Aivlosin® in pregnant and lactating sows
- Successful recent Capital Markets Day highlighted significant potential unrecognised future value in R&D pipeline
- ESG – ‘A’ rating by Integrum ESG

**David Hallas, Chief Executive Officer of ECO Animal Health Group plc, commented:** *“I am very pleased to see continuing revenue growth, despite currencies headwinds for a large part of this first half. Adjusting for the currency effect underlying growth in revenues increased by 15%. We expect gross margins to improve in the second half due to sales mix and improvements in Cost of Goods. We have strong visibility over second half revenue. The Board looks forward with cautious optimism to reporting the full year numbers in line with market expectations.*

*I was particularly proud to showcase, at our recent Capital Markets Day, some of the great results we are seeing in our R&D programme. We plan to make further disclosure as our projects progress; the intention being to build shareholder knowledge and confidence around our future potential”.*

**Forward-Looking Statements**

This announcement contains certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Company and Group during preparation and up to the publication of this announcement. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future and thereby involving a degree of uncertainty. Therefore, nothing in this announcement should be construed as a profit forecast by the Company or Group.

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## **CHAIRMAN AND CHIEF EXECUTIVE'S COMBINED STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

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The Board is pleased to present the results for the Group for the six months ended 30 September 2023 ("H1 2023"). During the first half of the financial year, the Group experienced positive global sales momentum and despite currency headwinds our results show good revenue growth. The Group expects that the typical pattern of demand will result in a stronger second half to our year. The Group's revenue since September 2023, current order books and run rate of sales from the Group's stocking locations provides 90% coverage of the projected second half revenue (94% of full year consensus market forecasts\*). Phasing and mix of revenues, inventory usage and costs all support the forward view of gross margins. We invested further in our promising R&D pipeline and we continued to grow our commercial footprint in anticipation of the introduction of new products. The Board is also proud to have been awarded an 'A' rating for ESG – the highest grade possible – by Integrum ESG, higher than some 300 companies ranked in our sub-sector. This highlights our continuing/ efforts to improve our impact on not only the environment but also the communities we work with.

\* The Board understands that current consensus figures for FY23 are £88.3m of revenue and £7.7m Adjusted EBITDA

### **Financial Performance**

Group revenue was 9% higher in H1 2023 at £38.0 million (H1 2022: £34.9 million). China and Japan revenue of £9.7 million represented 26% of Group revenue (H1 2022: 24%). On a constant currency basis the Group's revenue in H1 2023 was £40.1 million; an increase of 15% compared with H1 2022. The principal currency effects were from a weaker US Dollar and Chinese RMB compared with Sterling during the period.

Excluding China and Japan, revenue from other markets grew by 7%, in aggregate, to £28.3 million (H1 2022: £26.4 million).

The gross margin in H1 2023 was 41% (H1 2022: 45%). A combination of foreign exchange effects and cost of purchases of the active pharmaceutical ingredient ("API"), as well as certain increased costs of manufacture outside of China have impacted the gross margins. In addition, depreciation of the company's factory equipment in China was charged to Cost of Sales in the period (in 2022, during the factory rebuild, depreciation was charged to administrative costs). It is expected that the revenue and API effects will in part reverse in H2 2023. The Gross margin movement may be analysed as follows:

	%
Gross margin in the six months ended 30 September 2022	45.3
F/x impact on revenue	(3.5)
F/x impact on cost of sales	0.9
Impact of API inventory sales lag	(1.1)
China depreciation charged to cost of sales	(0.5)
Other increased cost of manufacture	(0.3)
Gross margin in the six months ended 30 September 2023	<u>40.8</u>

Administrative expenses excluding foreign exchange gains at £14.2 million were 13% higher than the comparative period last year (H2 2022: £12.6 million). This arose in the main from increased personnel costs offset in part by savings in legal, audit and professional.

Research and development ("R&D") expenses shown in the income statement together with the amounts capitalised were in aggregate a cash investment of £3.6 million (H1 2022: £4.2 million). This represented 9.0% of revenue generated in the period (H1 2022: 12.0%).

Earnings before interest, tax, depreciation, amortisation and impairment, share based payments and foreign exchange movements ("Adjusted EBITDA") were £0.7 million (H1 2022: £1.7 million). This reduction arose as a direct consequence of the higher revenue offset by lower gross margin and increased personnel costs.

Cash generated from operations was £4.8 million (H1 2022: £3.0 million). Continuing close management of working capital – in particular inventories and receivables – has resulted in a cash balance of £20.6 million which is significantly greater than at 30 September 2022 and comparable to the level at 31 March 2023. Cash balances at 30 September 2023 can be analysed as follows:

	At 30 September	
	2023	2022
	(£'m)	(£'m)
Held in UK	6.1	2.8
Held in non-China subsidiaries	2.9	2.0
Held in China 100% owned subsidiary	1.5	4.1
Held in China 51% owned subsidiary	10.1	4.0
	<u>20.6</u>	<u>12.9</u>

The Group repatriates cash from China by annual dividend declaration; this is subject to withholding taxes of 5% and is paid according to the relevant shareholdings. On a day - to - day basis, the Board considers the cash held in the Group's joint venture subsidiary in China to be unavailable to the Group outside of China; accordingly, cash management and funds available for investment in R&D is based upon the cash balances outside of China.

During July 2023, two dividends totalling £3.4 million were received from China.

The Group's committed banking facilities remain at £15.0 million, being a £5.0 million overdraft facility and a £10 million revolving credit facility. These facilities expire on 30 June 2026 and were undrawn as at 30 September 2023.

Basic loss per share in the six months ended 30 September 2023 was 1.93p (H1 2022: EPS 1.96p). The prior period EPS benefited from the exchange rate gain reported in the period of £2.6 million in the six months ended 30 September 2022.

## Business Performance

The geographical analysis of the Group's revenue in the six months ended 30 September 2023 compared to the prior period in 2022 and the full year ended 31 March 2023 was as follows:

<b>Revenue Summary</b>	6 months ended 30 September			Year ended
	2023 (£'m)	2022 (£'m)	H1 23 vs H1 22 % Change	31 March 2023 (£'m)
China and Japan	9.7	8.5	14%	26.4
North American (USA and Canada)	8.2	6.5	26%	15.2
South and Southeast Asia	7.8	7.4	5%	16.8
Latin America	7.7	7.9	(3%)	18.1
Europe	3.4	2.9	17%	6.0
Rest of World and UK	1.2	1.7	(29%)	2.8
<b>Total Group</b>	<b>38.0</b>	<b>34.9</b>	<b>9%</b>	<b>85.3</b>

Group revenue increased by 9% to £38.0 million (H1 2022: £34.9 million). As stated earlier, on a constant currency basis the increase in revenue was 15% in H1 2023 compared with H1 2022. The main components of this revenue improvement were from China and the USA. As noted in the Group's FY23 Annual Report the strong trading in the final quarter ended 31 March 2023 carried over into the spring and early summer months; this demand for Aivlosin® was driven by disease incidence, in particular Porcine Reproductive and Respiratory Syndrome ("PRRS") virus. Similarly, the strength in the USA market was associated with prevalence of disease and strong key account relationships. The improvement in European revenue was offset by a phasing of revenues derived from North African markets.

Aivlosin® continues to gain market share from other longer established branded antimicrobials. The growth seen in Southeast Asia during the last four or five years has continued during 2023. The poor poultry market in India in recent years has recovered with revenue increasing to £2.9 million (H1 2022: £2.2 million). Thailand remained the largest single market for the Group's products in this region with revenue increasing to £3.6 million (H1 2022: £3.5 million), supported with good sales into Bangladesh, Pakistan, Malaysia and Vietnam of £1.2 million (H1 2022: £1.6 million). Revenue in Latin America decreased 3% to £7.7 million (H1 2022: £7.9 million), with Brazil representing the largest market at £4.2 million (H1 2022: £4.2 million). Brazil's exports of pork to China continued during the period providing strong demand for Aivlosin®. Mexico revenue in H1 2023 was £0.3 million higher than the equivalent period last year and the remaining countries in Latin America were broadly consistent year on year. Revenue derived from Europe was £0.5 million higher than H1 2022. Within the continent, Spain remained the largest single market with revenues of £0.8 million in the six months ended 30 September 2023 (H1 2022: £1.0 million).

## Accelerated growth through R&D investment

Work on the Group's promising pipeline of new products has continued at pace during the first half of this financial year with £3.6 million (H1 2022: £4.2 million) spent during the period. We held a Capital Markets Day ("CMD") on 9 November 2023 during which a great deal of detail was provided on the Group's pair of Mycoplasma vaccines for poultry, the Group's novel injectable antimicrobial, the Group's very promising PRRS virus vaccine and combination PCV2/MHyovaccine for swine and the Group's approach to a vaccine for necrotic enteritis in poultry. These latter three projects employ highly novel monoclonal technology approaches and promise to deliver significant technological disruption to the prevention of these diseases. We highlighted some very significant efficacy results which describe statistically significant immunity to disease challenge when compared with control groups incorporating placebo, untreated and treated with commercially available existing products. The presentations at the CMD concluded with an assessment of the revenue and profit contribution potential in the R&D portfolio as well as a description of the net present value and internal rate of return of the projects when assessed over their product life cycle.

The Board considers the R&D portfolio to be rich in opportunity and investment in this programme to be in shareholders' best interests. These new products are complementary to our extremely successful existing Aivlosin® based business, addressing the same markets, producers, distributors and disease complexes. It is envisaged that as revenue and profits begin to be generated from these new product introductions the resulting cashflow will be applied in a progressive way to dividend distribution further enhancing shareholder value.

## **Strategy**

Following the refresh of the Group's strategy in the Autumn of 2022, a year later the leadership team once again reviewed the Group's direction and priorities. This resulted in an endorsement of the vision and values of the Group. The embodiment of these values is in the "3 C's" – these being Curiosity, Commitment and Collaboration. Furthermore, the focus on delivering the class leading products promised by the R&D effort was reinforced as the primary opportunity to deliver shareholder value. Specific actions arising involve prioritising projects with a balance of net present value, risk, proximity to market and size of funding requirement. In addition, key actions have been taken in relation to building the operational capabilities and manufacturing collaborations to fulfil the commercial needs of the new products.

The Group is open to and will pursue further collaboration including technical partnering, licensing and M&A activity.

## **People**

The Board acknowledges the value that our people relationships bring to the business. Whether it is current team members who describe the 3C's in their everyday, prospective members of staff for whom the 3C's resonate, customers, R&D partners commercial partners or shareholders we understand the value of engagement and the additive effect of a team working collectively. Engagement surveys and environment, social and governance initiatives have continued to enshrine these values. The Board extends its sincere gratitude to all our people, customers, partners and collaborators as we seek to maximise shareholder and stakeholder value.

## **Outlook**

The Group expects that the historically observed increased demand for Aivlosin® associated with the Northern Hemisphere winter will once again result in a stronger second half to our year. 94% of the market consensus revenue\* is covered by year-to-date revenue, order books and run rate from the Group's stocking locations. Additionally, the first half currency headwinds have normalised and the phasing and mix of revenues, inventory usage and costs all support the forward profitability view. The Board will continue during the remainder of this financial year to invest in our extremely exciting new product pipeline.

The Board looks forward with cautious optimism to reporting the full year numbers in line with market expectations\*.

\* The Board understands that current consensus figures for FY23 are £88.3m of revenue and £7.7m Adjusted EBITDA

***Dr Andrew Jones***

***Non-executive Chairman***

***David Hallas***

***Chief Executive Officer***

## CONSOLIDATED INCOME STATEMENT

	Notes	Six months to 30.09.23 (unaudited) £000's	Six months to 30.09.22 (unaudited) £000's	Year ended 31.03.23 (audited) £000's
<b>Revenue</b>	6	<b>38,009</b>	<b>34,859</b>	<b>85,311</b>
Cost of sales		(22,508)	(19,063)	(46,935)
<b>Gross profit</b>		<b>15,501</b>	<b>15,796</b>	<b>38,376</b>
		40.8%	45.3%	45.0%
Other income		29	242	357
Research and development expenses		(2,098)	(2,923)	(5,920)
Administrative expenses		(14,016)	(10,032)	(27,866)
<b>(Loss)/profit from operating activities</b>		<b>(584)</b>	<b>3,083</b>	<b>4,947</b>
Finance income		76	42	104
Finance costs		(166)	(137)	(656)
<b>Net finance cost</b>		<b>(90)</b>	<b>(95)</b>	<b>(552)</b>
Share of profit of associate		47	51	45
		<b>47</b>	<b>51</b>	<b>45</b>
<b>(Loss)/profit before income tax</b>		<b>(626)</b>	<b>3,039</b>	<b>4,440</b>
Income tax charge	8	(580)	(929)	(1,349)
<b>(Loss)/profit for the period</b>		<b>(1,206)</b>	<b>2,110</b>	<b>3,091</b>







Share-based payments	-	-	-	-	-	175	175	-	175
Dividends	-	-	-	-	-	-	-	(1,810)	(1,810)
<b>Transactions with owners</b>	-	-	-	-	-	<b>175</b>	<b>175</b>	<b>(1,810)</b>	<b>(1,635)</b>
<b>Balance as at 30 September 2022</b>	<b>3,381</b>	<b>63,319</b>	<b>657</b>	<b>106</b>	<b>2,369</b>	<b>13,913</b>	<b>83,745</b>	<b>11,354</b>	<b>95,099</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Group		
		As at 30.09.23 (unaudited)	As at 30.09.22 (unaudited)	As at 31.03.23 (audited)
		£000's	£000's	£000's
<b>Non-current assets</b>				
Intangible assets	9	36,639	35,058	35,636
Property, plant and equipment		5,834	4,835	6,097
Investment property		-	227	0
Right-of-use assets		3,857	1,635	4,282
Investments		274	264	252
Deferred tax assets		579	523	559
<b>Total non-current assets</b>		<b>47,183</b>	<b>42,542</b>	<b>46,826</b>
<b>Current assets</b>				
Inventories		19,497	32,853	22,409
Trade and other receivables		25,748	24,832	26,850
Income tax recoverable		1,647	1,598	2,947
Other taxes and social security		461	801	394
Cash and cash equivalents		20,577	12,883	21,658
Assets held for sale		230	-	230
<b>Total current assets</b>		<b>68,160</b>	<b>72,967</b>	<b>74,489</b>
<b>TOTAL ASSETS</b>		<b>115,343</b>	<b>115,509</b>	<b>121,315</b>
<b>Current Liabilities</b>				
Trade and other payables		(15,020)	(13,242)	(14,523)
Provisions		(5,301)	(4,512)	(5,178)
Income tax payable		(116)	(351)	(1,017)
Other taxes and social security payable		(151)	(481)	(516)
Lease liabilities		(934)	(97)	(884)
Dividends		(50)	(50)	(50)
<b>Total current liabilities</b>		<b>(21,572)</b>	<b>(18,733)</b>	<b>(22,168)</b>
<b>Net current assets</b>		<b>46,588</b>	<b>54,234</b>	<b>52,321</b>
<b>Total assets less current liabilities</b>		<b>93,771</b>	<b>96,776</b>	<b>99,147</b>
<b>Non-current liabilities</b>				
Lease liabilities		(3,204)	(1,677)	(3,596)
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<b>90,567</b>	<b>95,099</b>	<b>95,551</b>
<b>EQUITY</b>				
Issued share capital		3,382	3,381	3,381
Share premium account		63,319	63,319	63,319

Revaluation reserve	657	657	657
Other reserves	106	106	106
Foreign exchange reserve	1,115	2,369	1,878
Retained earnings	12,942	13,913	13,929
Shareholders' funds	81,521	83,745	83,270
Non-controlling interests	9,046	11,354	12,281
<b>TOTAL EQUITY</b>	<b>90,567</b>	<b>95,099</b>	<b>95,551</b>

## Consolidated Cash Flow Statement

	Group		
	Six months to 30.09.23 (unaudited)	Six months to 30.09.22 (unaudited)	Year ended 31.03.23 (audited)
	£000's	£000's	£000's
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax	(627)	3,039	4,440
<b>Adjustment for:</b>			
Finance income	(76)	(42)	(104)
Finance cost	166	137	656
Foreign exchange (gain)/loss	(219)	(2,573)	(468)
Depreciation	452	162	812
Amortisation of right-of-use assets	203	196	452
Revaluation of investment property	-	-	(3)
Amortisation of intangible assets	533	546	1,087
Share of associate's results	(47)	(51)	(45)
Share based payment charge	320	175	408
<b>Operating cash flows before movements in working capital</b>	<b>705</b>	<b>1,589</b>	<b>7,235</b>
Change in inventories	2,535	(1,671)	7,776
Change in receivables	2,349	4,153	(1,843)
Change in payables	(793)	(1,593)	3,802
Change in provisions and pensions	16	502	1,439
<b>Cash generated from operations</b>	<b>4,812</b>	<b>2,980</b>	<b>18,409</b>
Finance costs	(6)	(71)	(451)
Income tax	(135)	(1,039)	(2,052)
<b>Net cash from operating activities</b>	<b>4,671</b>	<b>1,870</b>	<b>15,906</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(386)	(1,255)	(3,562)
Purchase of intangibles	(1,536)	(1,300)	(2,419)
Finance income	76	42	104
<b>Net cash (used in)/from investing activities</b>	<b>(1,846)</b>	<b>(2,513)</b>	<b>(5,877)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	1	-	-
Interest paid on lease liabilities	(160)	(67)	(205)
Principal paid on lease liabilities	(112)	(202)	(387)
Dividends paid	(2,813)	(1,810)	(1,810)
<b>Net cash (used in)/from financing activities</b>	<b>(3,084)</b>	<b>(2,079)</b>	<b>(2,402)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(259)</b>	<b>(2,722)</b>	<b>7,627</b>

Foreign exchange movements	(822)	1,291	(283)
Balance at the beginning of the period	21,658	14,314	14,314
<b>Balance at the end of the period</b>	<b>20,577</b>	<b>12,883</b>	<b>21,658</b>

## NOTES TO THE PRELIMINARY RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2023

### 1. General information

ECO Animal Health Group plc ("the Company") and its subsidiaries (together "the Group") manufacture and supply animal health products globally.

The Company is traded on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is The Grange, 100 High Street, Southgate, London, N14 6BN.

### 2. Summary of the Group's significant accounting policies

#### 2.1 Basis of preparation

The financial information for the period to 30 September 2023 does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. It has been prepared in accordance with the accounting policies set out in, and is consistent with, the audited financial statements for year ended 31 March 2023.

This Interim Statement has not been audited or reviewed by the Group's auditors.

#### 2.2 Statement of compliance

This Interim Statement is prepared in accordance with IAS 34 "Interim Financial Reporting". Accordingly, whilst the Interim Statement has been prepared in accordance with IFRS, and the primary statements follow the format of the annual financial statements, only selected notes are included - those that provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual reporting date. IAS 34 states a presumption that anyone who reads the Group's Interim Statement will also have access to its most recent annual report. Accordingly, annual disclosures are not repeated in this Interim Statement.

### 3. Changes to significant accounting policies and other restatements

The principal accounting policies which are adopted by the Group in the preparation of its financial statements are set out in the consolidated financial statements of the Group for the year ended 31 March 2023. These policies have been consistently applied to all prior years. The Group's accounting policies have been consistently applied in accordance with IFRS continued into the six months ended 30 September 2023.

As set out in the consolidated financial statements of the Group for the year ended 31 March 2023, new standards and amendments came into effect during the financial year. These standards and amendments do not have a material impact.

For the March 2023 Annual Report and Accounts, the Group reviewed the accounting for share incentive awards made to employees of subsidiary companies and concluded that the previous approach to recording the transaction in the balance sheet of the parent company should be by increasing the value of the investment in subsidiary, rather than recording it as an intercompany receivable. Accordingly, the prior year balance sheets of the Parent company have been restated to show this presentation. There is no impact or effect on the consolidated financial statements.

Full details are given in the Annual Report and Accounts for the year ended 31 March 2023, and there is no financial effect on the interim consolidated financial statements.

4. **Revenue** is derived from the Group's animal pharmaceutical businesses.

#### 5. Principal risks and uncertainties

The principal risks and uncertainties relating to the Group were set out on pages 10-13 of the Group's Annual Report and Accounts for the year ended 31 March 2023. The key exposures are to foreign currency exchange rates, potential delays in obtaining marketing authorisations, single sources of supply for some raw materials, disease impact on growth, trade debtor recovery and recession in major regions of the world leading to reduced demand for the Group's products have remained unchanged since the year end.

### 6. Segment information

Management has determined the operating segments based on the reports reviewed by the Board to make strategic decisions. The Board considers the business from a geographical perspective. Geographically, management considers the performance in the

Corporate/UK, China and Japan, North America, South and South East Asia, Latin America, Europe and the Rest of the World. Revenues are geographically allocated by the destination of customer. The performance of these geographical segments is measured using Earnings before Interest, Tax, Depreciation and Amortisation ("Adjusted EBITDA\*\*"), adjusted to exclude share-based payments, revaluation, impairment and personnel related litigation matters. Adjusted EBITDA is a non-GAAP measure used by the management to assess the underlying business performance.

	Corporate /U.K. £000's	China & Japan £000's	North America £000's	S & SE Asia £000's	Latin America £000's	Europe £000's	Rest of World £000's	Total £000's
<b>Six months to 30.09.23 (unaudited)</b>								
Sale of goods	503	9,705	8,193	7,746	7,722	3,481	562	37,912
Royalties	-	-	-	-	-	-	97	97
Revenue from external customers	503	9,705	8,193	7,746	7,722	3,481	659	38,009
Adjusted EBITDA**	(8,363)	1,948	3,267	2,591	763	364	354	925
<b>Six months to 30.09.22 (unaudited)</b>								
Sale of goods	756	8,507	6,465	7,460	7,868	2,894	834	34,784
Royalties	-	-	-	-	-	-	75	75
Revenue from external customers	755	8,507	6,465	7,460	7,868	2,894	909	34,859
Adjusted EBITDA**	(6,448)	2,657	2,195	2,972	1,318	1,091	458	4,243
<b>Year ended 31 March 2023</b>								
Sale of goods	1,303	26,374	15,172	16,759	18,107	6,073	1,338	85,126
Royalties	-	-	-	-	-	-	185	185
Revenue from external customers	1,303	26,374	15,172	16,759	18,107	6,073	1,523	85,311
Adjusted EBITDA**	(19,101)	9,340	5,463	6,767	3,059	1,486	689	7,703

A reconciliation of adjusted EBITDA for reportable segments to profit from operating activities is provided as follows:

	Six months to 30.09.23 (unaudited) £000's	Six months to 30.09.22 (unaudited) £000's	Year ended 31.03.23 (audited) £000's
Adjusted EBITDA for reportable segments	925	4,243	7,703
Depreciation	(452)	(240)	(812)
Amortisation of right-of-use assets	(203)	(197)	(452)
Revaluation of investment property	-	-	3
Amortisation	(533)	(546)	(1,087)
Share-based payment charges	(320)	(175)	(408)
(Loss)/profit from operating activities	(583)	3,085	4,948
Foreign exchange movement	(220)	(2,573)	(468)
<b>Adjusted EBITDA for the Group</b>	<b>705</b>	<b>1,670</b>	<b>7,235</b>

## 7. (Loss)/earnings per share

The calculation of basic earnings per share is based on the post-tax profit for the year divided by the weighted average number of shares in issue during the year.

Six months to 30.09.23 (unaudited)	Six months to 30.09.22 (unaudited)	Year ended 31.03.23 (audited)
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	Earnings	Weighted average number of shares	Per share amount	Earnings	Weighted average number of shares	Per share amount	Earnings	Weighted average number of shares	Per share amount
	£000's	000's	pence	£000's	000's	pence	£000's	000's	pence
<b>(Loss)/earnings attributable to ordinary shareholders on continuing operations after tax</b>	<b>(1,307)</b>	<b>67,722</b>	<b>(1.93)</b>	<b>1,324</b>	<b>67,722</b>	<b>1.96</b>	<b>1,008</b>	<b>67,722</b>	<b>1.49</b>
Dilutive effect of share options	-	-	-	-	349	-	-	918	-
<b>Diluted (loss)/earnings per share</b>	<b>(1,307)</b>	<b>67,722</b>	<b>(1.93)</b>	<b>1,324</b>	<b>68,071</b>	<b>1.95</b>	<b>1,008</b>	<b>68,640</b>	<b>1.47</b>

The diluted EPS figure reflects the impact of historic grants of share options and is calculated by reference to the number of options granted for which the average share price for the year was in excess of the option exercise price. As the Group's result for the six months ended 30 September 2023 was loss, there was no dilutive effect on the earnings per share in this period.

## 8. Taxation

The effective rate of the tax charge in the six months to 30 September 2023 is 93%, which is higher than the effective rate in the six months to 30 September 2022 of 31%. This reflects withholding taxes on dividends received during the period and the impact on the tax charge of finalising prior year tax computations.

## 9. Intangible assets

Group	Goodwill	Distribution rights	Drug registrations, patents and license costs	Total
	£000's	£000's	£000's	£000's
<b>Cost</b>				
At 31 March 2022	17,930	407	23,292	41,629
Additions	-	-	1,300	1,300
At 30 September 2022	17,930	407	24,592	42,929
Additions	-	-	1,119	1,119
At 31 March 2023	17,930	407	25,711	44,048
Additions	-	-	1,536	1,536
<b>At 30 September 2023</b>	<b>17,930</b>	<b>407</b>	<b>27,247</b>	<b>45,584</b>
<b>Amortisation</b>				
At 31 March 2022	-	(158)	(7,167)	(7,325)
Charge for the period	-	(10)	(536)	(546)
At 30 September 2022	-	(168)	(7,703)	(7,871)
Charge for the period	-	(10)	(531)	(541)
At 31 March 2023	-	(178)	(8,234)	(8,412)
Charge for the period	-	(10)	(523)	(533)
<b>At 30 September 2023</b>	<b>-</b>	<b>(188)</b>	<b>(8,757)</b>	<b>(8,945)</b>
<b>Net Book Value</b>				
<b>At 30 September 2023</b>	<b>17,930</b>	<b>219</b>	<b>18,490</b>	<b>36,639</b>
At 31 March 2023	17,930	229	17,477	35,636
At 30 September 2022	17,930	239	16,889	35,058
At 31 March 2022	17,930	249	16,125	34,304

The amortisation and impairment charges are included within administrative expenses in the income statement.

The Group continuously reviews the status of its research and development activity, paying close attention to the likelihood of technical success and the commercial viability of development projects. In the period to September 2023 there were no indications that any development projects for which costs have previously been capitalised were unlikely to achieve technical success or commercial viability.

## 10. Related party transactions

### Interest and management charges from Parents to the other Group companies

During the period Zhejiang ECO Animal Health Ltd paid dividends to ECO Animal Health Ltd of £449,600 (RMB 3,916,015).

During the period Zhejiang ECO Biok Animal Health Products Limited paid dividends of £225,029 (RMB 1,960,000) to ECO Animal Health Group plc (H1 FY2023: £144,828) and £2,702,641 (RMB 23,540,000) to ECO Animal Health Limited (H1 FY2023: £1,739,409).

This financial information was approved by the board on 26 November 2023.  
This interim statement is available on the Group's website.

DIRECTORS AND OFFICERS	Andrew Jones David Hallas Chris Wilks Tracey James Frank Armstrong	(Non-Executive Chairman) (Chief Executive) (Chief Financial Officer) (Non-Executive Director) (Non-Executive Director)
REGISTERED OFFICE	The Grange, 100 High Street, Southgate, London, N14 6BN Tel: 020 8447 8899	
COMPANY NUMBER	01818170	
INFORMATION AT	<a href="http://www.ecoanimalhealth.com">www.ecoanimalhealth.com</a>	