

Improving animal health for a sustainable future

ECO Animal Health Group plc
Annual Report 2025



Our Purpose

Driving animal health innovation for a sustainable future

ECO Animal Health Group is a publicly quoted profitable animal health biotech company. It provides quality products for swine and poultry, primarily anti-infectives to treat illness, improve health and performance.

Our Mission

ECO Animal Health strives to provide best in class, scientifically proven, ethical solutions to optimise the health, productivity and wellbeing of pigs and poultry.

Our Vision

We aim to do this sustainably, working in partnership with animal health professionals and livestock producers bringing value to all by improving animal husbandry around the world.

Our Values

Our Values fall under the ‘3 Cs’ of:

Collaboration

We recognise and are respectful of everyone’s contributions and skill sets. We invest in relationships and build trust.

Commitment

We’re committed and accountable to building long lasting and productive relationships with our internal and external clients. We set a high professional standard and deliver on our promises and goals.

Curiosity

We constantly review and improve. We are innovative and continuously learning.



Visit our website

How to use this report

- Go to Contents page
- Go to previous page
- Go to next page
- Find section within the document
- Visit online resources
- Read more in the report

Overview

Year Highlights	02
At a Glance	04

Strategic Report

Chairman and Chief Executive Officer’s Combined Statement	07
Markets	09
Business Model and Strategy	10
Solutions	11
Innovation	13
Investment Case	14
ESG	16
Report of the Chief Financial Officer	20
KPIs	25
Principal Risks and Risk Management	26

Governance

Chairman’s Introduction to Governance	28
Board of Directors	30
Compliance with the Principles of the QCA Code	32
Leadership and the Board	35
Audit Committee Report	37
Remuneration Committee Report	40
Nomination Committee Report	46
Directors’ Report	47

Financial Statements

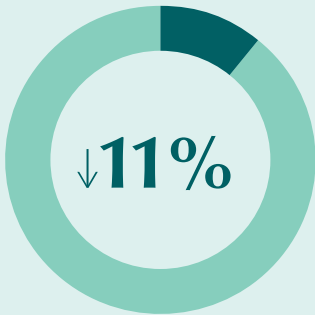
Independent Auditor’s Report	49
Consolidated Income Statement	54
Consolidated Statement of Comprehensive Income	54
Consolidated Statement of Changes in Equity	55
Statement of Changes in Equity	56
Statements of Financial Position	57
Statements of Cash Flows	58
Notes to the Consolidated Financial Statements	59
Directors and Advisers	95

Year Highlights

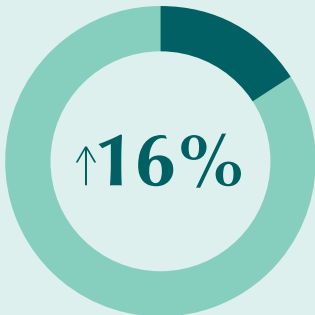
Financial highlights

- Revenue and adjusted EBITDA in line with revised market expectations following strong second half to the year
- Group sales £79.6m (2024: £89.4m)
 - North America growth 16%, contributing a growing share of Group revenues
- Constant currency revenue £81.6m (2024: £89.4m)
- Gross margin increased to 45% (2024: 42%), due to disciplined cost control and pricing, and geographical mix favouring high margin markets
- Adjusted EBITDA of £7.3m (2024: £8.0m), marginally greater than consensus of £7.2m
- Adjusted EBITDA margin improved to 9.2% (2024: 9.0%)
- Research and development expenditure increased to £8.6m (2024: £8.3m), as planned
- Profit before tax increased to £4.0m (2024: £3.0m), driven in part by disposals of non-core assets
- Earnings per share increased by 61% to 2.49p (2024: 1.55p)
- Net cash at the end of the period £25.0m (2024: £22.4m), reinforcing the Group's strong balance sheet with 40% of cash held outside China (2024: 36%)
- RCF facility (£10m) and overdraft (£5m) available and undrawn

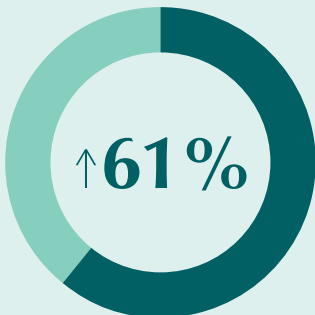
Group sales decreased to £79.6m



North America growth



EPS growth 61%



Adjusted EBITDA

£7.3m



Earnings per share

2.49p



Adjusted EBITDA margin

9.2%



Net cash

£25.0m



Operational highlights

- Aivlosin® demand continues to be robust in key markets, with particular growth in North America
- Regulatory dossier for mycoplasma poultry vaccine ECOVAXXIN® MS submitted to EMA, with further submissions expected in next 12 months
- Broader progress across R&D pipeline, with up to 9 products expected to receive US and EU approval in the next 5 – 6 years

Post year end highlights

- Revenue in USA and China outperforming budgets
- Gross margin strengthening
- South East Asia strong recovery with order book supporting outlook
- Continuing operational improvement including further ERP system roll-out across subsidiaries
- Launch of share buyback to support future employee share incentives vesting



Year Highlights continued

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 involve a degree of uncertainty. Therefore, nothing in this announcement should be construed as a profit forecast by the Company or Group.

“Our focus is on supporting our core business while investing prudently in the R&D pipeline which is our growth engine, and these results show us achieving these key objectives.

David Hallas
Chief Executive Officer



David Hallas, Chief Executive Officer of ECO Animal Health Group plc, commented:

“We are pleased to report another robust financial year for ECO Animal Health, with favourable pricing, geographic mix and disciplined cost control driving an improvement in gross margin and continued cash generation. We’ve achieved this despite unusually challenging trading and market conditions, including lower disease incidence in some regions, currency headwinds and macroeconomic and political uncertainty.”

“ECO is focused on advancing its R&D pipeline and the Company has continued to make targeted investment to position this as the engine of future growth. We are delighted to have submitted the dossier for Mycoplasma poultry vaccine ECOVAXXIN® MS, with further submissions expected in the next 12 months. This lays the foundations for multiple planned vaccine launches from 2026 onwards, which we believe will underpin the next phase of growth from our pipeline, and we look forward to updating the market on progress.”

Contacts

ECO Animal Health Group plc

David Hallas (Chief Executive Officer)
Christopher Wilks (Chief Financial Officer)
020 8447 8899

ICR Consilium (Financial PR)

Mary-Jane Elliott
Jessica Hodgson
020 3709 5700

Singer Capital Markets (Nominated Adviser and Joint Broker)

Philip Davies
Sam Butcher
020 7496 3000

Investec (Joint Broker)

Gary Clarence
Lydia Zychowska
020 7597 5970

Equity Development

Hannah Crowe
Matt Evans
020 7065 2692

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (“MAR”) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via a Regulatory Information Service (“RIS”), this inside information is now considered to be in the public domain.

At a Glance

Shaping the future of swine & poultry prevention with robust portfolio and pipeline

About ECO

ECO Animal Health Group plc is a publicly quoted profitable animal health biotech company. It provides quality products for swine and poultry, primarily anti-infectives to treat illness, improve health and performance.

What we do

The Group has a highly regarded and profitable product with Aivlosin® and it is proud to play an important part in the supply of healthy, nutritious and safe food to swine and poultry.

How we operate

ECO operates through a network of partnerships in key markets around the globe.

Employees

224

Licences

288

Customers

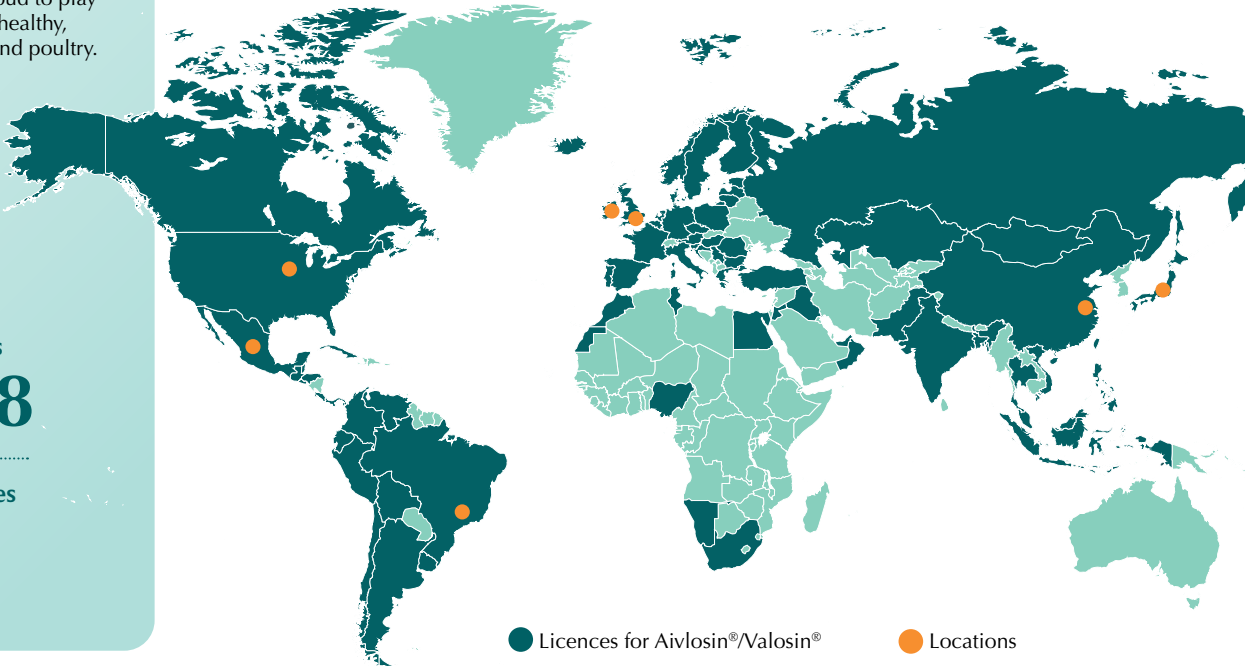
174

Countries

72

Our global presence

USA ECO Animal Health USA Corp	UK ECO Animal Health Limited	China Zhejiang ECO Biok Animal Health Products Limited
Brazil ECO Animal Health do Brasil Comércio de Produtos Veterinarios Ltda	Ireland ECO Animal Health Europe Limited	Japan ECO Animal Health Japan Inc
	Mexico ECO Animal Health de Mexico	



ECO facts

Aivlosin® is one of the 30 largest brands in the over \$40 billion global animal health industry and one of the Top 10 livestock brands.

ECO has a unique model of managing upstream partnerships for R&D and manufacturing, as well as downstream commercial partners.

The business is agile and able to make quick decisions. ECO is international through choice and necessity and is adept at managing those complexities.

Economics

The origin of our name. We provide good value to our customers, our shareholders and employees.

Ecosystem

We are a community, interacting harmoniously and effectively together.

Recognition

We recognise the hard work, dedication and results delivered every day.

Recommendation

Our product and customer services encourage our clients to recommend us to others.

Reconstruct

We are constantly evolving, improving and building on what we have.

Reconcile & Recover

We learn and find ways to reconcile and become stronger individually and as a team.

Become

We aim high and will continue to achieve and aspire.

At a Glance continued

ECO’s goals

Our future aims



ECO is well positioned to invest in R&D to develop new products and provide a second revenue stream alongside Aivlosin® whilst remaining focused on swine and poultry, and infectious diseases.



ECO will continue to develop Aivlosin® and reach countries, species and medical claims which are not fully exploited.



ECO will continue to make strategic earnings-enhancing partnerships or acquisitions to build on its core strengths.



ECO will continue to foster relationships in all areas of the business and identify growth opportunities.



ECO will listen and strive to create a working environment second to none.

Road to success

To achieve these aims, ECO will develop and adapt in the following areas:



Become less dependent on Aivlosin® (which generates over 90% of our revenues).



Develop new products and markets to drive future growth.



Enter the poultry space in the US and other major poultry markets.



Secure the manufacturing of existing and future products.



Develop our organisation, understanding the ambitions of our employees and aligning them with those of the Group.

Industry Context

The ECO R&D pipeline is focused on the future

With human populations predicted to grow from 8.2bn to 10.3bn by the mid-2080s¹, the need for affordable, safe and nutritious protein continues to grow². Key livestock sectors to feed these future generations are the poultry, both meat-producing and egg-laying birds, and pig industries.

ECO's growth strategy focuses on improving the health, welfare and productivity of global pig and poultry populations while delivering shareholder value.

Animal producer and consumer demand, increasingly driven by an awareness of both financial and environmental sustainability, have contributed to the shifting focus from treating animal disease to improving health by preventing disease. Disease prevention requires a multi-faceted approach including superior on-farm management, preventative measures and, when necessary, antibiotic treatment. Vaccines and preventative measures are key to increasing livestock health and this is reflected in the animal health pharmaceutical sector, where the value of the vaccine market is growing at over 3%, higher than all other product sectors, and leads to an expected market value of USD 9.7bn by 2030³.

The ECO R&D pipeline is designed in line with these trends to deliver innovative solutions to prevent economically important infectious diseases in pigs and poultry. The targeted bacterial and viral diseases affect pigs and poultry by causing respiratory issues, immune suppression, reproductive failure and intestinal damage, compromising animal health and productivity.

Our R&D pipeline assets are maturing and have a forecasted total peak year revenue in excess of £170m. Designed to prevent disease and optimise health and productivity in unique and innovative ways, these products will offer best-in-class solutions to difficult health challenges.

The future ECO portfolio will continue to benefit from our flagship Aivlosin® antibiotic which treats mycoplasmosis, a widespread and economically important bacteria, in pigs and poultry. Expanding our customer offering to include state-of-the-art preventative medicines will further improve the health, welfare and productivity of pigs and poultry, the profitability of the producers caring for these animals and ECO shareholder value.

References:

1. Department of Economic and Social Affairs, UN. 2024. World Population Prospects 2024, Summary of Results; July 2024. <https://www.un.org/development/desa/pd/>
2. Henchion, M. *et al.* 2021. Review: Trends for meat, milk and egg consumption for the next decades and the role played by livestock systems in the global production of proteins.
3. Stonehaven Consulting Analytics Report. 2024. Commissioned Research.

“ECO's growth strategy focuses on improving the health, welfare and productivity of global pig and poultry populations while delivering shareholder value.”



Chairman and Chief Executive Officer's Combined Statement

For the year ended 31 March 2025



Joachim Hasenmaier
Chairman



David Hallas
Chief Executive Officer

ECO strives to provide best in class, scientifically validated, ethical solutions to optimise the health, productivity and wellbeing of pigs and poultry.

Overview

We are pleased to update on another positive year for ECO, with continued investment in the Group's late-stage pipeline and further progress across our core commercial operations. This has been achieved despite challenging trading and market conditions, including lower disease incidence in some regions and currency headwinds.

We are particularly pleased to have advanced our regulatory and commercial readiness for our next generation of products. In particular, we were pleased to submit our first poultry vaccine Marketing Authorisation Application to the European Medicines Agency. This is an important milestone in our journey to advance our late-stage product pipeline to commercialisation, which we are targeting from 2026 and we believe will deliver significant long-term value to investors.

Strong product sales and robust profitability

Total revenues for the period were £79.6m (2024: £89.4m), reflecting a strong performance in the second half and momentum in key growth markets. Aivlosin®, the Group's patented antimicrobial used under veterinary prescription for respiratory and gastrointestinal disease in pigs and poultry, remains our flagship product and it has continued to grow in North America, Latin America and India. We secured new and renewed marketing authorisations in a number of geographies and saw a stabilisation of pork prices in major markets.

Sales of Aivlosin® were £72.9m (2024: £82.4m). Ecomectin® and all other non-core products contributed £6.7m (2024: £7.0m).

Gross margin was 45.1% (2024: 42.1%). Adjusted EBITDA was £7.3m (2024: £8.0m). The Group remained cash generative, maintaining a strong cash position across core regions.

The North America market grew by 18% at constant exchange rates, demonstrating another strong year of growth, and the strength of our market proposition in that region.

China had a subdued start but recovered with the six months to 31 March 2025 3% ahead of the prior year on a constant currency basis, benefitting from both strong disease demand and PRRSv eradication programmes.

South and South East Asia was down due to the loss of a major customer in Thailand. However, we saw good growth in the nascent markets of Bangladesh, Philippines and Pakistan as we continue to expand our sales to new geographies.

Research and development pipeline and regulatory progress

We continued to make progress across our proprietary pipeline during the year, with R&D spend of £8.6m (2024: £8.3m), reflecting sustained investment in late-stage vaccine assets.

In March 2025, ECO submitted its first EU vaccine Marketing Authorisation Application to the European Medicines Agency for ECOVAXXIN® MS, a poultry vaccine targeting *Mycoplasma synoviae*. This represented a significant milestone for the Group, with commercial launch targeted for 2026. The submission complements our ongoing regulatory work in the US and Europe for ECOVAXXIN® MG, the sister vaccine against *Mycoplasma gallisepticum*.

We were pleased to host an R&D Day on 13 March 2025, where the leadership team presented a detailed update on the Group's innovation strategy and progress across the vaccine pipeline. A replay of the event can be found at: <https://ecoanimalhealth.com/investors/reports-presentations/>

Disposal of non-core assets

As part of our ongoing focus on core species and geographies, the Group completed the divestment of a number of non-core product lines. These included the equine product Ecomectin® Horsepaste, sold to ACME Drugs S.r.l. for €1.3m (£1.1m) in April 2024, as well as parasite treatment licences for sheep and cattle in Southern Africa, sold for a total of £0.5m in February 2025.

These disposals have allowed ECO to continue streamlining its focus and reinvesting proceeds into its R&D pipeline and share buyback programme to cover the potential vesting of employee share incentives.

People

On behalf of the Board, we would like to thank our global team for their continued dedication, professionalism and hard work during the year. Our people remain at the heart of ECO's success, and we were pleased to see a second year of improved results in our global engagement survey, reflecting the positive impact of new wellbeing, training and workplace initiatives.

“

We are particularly pleased to have advanced our regulatory and commercial readiness for our next generation of products.

David Hallas
Chief Executive Officer

Chairman and Chief Executive Officer's Combined Statement continued

For the year ended 31 March 2025

We were also proud to again receive the highest Environment, Social and Governance (ESG) rating from Integrum ESG, a provider of independent ESG ratings. This underlines our commitment to continually improving our governance and prioritising social and environmental concerns in all aspects of the business.

During the period, we further strengthened the Group through targeted hires across science, development and commercial functions.

Governance and leadership transition

On 31 March 2025, Dr Andrew Jones retired as Chairman after six years in the role. We would like to thank Andrew for his leadership and his significant contributions to ECO's development and growth.

Following a planned succession process, we are pleased to confirm that Dr Joachim Hasenmaier has now assumed the role of Chairman. Joachim brings over two decades of international experience in animal health and has already made a strong contribution to the Board since joining in February 2024.

Dividend

ECO's current investment strategy is to reinvest to support its extensive and deep R&D pipeline, which the Board believes will deliver significant revenue and profit growth and long-term shareholder value. As such no dividend is recommended in respect of the year ended 31 March 2025.

Outlook

Aivlosin® continues to perform well in high-growth territories, and the Group remains well positioned to take an increased market share in North America and Latin America. Trading continues to follow a seasonal pattern and remains second-half weighted. We are encouraged by improving market conditions in China.

The Group is focused on executing its commercial and R&D strategies, with multiple vaccine launches targeted from 2026. We look forward to updating shareholders as we continue to build ECO into a global leader in sustainable animal health.

As of the end of our financial year, the global macroeconomic environment was in a state of flux due to the evolving geopolitical and tariff landscape. This has had no material impact on our financial results. International trade tariffs in veterinary pharmaceuticals have been less affected than other sectors, at least at the time of writing. Post-year end we altered our pricing, which is expected to mitigate the current tariff impacts in North America. We remain vigilant to potential changes and continue to assess any implications on our pricing and global customer relationships. The Group will take appropriate action should the situation change and is actively exploring all possible solutions to mitigate any future disruption.

J. Hasenmaier

Dr Joachim Hasenmaier
Chairman

D. Hallas

Dr David Hallas
Chief Executive Officer
11 July 2025



Markets

An ongoing growth in animal protein demand



Marketplace Drivers



Target Sectors

Swine and Poultry Health

These two sectors account for the majority of the global livestock population, especially in emerging markets. They are highly sensitive to disease outbreaks, requiring consistent anti-infective and vaccine use.

- Key Geographies: China, Southeast Asia, North America, and Latin America are critical, as they:
- Produce the largest volumes of pork and poultry globally.
- Face ongoing challenges with diseases such as PRRS, Mycoplasma, ileitis, and Avian Influenza.



Industry Trends

Reduced Antibiotic Use

Regulatory and consumer pressures are driving a shift from traditional antimicrobials to vaccines, probiotics, and biologics.

- Zoonotic Risk Awareness: Post-COVID-19, there's increasing scrutiny on animal health and food chain biosecurity.
- Rise of Biologics & Preventative Health: Innovation is shifting towards early disease prevention and immune system modulation (e.g. RNA-based vaccines, gut health solutions).



Market Dynamics

Fragmented Global Market

Multinationals dominate (e.g. Zoetis, Elanco). There is space for agile players with strong R&D focus and geographic specialisation.

- As the global market moves away from antimicrobials, ECO is investing heavily in vaccine R&D. This transition is embodied in our upcoming ECOVAXXIN® brand platform and 13-product pipeline targeting swine and poultry diseases.
- The biologics strategy aligns with growing demand for preventative solutions, ensuring long-term relevance and compliance.



Strategic Implications for ECO

Focus on Asia and Emerging Markets

- Aivlosin®'s success is rooted in Asian markets, where disease pressure remains high and rapid growth in animal protein consumption sustains demand for effective treatment.
- ECO tailors its distribution and commercial partnerships accordingly, building localised go-to-market models that align with veterinary infrastructure.

Shift from Antibiotics to Vaccines

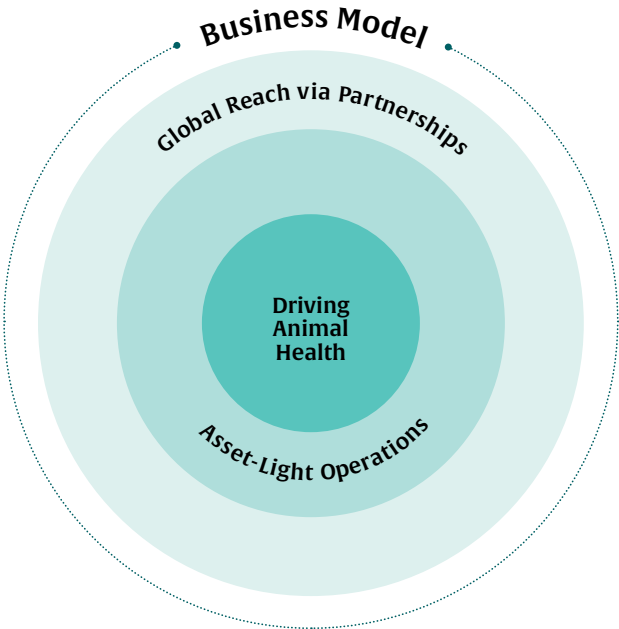
- As the global market moves away from antimicrobials, ECO is investing heavily in vaccine R&D. This transition is embodied in our upcoming ECOVAXXIN® brand platform and 13-product pipeline targeting swine and poultry diseases.
- Our biologics strategy aligns with growing demand for non-antibiotic solutions, ensuring long-term relevance and compliance.

Asset-Light and Outsourced R&D

- Navigating global market complexity with a flexible cost base is essential. By outsourcing manufacturing and much of its R&D, ECO reduces risk and accelerates speed to market – especially important given varying regulatory regimes and approval timelines across regions.

Business Model and Strategy

Precision animal health with a targeted business model



● **Driving Animal Health**
We concentrate on developing and commercialising veterinary pharmaceutical and biological products for swine and poultry, with a key strength in anti-infectives.

● **Asset-Light Operations**
The Company maintains a lean structure, outsourcing much of its R&D and manufacturing. Partnering with contract manufacturers such as the FDA-audited Lukang site in China to produce Active Pharmaceutical Ingredients (APIs), lowering capital expenditure and environmental footprint.

● **Global Reach via Partnerships**
We sell products in over 70 countries through a mix of direct offices (e.g. UK, China, US) and a network of local commercial partners and distributors.

Strategic priorities

1

Diversification Away from Aivlosin®
Aivlosin® accounts for over 90% of the Company's revenue. The goal is to develop multiple new products to reduce dependency, building scale and resilience.

2

Robust R&D Pipeline
Current portfolio includes 13 programmes advancing vaccines, biologics and antimicrobials for swine and poultry. Examples include Mycoplasma vaccines, enteric disease biologics and novel saRNA platforms.

3

Regulatory Progress & Brand Preparation
Trademark approvals (e.g., ECOVAXXIN®) in the EU, US and UK prepare the ground for upcoming vaccine launches starting in 2026, signalling a shift towards biological products.

4

Geographical Expansion
ECO plans to deepen presence in poultry markets especially in the US and explore additional applications and new territories for Aivlosin®.

5

Strategic Partnerships & Selective Acquisitions
The Company continues to form earnings-enhancing alliances, license technology and manufacture externally, while maintaining agility and a lean overhead.

6

Sustainability and ESG-Conscious Operation
ECO's model aligns with environmental responsibility by outsourcing operations and pushing initiatives like solar power and biogas in partner sites. It enforces ESG criteria within its supply chain.

Solutions

Pioneering products that enhance the lives of farm livestock

Our products

Our company holds marketing authorisations in over 70 countries with plans for further growth. Our products reach producers and animal owners through a mixture of third-party distribution, ECO subsidiaries and joint ventures in key food producing markets and direct to major integrators via a key account management approach.



Aivlosin®/Valosin® Solutions

Aivlosin® is a proprietary, patented medication which is effective against both respiratory and enteric diseases in pigs and poultry. As a next generation antibiotic, it meets current guidelines for responsible use of antimicrobials and the needs of the more demanding consumer while being economically beneficial to the producer. Aivlosin® is available only through veterinary prescription.

▶ Learn more at ecoanimalhealth.com/solutions/the-aivlosin-solution



Parasite Solutions

Internal and external parasites can cause a variety of health problems in all animals. ECO Animal Health offers a range of products to treat parasites in cattle, sheep and pigs under the brand name Ecomectin®.

- The Ecomectin® range offers products of consistently high quality at an attractive price.
- Ecomectin® products have been shown to be bioequivalent with Ivomec® products by plasma analyses and/or clinical trials.

▶ Learn more at ecoanimalhealth.com/solutions/parasite-solutions

Innovative New Products

As an integrated solution provider, ECO Animal Health is pursuing biologicals for pigs and poultry to complement its therapeutic offering against important pathogens.

ECO Animal Health is proactively researching and developing innovative new solutions to enhance the lives of pigs and poultry.

» Read more on page 07

Solutions continued

New products

ECO Animal Health is proactively researching and developing innovative new solutions to enhance the lives of pigs and poultry.

These new products are being developed in collaboration with our research partners and focus specifically on respiratory and enteric diseases in pigs and poultry to improve their health, welfare and subsequently profitability on-farm.

Upcoming products

- ECOVAXXIN® MS
- ECOVAXXIN® MG
- ECOVAXXIN® PCV2/MHP
- Long-acting Florfenicol
- PRRSV vaccine

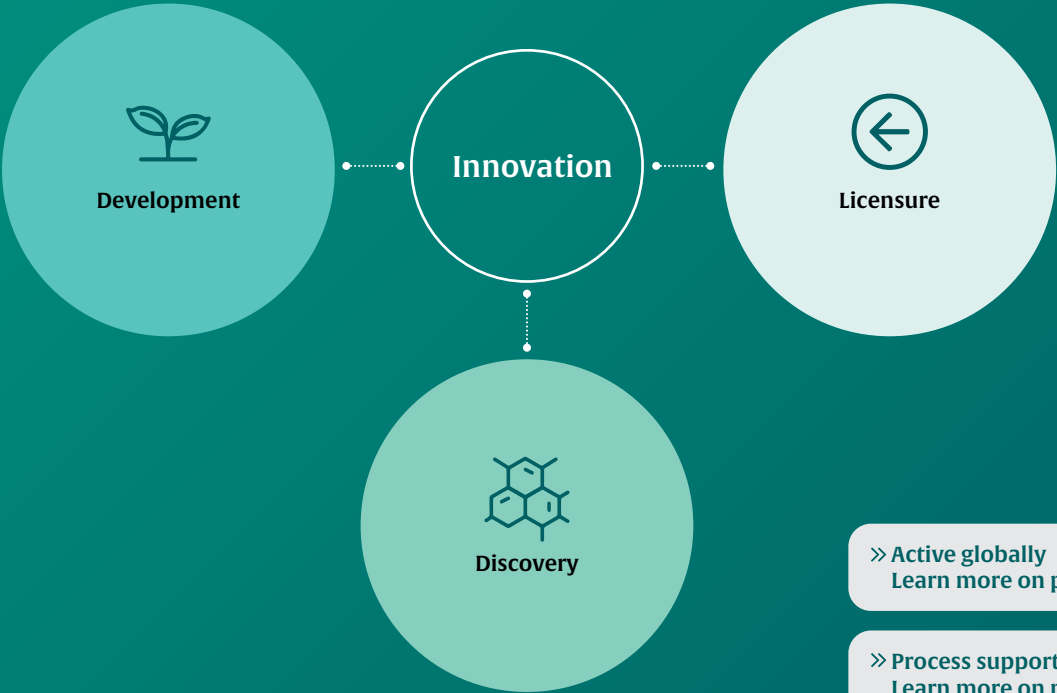
Investing for success
2024/25 spend

£8.6m



ECO R&D at a glance

R&D Pipeline



» Active globally
Learn more on page 09

» Process supporting people
Learn more on page 19

Innovation

Creating smart solutions to boost the wellbeing of pigs and poultry

ECO Animal Health is proactively researching and developing innovative new solutions to enhance the lives of pigs and poultry.

New Products

ECO Animal Health is proactively researching and developing innovative new solutions to enhance the lives of pigs and poultry.

These new products are being developed in collaboration with our research partners and focus specifically on respiratory and enteric diseases in pigs and poultry to improve their health, welfare and subsequently profitability on-farm.

▶ [Learn more at ecoanimalhealth.com/solutions/new-products](https://ecoanimalhealth.com/solutions/new-products)



Research Projects

ECO is also collaborating with research institutions on the development of a unique vaccine based on innovative technologies for Marek's disease virus (MDV), infectious bursal disease virus (IBDV), Newcastle disease virus (NDV) and infectious laryngotracheitis virus (ILT) and on the development of a novel biopharmaceutical approach for the control of infectious bronchitis virus (IBV).



Pig Collaborations

ECO entered into a collaboration to develop novel vaccine approaches to Porcine Reproductive and Respiratory Syndrome Virus (PRRSV).



Innovative Antibiotics

Since veterinary surgeons will continue to require effective antibiotics, a unique, long-acting, injectable animal-only antibiotic (Florfenicol), intended for use in pigs and by veterinary prescription, is at the early stages of development and an example of the ECO commitment to veterinary only medications.



Investment Case

Investing for success

Why ECO

ECO Animal Health is a British company with a global presence, focused on providing solutions to economically important respiratory and enteric diseases in pigs and poultry.

Our products and knowledge improve the health and welfare of pigs and poultry. Our commitment to our customers is to provide them with products of a consistently high quality supported by customer-focused teams.

As an integrated solution provider, ECO Animal Health is pursuing biologicals for pigs and poultry to complement its therapeutic offering against important pathogens.

Increase of
1116%
in ECO Innovation fund
between 2017 & 2025

Sales spent on R&D
~10%

Increased R&D
expenditure
commensurate with
maturing pipeline

Reasons to invest

1

Aivlosin® – Blockbuster drug gaining market share delivers earnings growth and cash flow

2

New vaccines and biologicals in development add further growth starting in two years

3

Aivlosin® Water Soluble formulation drives growth as producers move away from prophylactic treatments

4

Uniquely focused on Swine and Poultry – two of the fastest growing production animal segments

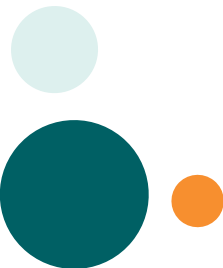
5

R&D programme fully funded from cash flow; undrawn banking facilities, strong balance sheet

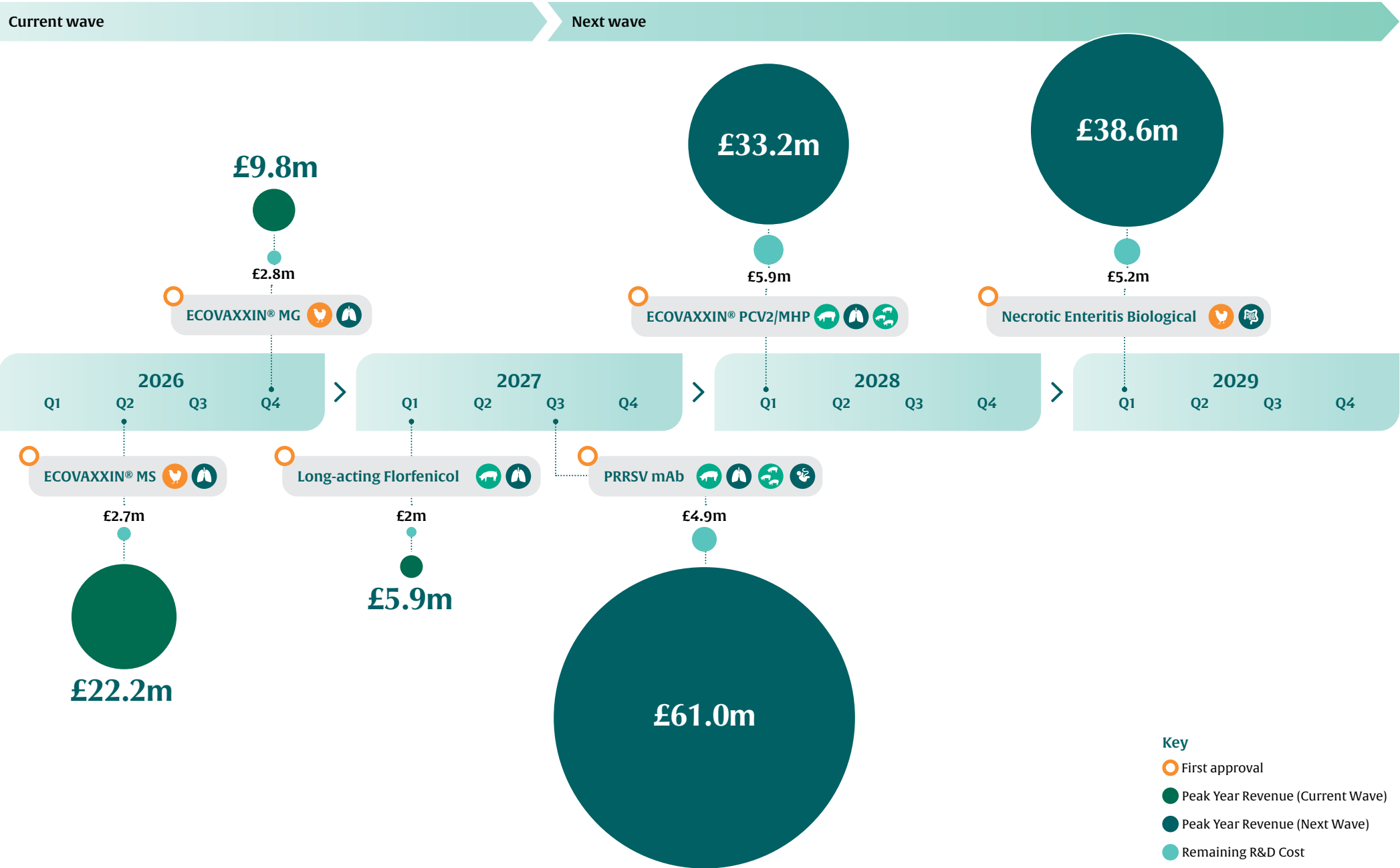
6

M&A likely

» Find out more about our operations on pages 04 and 05



Investment Case continued



ESG

Our commitment to sustainability is an integral part of ECO

ECO is committed to incorporating sustainability and the principles of Environment, Social and Governance (ESG) into everything we do. Substantial progress was made again in 2024 as outlined in this focused report. This ESG report covers the calendar year to 31 December 2024 and future ESG reports will cover the calendar year rather than the ECO financial year to better meet the needs of the business.

A key undertaking in 2024 was a Materiality Analysis, in consultation with the Sustainability Accounting Standards Board (SASB) topics. This large project elaborated the internal and external views of global ECO stakeholders through comprehensive investor, distributor, customer and ECO leadership and staff interviews to inform the ongoing development of ECO's ESG strategy. The top material topics identified were product quality and safety, regulatory compliance, transparency and disclosure, community engagement and innovation along with ethical business conduct and leadership, supply chain responsibility and employee engagement, diversity & inclusion. These are essential priorities for ECO's ESG strategy which, combined with a benchmarking exercise also undertaken in 2024, are pivotal in shaping ECO's future ESG strategy and ensuring its continued success.

ECO remains committed to the United Nations Sustainable Development Goals (SDGs), particularly the six most closely aligned with our business operations:



ECO intends to continue our focus on the Environment and Diversity, Equity and Inclusion (DEI):

- We aim to be carbon neutral by at least 2045. This will be achieved by implementing a variety of initiatives in the UK and the wider global business.
- We aim to achieve excellence in diversity, focusing on gender parity and ethnic diversity that reflects the regions in which we work.

Our Commitment to the Environment

ECO is committed to making a fair contribution to reducing the potential impact of our business operations on the environment and has made continued progress in 2024. As our business grows, we acknowledge that some key environmental metrics will correspondingly increase. Initiatives such as the ECO Business Partner Code of Conduct are in place to align our environmental and social commitments with our growth.

During 2024, we established systems for data collection for six additional Scope 3 metrics (waste, commuting, working from home, business travel, upstream and downstream distribution and water) to ensure this data is collated for 2025.

Further Increasing Office Sustainability

ECO offices play a central role in advancing our environmental mission. In 2024, we made significant progress in advancing initiatives across our global operations.

Three major energy-reducing projects were completed as planned in the UK offices during 2024.

The New Malden office, which consumed electricity and natural gas while empty, was sold in January 2024, saving 11,451 kWh. In May 2024, ECO's Head Office in Southgate, London, transitioned to a green energy supplier, Engie, for electricity. Engie provides 100% UK-sourced and certified Green Gas, with verification through the Green Gas Certification Scheme. The allowable temperature in the on-site server room was increased to 23°C to decrease cooling energy and increase energy efficiency in February 2024, saving 631 kWh.

The above reductions are offset by increased office energy use in the US, with the opening of a new facility and continued responsibility for a vacant office.

Table 1: Office energy use

	2024 (kWh)	Last year (kWh)
UK Southgate office	26,095	28,968
UK New Malden office	1,236	11,451
Japan	9,398	8,779
China	4,684	4,582
Brazil	2,494	2,430
USA	125,573	72,945

Table 2: tCO₂e emissions per 1,000 miles driven for business mileage 2024

	Total tCO ₂ e emissions	Total business miles driven	tCO ₂ e/ 1,000 miles driven
UK	13.4	49,223	0.27
Japan	0.04	251	0.16
Brazil	5.4	21,517	0.25
Mexico	11.8	30,774	0.38
Europe	26.3	95,655	0.27
LATAM	0.8	2,281	0.35
SE Asia	11.6	41,689	0.28
USA	3.5	6,821	0.51

Our commitment to sustainability is further enhanced by our approach to recycling. Mixed materials and battery recycling continued, and no ECO IT equipment was collected for refurbishment or recycling in 2024. Recycling and sustainability information was collected from all offices and shared to enhance best practice.

Reducing the Impact of Business Miles Driven

ECO secured a new, sustainable fleet partner in 2024, meeting last year's commitment. This partner, Tusker Cars, provides only electric and hybrid vehicles. In addition, fleet schemes from the Electric Car Scheme and Octopus Electric Vehicles are available to the Group as competitive offerings to Tusker.

In future, every UK car (over 30% of the total car fleet in 2024) renewal and new starter car will be electric or hybrid or the employee will be moved to a salary swap scheme, aligning with our sustainability aspirations and lowering the CO₂e emissions per mile driven in the UK (Table 2). Ethanol fuel use in Brazil has increased car fleet sustainability. These efforts reflect ECO's desire to reduce emissions whilst continuing to grow.

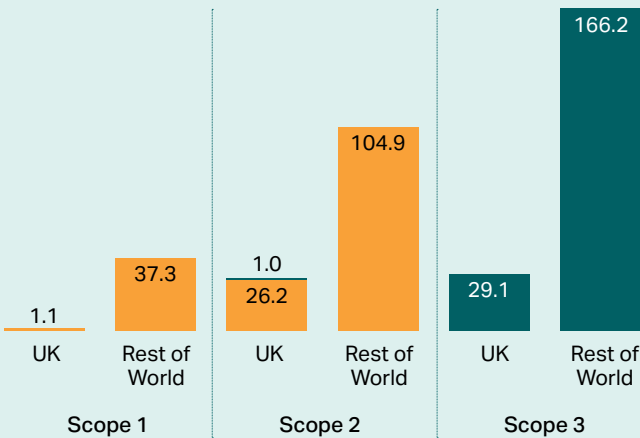
ESG continued

Scope 1, Scope 2 and partial Scope 3 metrics for ECO offices and cars

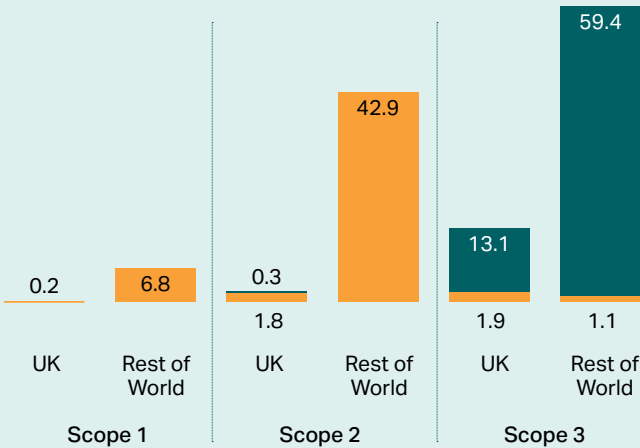
Further progress has been achieved in the collection of data for energy consumed and tonnes of CO₂e emitted at offices and business mileage in the UK and Rest of World (Graph 1).

Graph 1: kWh consumed ('000s) and total tCO₂e emitted 2024*

kWh consumed ('000s)



Total tCO₂e emitted



Key

Offices

Cars

Number of employees: 106 (last year: 101)

* Scale of the vertical axes for UK is smaller than for Rest of World.

Combined Scope 1 & Scope 2 kWh ('000s) per employee

Total Scopes 1 & 2 ('000s)

170.4

Last year: 131.4

kWh ('000s) per employee

1.6

Last year: 1.3

Combined Scope 1 and Scope 2 tCO₂e emissions per employee

Total Scopes 1 & 2 ('000s)

52

Last year: 32

tCO₂e per employee

0.5

Last year: 0.3

Manufacturing and Suppliers

ECO works with many manufacturing and supplier business partners and has prioritised the largest in each group to begin to measure upstream and downstream energy use and emissions. We intend to collaborate with additional manufacturers and suppliers in the future.

Key environmental parameters for the manufacture of finished goods for the Chinese market by ECO's Chinese joint venture ECO-Biok were measured in 2024 and compared to the previous year's baseline.

- Increased revenue (from USD24.180m to USD29.756m) increased electricity consumption (from 1.14 to 1.34 GWH) and reduced electricity intensity (from 0.047 to 0.045 GWH electricity consumed per USD m).
- Increased production led to increased machinery and equipment use and reduced cleaning frequency, reducing water intake intensity (from 609.974 to 500.504 water (m³) intake per USD m) and wastewater intensity (from 71.630 to 61.097 wastewater (m³) per USD m).
- Waste intensity also decreased (0.385 to 0.309 total waste in tons per USD m).

ECO's largest supplier remained the manufacturer of tylvalosin, the active pharmaceutical ingredient (API) in Aivlosin®, where progress in energy conservation and emission reduction measures continued. Two large energy conservation and emission reduction measures continued in 2024 with one completing, the installation of permanent energy-saving motors. The installation of photovoltaic power generation equipment will be completed in Q2 2025.

Operations

The Group made further progress on the three focus areas in the operations function: shipping, packaging and recycling.

Maximise the use of sustainable shipping routes: Shipping routes from the Group's global contract facilities in 2024 remain primarily via land/road or sea routes (93% of the 4,290 pallets) rather than by air (7%), similar to 2023-2024. Data collection will continue.



ESG continued

Collaborate with suppliers to increase the sustainability of secondary product packaging: As intended, further data extraction modifications were made to evaluate the sustainability of secondary packaging; in 2024, 34,609 kg of secondary packaging materials were used with 23,278 kg (67%) deemed recycled and/or recyclable, 27% deemed recycled and 78% deemed recyclable. An aspiration is to collaborate with suppliers to increase their use of recycled materials.

Transition from less recyclable HDPE to PET containers for ivermectin injectable formulations: During 2024, the transition from HDPE to PET containers for ivermectin injectable formulations continued, with 96% (up from 37% in 2023-2024) of the total volume filled in PET containers. The transition will continue until the move to PET containers is complete.

Social – Our focus is on gender parity, ethnic diversity and employee engagement

The Group is committed to fostering a diverse and inclusive environment and undertakes ongoing efforts in this area.

Gender parity

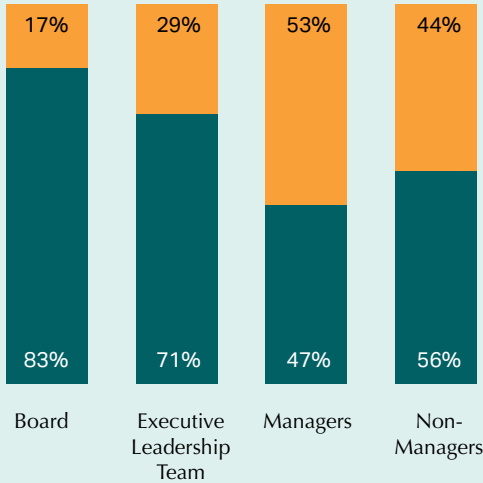
ECO recognises the value of diversity in business and commits to improving gender diversity across all regions, levels and functions of the Company through a combination of recruitment, retention and training programmes.

As at 31 December 2024, the Board and Non-Manager gender ratios remained the same as last year, while the Executive Leadership Team (ELT) female gender ratio increased (Graph 2).

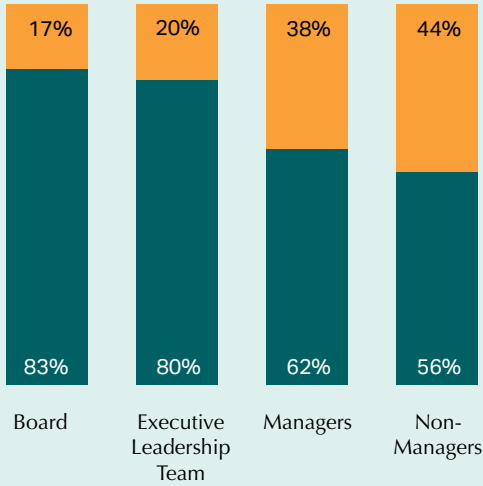
The ECO Women's Employee Resource Group was established in early 2024 to create a supportive and empowering space for women to collaborate, advocate and drive initiatives that promote inclusivity and equality. The six members met three times in 2024. To date, the group has proposed the new Menopause policy which was adopted and implemented to support menopausal age women.

Graph 2: Gender ratios

2024

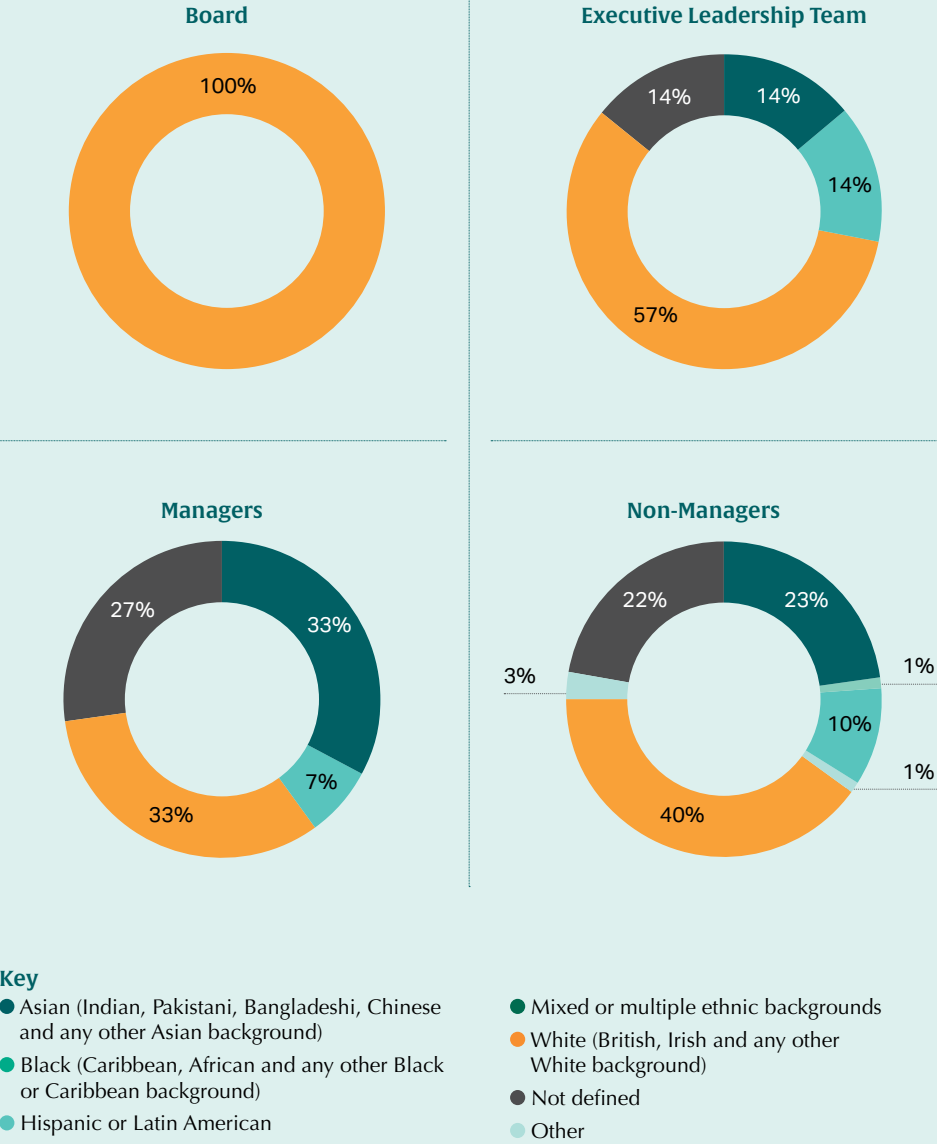


Last year



Key
● Male %
● Female %

Graph 3: Ethnicity data 2024



ESG continued

Ethnic diversity

Ethnicity data for 2024 was retrieved from the HR Software programme and is shown in Graph 3. In 2024, 22 nationalities worked in 19 global locations, with 88% working in their home country. ECO's approach to valuing global diversity while hiring and retaining local people to meet local needs continues, while ongoing monitoring ensures our business needs are met.

Employee Engagement

Employee engagement has improved further since 2022 (Graph 4). This significant increase was driven by many people's efforts and dedication, guided by employee workshops that provided input into an engagement action plan that was delivered over the year.

Opportunities for improvement were identified as opinion counting, line manager feedback, collaboration between departments and compensation package. Employee workshops and various engagement activities in 2024 led to actions including increased performance-related pay, health insurance being introduced in the US and improvements to the UK pension scheme

In 2024, employee turnover (6%) and retention rate (94%) improved again compared to last year (12% and 88%, respectively), a testament to the ongoing commitment by ECO in this area.

Community

ECO continued to support two main charities, SHIVIA and Signpost, encouraging staff to donate to them with the Group matching individual donations. In 2024, the Group donated £9,000 to SHIVIA and £4,000 to Signpost, up from a total of £8,000 last year. Individuals were also supported with fundraising for events and/or donations including for the Nightingale Cancer Support Centre, Cancer Research, the USA Humane Society and Circus Star in alignment with last year's commitment to support additional charities.

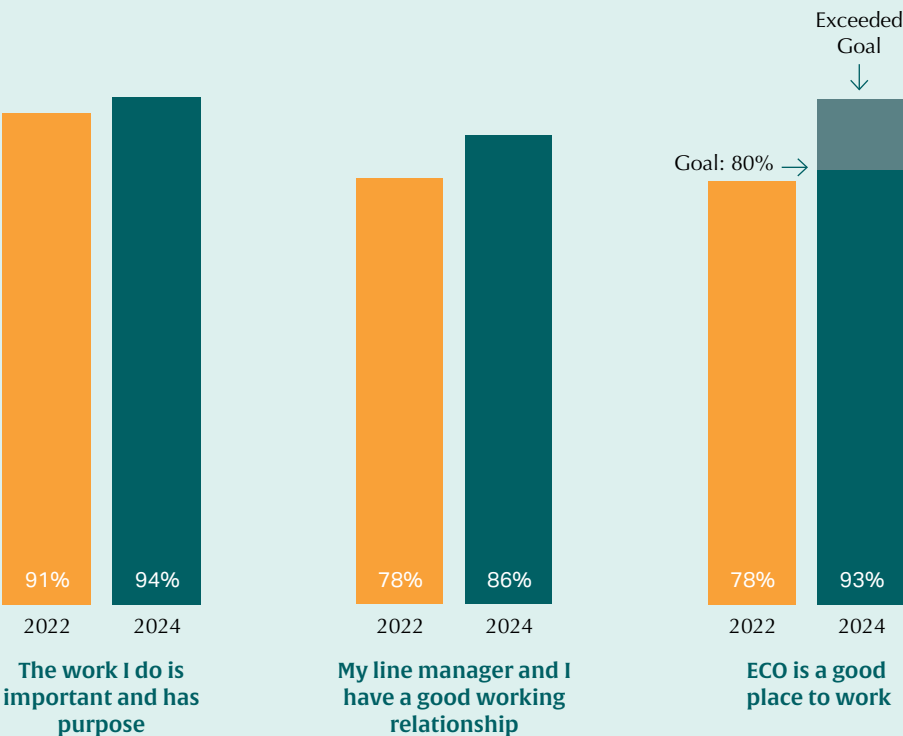
Governance – Ongoing commitment to very high standards

The Board maintains oversight and responsibility for ESG, strives for competency on ESG matters and promotes the link between achievement of ESG metrics to ELT remuneration. The Board remains tirelessly committed to maintaining and improving business governance and our efforts to enhance sustainability.

Two examples of this commitment are the proper payment of taxes and the ESG Working Group. ECO is committed to responsible taxation in the jurisdictions in which we operate and was again awarded the Fair Tax Mark accreditation, this time for the year ending 31 March 2024. The ESG Working Group has a direct line to the CEO and Board. This group represents all parts of the business and met three times in 2024 to add additional ideas for increasing sustainability, especially in the environmental area, and to promote the ESG ideals across the business.

Graph 4: Employee Engagement Results*

ECO Engagement Survey 1 took place in December 2022. Survey 2 took place in February 2024.



* Those agreeing or strongly agreeing.



Report of the Chief Financial Officer



Christopher Wilks
Chief Financial Officer

I am pleased to report a strong year with improving profits. Operationally the business's margins improved substantially and this translated into a significantly stronger cash balance at the end of the year.

The improving margins and resulting cash flow allowed strong progress to be made with the Group's new product developments and a significant milestone was reached during the year with the submission of the first vaccine for marketing approval.

The finance function led the implementation of a new ERP system during the year; the NetSuite project was delivered on time, within budget and without interruption to the normal routines in the business and financial reporting. Efficiencies have been delivered during this first year and more improvements are expected. This is something I am very proud of and demonstrates the Group's values in action.

Trading

Previous years have seen a pattern of stronger trading in the second half of the year. This is associated with disease prevalence in pigs during the northern hemisphere winter. This pattern of trading has continued in the year ended 31 March 2025 with the second half accounting for 58% (2024: 57%) of the annual revenue. The main contributors to the second half weight this year were China/Japan with a 64% H2 weight and North America with a 60% H2 weight.

The geographical analysis of revenue corresponding to the Group's operating segments is as follows:

Revenue summary – actual exchange rates

Year ended 31 March

	2025 (£'m)	2024 (£'m)	% change
China and Japan	22.9	24.7	(7%)
North America (USA and Canada)	21.4	18.5	16%
South and Southeast Asia	11.9	17.4	(32%)
Latin America	16.3	19.9	(18%)
Europe	4.9	6.5	(25%)
Rest of World and UK	2.2	2.4	(8%)
	79.6	89.4	(11%)

Overall, all markets showed revenue declines year on year except for North America which has continued to grow strongly. As noted in our interim report, the exchange rates in the first half proved to be a headwind; in the second half of our financial year the exchange rates were more consistent with the prior year. The geographical analysis of revenue on a constant currency basis is as follows:

Revenue summary – constant currency

Year ended 31 March

	2025 (£'m)	2024 (£'m)	% change
China and Japan	23.6	24.7	(4%)
North America (USA and Canada)	21.9	18.5	18%
South and Southeast Asia	12.1	17.4	(30%)
Latin America	16.6	19.9	(17%)
Europe	5.1	6.5	(22%)
Rest of World and UK	2.3	2.4	(4%)
	81.6	89.4	(9%)

Report of the Chief Financial Officer continued

China revenue on a constant currency basis declined by 8% (£1.6m) but this decline was compensated by strong trading in Japan, an increase of 19% (£0.5m) year on year. However, China showed signs of improved performance in the second half, being 3% ahead of prior year for the six months to 31 March 2025 on a constant currency basis. China's second half performance was strong, driven by disease demand for Aivlosin® in swine production – porcine reproductive and respiratory disease syndrome virus ("PRRSv") control and eradication programmes. This demand has continued since the year end.

At £21.4m (constant currency £21.9m), North America again grew strongly exceeding its previous highest revenue of £18.5m in the year ended 31 March 2024. The strength in this market was also disease driven – PRRSv as well as enteric disease resulted in demand for Aivlosin® reaching record levels.

South and South East Asia revenue declined 30% on a constant currency basis. This was principally due to the loss of a major customer in Thailand and a slowdown in India and Vietnam. However, the year saw good growth in the nascent markets of Bangladesh, Indonesia, Malaysia, Philippines and Pakistan as we seek to access new markets and re-enter markets where previous marketing authorisations had expired and been re-issued.

Latin America comprises Brazil and Mexico (where the Group operates through wholly owned subsidiaries) and a group of other countries in South America where trade is conducted through exclusive distribution arrangements. Brazil on a constant currency basis was broadly flat year on year. Mexico performed poorly during the year; excess stock levels in the distribution channels and generic price pressure created some difficulties. Colombia had a poor year resulting from some rearrangement of the distribution arrangements which have now been resolved. Argentina at £2m represented a 39% increase in revenue.

The European market segment is dominated by sales into Spain – £1.5m (2024: £1.8m) and Poland – £1.3m (2024: £1.3m). Spain accepted the resumption of sales of Aivlosin® Pre-Mix formulation in the period, reversing a hiatus in sales of this product in the year ended 31 March 2024. Sales in the UK at £1.1m (2024: £0.9m) are consistent with prior year.

Gross margins were 45.1% in the year ended 31 March 2025 (2024: 42.1%). This improvement in gross margins arose despite the foreign exchange impact of Sterling compared with the US Dollar and the Chinese Yuan. As noted above, on a constant currency basis revenues for the year are £81.6m; recalculating the gross margin based on constant currency revenue would provide a gross margin of 46.2%. As anticipated in our interim report for the six months ended 30 September 2024, there was a strong recovery in gross margins in the second half of the financial year – this was driven by the second half weighting and geographical mix favouring high margin markets.

The Group hedges its largest currency exposures through a layering of four forward contracts covering the four successive financial quarters and a portion of the anticipated US Dollar generation. On a quarterly basis these forward contracts are supplemented by additional layers, thus providing an averaging effect to the US Dollar- Sterling exchange rate. The hedging policy provides protection to net profit, earnings per share and cash but has no effect on gross profit or gross margin because the gains and losses are accounted for in finance costs.

Administrative expenses, at £28.7m (2024: £29.4m), show a 2% improvement; personnel costs reduced by 10% as a consequence of lower financial performance-related bonus accruals.

All R&D programmes progressed well during the year, and the milestone of dossier submission to the regulatory authorities for our first mycoplasma poultry vaccine was reached – ECOVAXXIN® MS. The Group expects further submissions in the next and following years supporting the targeted investment in innovative vaccine technology. The strong market potential and technical success support the capitalisation of late stage R&D expenditure which showed no indications of impairment. At the current time the Group capitalises expenditure on ECOVAXXIN® MG and ECOVAXXIN® MS as well as a long-acting Florfenicol-based anti-infective, ECOFlor, for swine respiratory disease.

Total cash expenditure on R&D (inclusive of that amount capitalised) in the year was £8.6m (2024: £8.3m). The total expenditure on R&D can be analysed as follows:

	Year ended 31 March	
	2025 (£'m)	2024 (£'m)
Research and development expenses – expensed in period	4.0	4.2
Development expenditure – capitalised in intangible assets	4.6	4.1
Total expenditure	8.6	8.3

Overall R&D expenditure in the year was 4% higher than the prior year, reflecting increased spending on clinical stage assets. Expenditure on late stage assets (capitalised items) was 53% of total expenditure compared with 49% in the prior year. This R&D programme continues to be funded from the Group's cash flow and is 11% of revenue (2024: 9%). This expenditure ensures that all programmes (late, mid and early stage) receive the required funding to advance them according to plan. The R&D programme was described in some detail during the Group's R&D day held in March 2025.

More details of this presentation, as well as a video recording of the meeting, are available on the Group's website.

EBITDA is a key performance measure for the Group; the removal of amortisation, depreciation and other non-cash charges to profit provides a good indication of the underlying cash trading performance of the business. The charge for amortisation of intangible assets in the year was £1.2m (2024: £1.2m). The adjusted EBITDA, operating profit excluding exceptional items, share-based payments, depreciation, amortisation and foreign exchange gains and losses, at £7.3m (2024: £8.0m) was slightly above market expectations and was achieved despite challenging trading conditions and higher R&D expense by tight overhead costs control and strongly improved gross margins. Furthermore, the adjusted EBITDA margin, excluding foreign exchange movements and expressed as a percentage of revenue in the period, was 9.2% in the year ended 31 March 2025 compared with 9.0% in the year ended 31 March 2024.

“
The improving margins and resulting cash flow allowed strong progress to be made with the Group's new product developments.

Christopher Wilks
Chief Financial Officer

Report of the Chief Financial Officer continued

Profit before income tax was higher in the year ended 31 March 2025 at £4.0m (2024: £3.0m). An important contributor to this increase was the exceptional gain during the year.

The exceptional items were profits on disposal of the non-core product line Ecomectin horse paste to an Italian distributor and parasite treatment licences for Southern Africa.

The Group's effective tax rate was 34% for the year ended 31 March 2025 (2024: 32%). Factors causing the effective rate to be greater than the headline UK rate of 25% are the withholding tax suffered on intragroup dividends received from China and the Group's policy of not recognising a deferred tax asset in respect of losses in the Group's parent company. The two percentage-point increase to 34% from 32% in the prior year is due to the more-restrictive R&D tax credit arrangements now in effect in the UK.

Earnings per share (EPS) has improved from 1.55 pence in the year ended 31 March 2024 to 2.49 pence per share in the year ended 31 March 2025 and diluted EPS has improved strongly from 1.52 pence in the year ended 31 March 2024 to 2.43 pence per share in the year ended 31 March 2025, due to improved gross margins, good cost control, and the exceptional gain described earlier.

Operating cash inflow before movements in working capital was £7.6m (2024: £7.7m). Continuing close management of working capital – in particular inventories and receivables – has resulted in operating cash flow of £12.1m (2024: £10.5m). Jurisdiction of cash balances were as follows:

	At 31 March	
	2025 (£'m)	2024 (£'m)
Held in UK	8.4	6.2
Held in non-China subsidiaries	1.6	1.9
Held in China 100% owned subsidiary	4.0	2.4
Held in China 51% owned subsidiary	11.0	11.9
	25.0	22.4

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, treasury management decisions and funds available for investment in R&D are based upon the cash balances outside of China.

During June 2024, two dividends totalling £2.8m (post withholding tax) were received from China. In addition, during June 2025, two dividends totalling £3.4m (post withholding tax) were received from China.

The Group's committed banking facilities remain at £15.0m, being a £5.0m overdraft facility and a £10m revolving credit facility. These facilities expire on 30 June 2026 and were undrawn as at 31 March 2025.

The Group's inventory balance reduced to £14.6m on 31 March 2025 from £17.0m on 31 March 2024. This reduction was principally in finished goods and reflected the strong end to the year in China and the USA. Overall inventory days were steady at 122 days against 120 days for the prior year.

Trade receivables decreased from £32.2m at 31 March 2024 to £28.5m on 31 March 2025 with average debtor days (expressed as an average of the annual revenue) steady at 131 days (prior year: 131 days).

Simplified presentation of the Group

In response to certain stakeholder requests to provide a simplified description of the Group's performance, we present the following analysis. The ECO Group can be thought of in three components, the first, a core trading business which manufactures and sells its products worldwide through wholly owned subsidiaries or direct to market. This applies to all territories except China where ECO operates through a 51% owned subsidiary. Cash returns from this China subsidiary are by way of a dividend.

Accordingly, the second component to this analysis of the Group is an investment in a China business that pays the Group an annual dividend. The third component of this analysis is an R&D business which employs a team of people undertaking studies and trials through third parties and has developed a body of intellectual property with rich potential for high future returns.

With these three components in mind one can disaggregate the Group results using already disclosed information, as follows:

ECO Animal Health Group plc – Disaggregation analysis

	ECO excluding ECO Biok (£'m)	ECO Biok* (£'m)	ECO R&D operation (£'m)	Consolidated Group (£'m)
Revenue	60.1	19.5	–	79.6
Cost of sales	(31.4)	(12.3)	–	(43.7)
Gross profit	28.7	7.2	–	35.9
	48%	37%	–	45%
Administrative expenses	(22.3)	(4.5)	(1.9)	(28.7)
Research & Development expenses	–	–	(4.0)	(4.0)
Other income	–	0.1	–	0.1
Exceptional items	1.0	–	–	1.0
Profit from operating activities	7.4	2.8	(5.9)	4.3
Net finance cost	(0.1)	(0.2)	–	(0.3)
Profit before income tax	7.3	2.6	(5.9)	4.0
Income tax credit/(charge)	(0.6)	(0.7)	0.1	(1.2)
Withholding tax on dividends	(0.1)	–	–	(0.1)
Profit for the year	6.6	1.9	(5.8)	2.7

Report of the Chief Financial Officer continued

ECO Animal Health Group plc – Disaggregation analysis continued

	ECO excluding ECO Biok (£'m)	ECO Biok* (£'m)	ECO R&D operation (£'m)	Consolidated Group (£'m)
Profit				
Profit from operating activities	7.4	2.8	(5.9)	4.3
Depreciation	0.3	0.6	–	0.9
Amortisation	1.6	0.3	–	1.9
Share-based payments and foreign exchange differences	1.2	–	–	1.2
Exceptional items	(1.0)	–	–	(1.0)
Adjusted EBITDA	9.5	3.7	(5.9)	7.3
China dividend				
Received by ECO Group from China JV in year	1.1	(1.1)	–	0.0
Balance sheet				
Intangible fixed assets	30.6	–	11.6	42.2
Tangible fixed assets	4.4	3.0	–	7.4
Deferred tax balance	0.0	0.2	–	0.2
Inventories	11.7	2.9	–	14.6
Receivables	23.4	5.1	–	28.5
Other current assets	1.9	–	–	1.9
Cash balance	14.0	11.0	–	25.0
Trade payables	(13.0)	(2.1)	–	(15.1)
Lease liabilities	(0.8)	(3.0)	–	(3.8)
Other payables	(5.4)	(0.7)	–	(6.1)
Net assets	66.8	16.4	11.6	94.8

	ECO excluding ECO Biok (£'m)	ECO Biok* (£'m)	ECO R&D operation (£'m)	Consolidated Group (£'m)
Cash flow				
Profit before tax	7.3	2.6	(5.9)	4.0
Non-cash items	2.6	1.0	–	3.6
Net working capital movements/ net finance cost and tax payments	4.0	(1.5)	–	2.5
Cash flow from operating activities	13.9	2.1	(5.9)	10.1
Cash flow from investing activities	0.1	(0.1)	(4.6)	(4.6)
Cash flow from financing activities	0.7	(2.6)	–	(1.9)
Foreign exchange movements	(0.9)	(0.4)	–	(1.3)
Net increase/(decrease) in cash	13.8	(1.0)	(10.5)	2.3
Opening cash	0.2	12.0	10.5	22.7
Closing cash	14.0	11.0	0.0	25.0

*The Group own 51% of ECO Biok with 49% owned by a minority shareholder. Details of ECO Biok are disclosed in note 15.

Report of the Chief Financial Officer continued

By performing this analysis for prior years the following comparative performance for the core group can be set out as follows:

	Year ended 31 March			
Group excluding China and R&D	2022	2023	2024	2025
Revenue	55.4	61.2	67.8	60.1
Gross margin	46%	45%	43%	48%
Adjusted EBITDA	10.2	7.8	9.4	9.5
Adjusted EBITDA margin	18%	13%	14%	16%
Effective tax rate	31%	12%	24%	8%
Inventories	16.1	17.4	13.0	11.7
Receivables	19.7	22.9	27.6	23.9
Cash balance	8.2	6.8	10.4	14.0
Cash generated from operations	10.8	7.2	10.3	14.0
Cash received from China JV dividend	2.3	1.9	2.9	1.1
R&D component				
R&D cash expenditure (net of tax credits)	8.6	8.2	8.0	8.5
Effective R&D tax credit rate	12%	14%	15%	1%
China 51% subsidiary				
Revenue	26.8	24.1	21.6	19.5
Gross margin	36%	44%	38%	37%
Adjusted EBITDA	3.7	6.6	3.9	3.7
Adjusted EBITDA margin	14%	27%	18%	19%
Effective tax rate	37%	34%	36%	33%
Inventories	14.1	5.0	4.0	2.9
Receivables	6.3	3.9	4.5	5.1
Cash balance	6.1	14.9	11.9	11.0

As disclosed previously, the dividend from the China 51% subsidiary in respect of the year ended 31 December 2024 has been received at a value of £2.6m. The dividend received in the financial year ended 31 March 2025 was comparatively lower than prior years and the subsequent year because it reflected the year in which the new factory in China was built.

In summary, the Group can be described as a core trading business which has delivered consistent (and rising) profitability in the last three years approaching £10m, rising cash generation and cash balances and which receives a consistent annual dividend of £2m – £3m and from which a new product development programme is being funded.



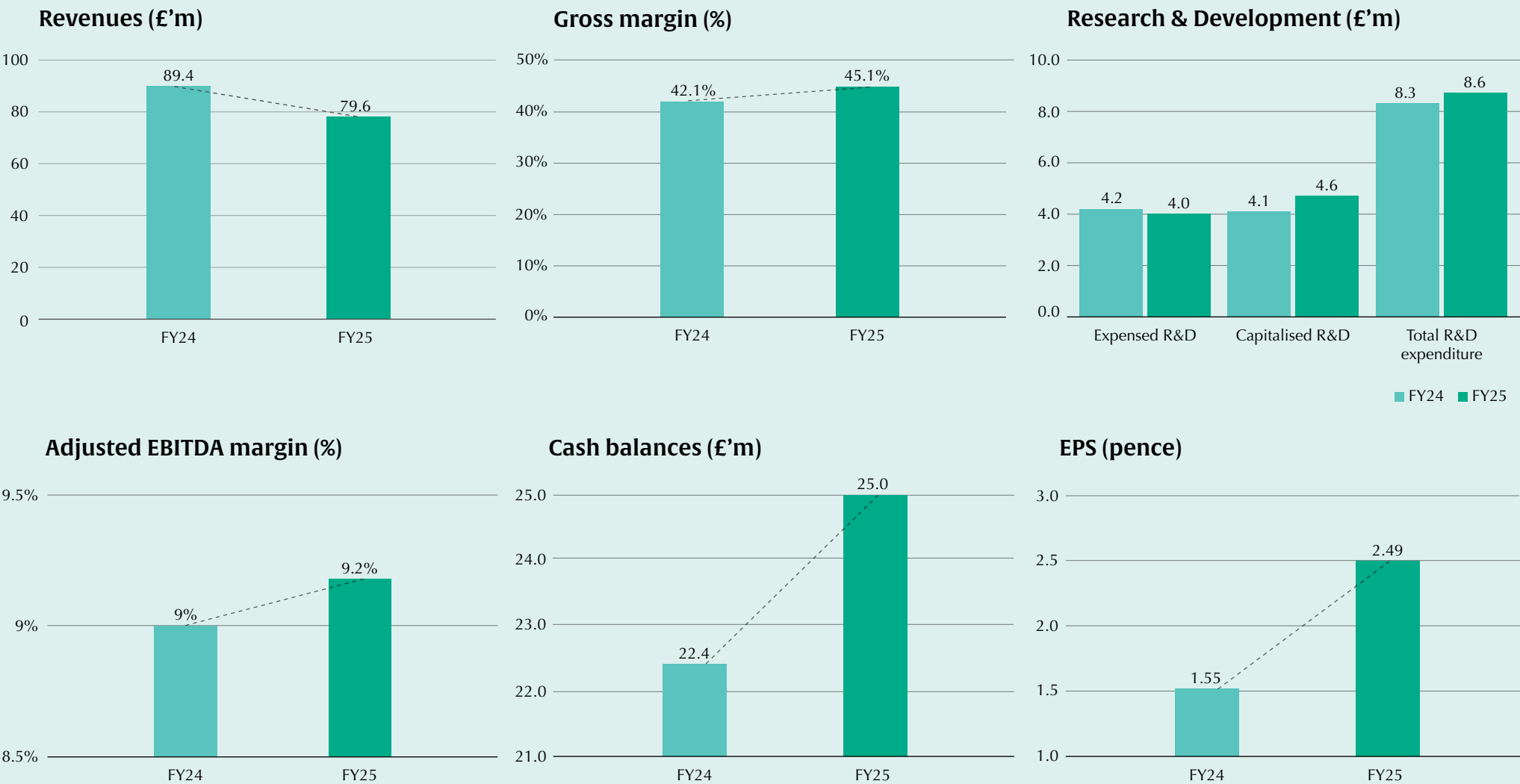
Christopher Wilks
Chief Financial Officer

11 July 2025



KPIs

A summary of the KPIs is as follows. Adjusted EBITDA is defined in the paragraphs above and analysed in tabular format in note 5 to these accounts:



Principal Risks and Risk Management

The Group has an established process for the identification and management of risk, working within the governance framework. Ultimately, the management of risk is the responsibility of the Board of Directors and the Audit Committee, working through the Leadership Team.

The Board's role in risk management includes promoting a culture that emphasises integrity at all levels of business operations and setting the overall policies for risk management and control. The programme to strengthen business controls has continued throughout this financial year, resulting in improvements in management information, timeliness of reporting and risk management.

During the year the Board has reviewed the implications of recent changes to the Quoted Companies Alliance ('QCA') Code. The Code requires boards to consider principal risks, defined as those which threaten the business model, future performance, solvency or liquidity. The changes require the Board to describe how it monitors and reviews the effectiveness of its risk management framework. In turn this has assisted the Board in its ongoing commitment to the QCA Code.

Consequently, the Group has updated its Enterprise Risk Management framework to emphasise how risk management is a continuous cycle of documenting, monitoring, implementing and learning.

The risk register is at the heart of the framework and has been updated during the year with increased direct engagement with senior managers across the Group to understand the existing and emerging risks 'on the ground'.

The refresh of the risk register has also provided an opportunity to enhance the way the Group presents its risks. Whilst risks can come in various forms, including financial, regulatory, operational, the updated risk register highlights principal risks. Below the principal risks the register identifies risks which the Board 'actively monitors', and a third tier of risks of which the Board is 'aware'.

Risks are assigned to one of these three categories in accordance with a series of guidelines tailored to the Group's circumstances. The likelihood and impact associated with each risk is considered, with the final categorisation taking into account the relevant control mitigations.

The introduction of standardised guidelines and increased internal communication make the risk register a more dynamic resource – it is both a statement of 'where we are' and a 'call to action' for any further controls and monitoring.

Having taken the opportunity to update the risk management framework and the risk register, and considered the risks and the associated controls, the Directors are satisfied that the controls are appropriate for the scale and complexity of the business.



Principal Risks and Risk Management continued

Key	
Likelihood/impact	Direction of change
High	⬆ Increase
Medium	➡ No change
Low	⬇ Decrease
	⊕ New risk

Risk	Likelihood	Controls	Impact	Change in year
Strategic risks				
Strategic: High reliance on a small number of outsourced product, manufacturing and research suppliers	Medium	Entering into new agreements with outsourced manufacturers. Global reach and strong reputation allowing new collaboration arrangements with research organisations. Stockpiles of key supplies. Commercial mindset allowing fruitful relationships with existing suppliers. Quality control inspection of outsourced manufacturers. Business interruption insurance.	Medium	⊖
High dependency on a single product	Low	Substantial programme of structured R&D investment in new vaccine and biological products. Ongoing spend on maintaining the quality and effectiveness of existing products.	High	⊖
Potential threat from generic producers	High	Generic defence strategy – combining strong brand management, regulatory and legal stance in country with patent and trademark infringement enforcement. Aivlosin® technical superiority supported by market leading technical knowledge and strain characterisation. Ensure adequate supply and stock pressure in markets. Product diversification initiatives.	High	⊖
Readiness and market appetite for launch of new vaccine products portfolio	Medium	Commercially trained staff. Ensure trials accurately predict the performance of the product in the marketplace. Marketing team close to the market statistics and as close to market intelligence as it is possible to be. High calibre staff recruited. Use of only reputable and well established laboratories and subcontractors.	Medium	⊖
Political and economic unpredictability	Low	The Group looks at developing manufacturing capability outside China; a geographically-diversified customer base; investment in maintaining veterinary efficacy and effective marketing to ride out the trading difficulties imposed by political and economic unpredictability; search for opportunities to diversify manufacturing arrangements.	Medium	⊖
Financial risks				
Risk of fraud and depletion of Group funds	Low	Enhanced corporate governance. Implementing robust systems and controls. Keep international cash balances to a minimum. Daily/weekly monitoring of all bank account cash balances with explanations for material increases and depletions of balances. Change overseas local bank accounts to international banks with internet access. Continuation of Internal Audit programme, with a particular focus on LATAM and China.	Low	⊖
Insufficient funding for business growth	Low	Strong budgeting and in-year reporting structures are in place, with robust cash flow and working capital management arrangements. Credit control is an integral part of customer relationships. Revolving credit facility (RCF) in place with the bank.	Medium	⊖

Chairman's Introduction to Governance



Joachim Hasenmaier
Chairman

On behalf of the Board, I am pleased to present my first ECO Animal Health Group plc's Corporate Governance Statement following my appointment as Chairman of the Board on 31 March 2025. The Board remains committed to ensuring high standards of governance for the Company. As Chairman, I am responsible for ensuring the Company has corporate governance arrangements that are appropriate for the size and complexity of the Company and these arrangements are followed in practice.

As in previous years, we have continued to follow the QCA Corporate Governance Code and this year, we are reporting against the 2023 version of the QCA Code principles for the first time. The Board carried out an assessment of the 2023 QCA Code's requirements and whilst the Company complies with most of the principles of the 2023 QCA Code, we are continuing to review our governance arrangements and governance framework to ensure it is robust and supports the business's mission of providing best-in-class ethical solutions for our customers, vets and producers, and supports the medium to long-term success of the Company. We have for some time put the Remuneration Report to an advisory vote, and it is our intention to put the Remuneration Policy to an advisory vote at the AGM on 25 September this year.

Additionally, Principle 8 of the 2023 QCA Code recommends that the Board performance evaluation should be supplemented by an external evaluation every three years. The Board has carried out an annual performance review internally and will consider the need for an external evaluation of its performance.

Whilst we have chosen to adopt the QCA Code, we also continue to take into account the UK Corporate Governance Code applicable to main market listed companies and seek to apply elements of the Code as part of a progressive approach to governance to ensure the continued effective operation of the Board, its Committees and their oversight role. This encompasses our approach to risk and controls assurance which we will continue to develop.

The Board recognises the importance of succession planning for both Board members and senior management as recommended by the 2023 QCA Code, and to have a skilled, well-functioning and balanced Board to enable the Board to fulfil its role most effectively. There were several changes to the composition of the Board and Committees that took place this year. I took over as Chairman of the Board when Dr Andrew Jones stepped down on 31 March. The Board is grateful for the contributions of Andrew over the past six years and wishes him every success in the future.

The Nomination Committee and the Board remain focused on developing succession plans for personnel in key roles in the leadership team and the future succession of Non-Executive Directors. Further details can be found in the Nomination Committee Report on page 46.

Further details on how we have applied the ten Principles of the 2023 QCA Code can be found in the sections that follow this Corporate Governance Statement, together with reports from the respective Chairs of the Board Committees on the activities that have been carried out during the financial year.

Dr Joachim Hasenmaier
Chairman

11 July 2025



Chairman’s Introduction to Governance continued



* Andrew Jones stood down as a Non-Executive Director and Chair of the Board on 31 March 2025.



Board of Directors

Guiding vision with our experienced leadership



Joachim Hasenmaier

Chairman



Appointed as Chairman: 1 April 2025
Appointed to Board: 12 February 2024
Year of birth: 1960

Joachim Hasenmaier is a highly experienced commercial leader with more than two decades in the international animal health industry. From 2001 to 2019, he held a variety of senior roles within the animal health division at Boehringer Ingelheim, concluding as member of the Board of Managing Directors responsible for the entire animal health division. During this time he led successful transformation initiatives including the integration of the former Sanofi animal health business Merial, spearheaded key product launches and supported rapid global growth and expansion. Dr Hasenmaier has also served as Chairman of the Board at IMV Technologies since 2022 and as a Member of the Supervisory Boards of Invetx. He served on the Board of NASDAQ-listed Heska prior to its acquisition by Mars Petcare and also held senior positions at Hoechst Roussel Vet and McKinsey & Company. Dr Hasenmaier is a Doctor of Veterinary Medicine and holds a PhD in Immunology from Ludwig-Maximilians University in Munich and an MBA from Northwestern University, USA.



Dr Andrew Jones

Chairman (resigned 31 March 2025)

Appointed: 1 December 2017
Year of birth: 1960

Andrew has over 35 years' commercial experience in the life science sector and has held a range of senior positions, including CEO Europe for Arysta Lifescience, CEO Phoqus Pharmaceuticals plc and Principal at Cap Gemini Ernst and Young. He started his career in ICI Agrochemicals (now Syngenta AG). He is also Non-Executive Chairman at Fargroup Limited, a specialist horticultural distribution business supplying the UK market. He currently runs his own consulting company, Trioza Limited, which provides strategic advice to the animal health, crop protection and seeds sectors. Andrew has a BSc degree and PhD in agricultural biology. Andrew brings substantial strategic marketing and business development experience and skills to the business.



David Hallas

Chief Executive

Appointed: 1 April 2022
Year of birth: 1964

David Hallas has over 30 years of experience in the animal health industry and is a qualified veterinarian. He was previously managing director of Sure Petcare, a wholly owned subsidiary of Merck Inc., providing digital based solutions to the companion animal sector with sales of over US\$170m. Prior to this role, he was Associate Vice President of MSD Animal Health with full P&L responsibility for mid Europe which comprised a group of seven European countries with a combined revenue of over US\$450m; he has also held senior global, regional and business unit management roles in other animal health businesses within Merck, Schering Plough and Pfizer (now Zoetis) and lived and worked overseas including in the USA. David has substantial experience managing profitable growth through the introduction of new products, including vaccines, and successful merger and acquisition integrations.

Board of Directors continued

Key

- A

 Audit
- N

 Nomination
- R

 Remuneration
- Chair
- Member



Christopher Wilks

Chief Financial Officer

Appointed: 3 September 2019
Year of birth: 1964

Chris has considerable experience in the fields of both finance and science. He began his career after graduating from the University of Durham with a BSc in Applied Physics and Electronics. Initially he joined Marconi Space Systems, applying his degree skills to the design of power systems for spacecraft. He then trained as a Chartered Accountant at Arthur Young (now EY), and after qualifying as a Chartered Accountant in audit, he became a manager in its Corporate Finance team. Chris is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also currently a Non-Executive Director (and Chair of the Audit Committee) of Kromek Group plc, an AIM listed worldwide supplier of radiation detection technology, and was previously Chief Financial Officer of Signum Technology Limited, a leading group of specialised engineering businesses operating in the safety and critical service flow control sector, which he co-founded. Prior to Signum Technology, Chris was Chief Financial Officer at Sondex plc, a specialist developer of technical instruments for the oil and gas industry.



Dr Frank Armstrong

Independent Non-Executive Director

Appointed: 1 May 2020
Year of birth: 1957

Frank is a medical doctor, a Fellow of the Royal College of Physicians and a Fellow of the Faculty of Pharmaceutical Medicine. He is currently Non-Executive Chair of BioCaptive Limited, a Member of the Court of the University of Edinburgh, a Member of the Council and Trustee of the Royal College of Physicians and a Member of the Council and Trustee of the Faculty of Pharmaceutical Medicine. He has previously held Non-Executive roles in listed companies with Faron Pharmaceutical Oy (AIM), Summit Therapeutics (AIM and NASDAQ), Redx Pharma (AIM), Mereo Biopharma (AIM and NASDAQ) and Juniper Therapeutics (NASDAQ). He started his career at ICI Pharma/Zeneca Pharma before moving to Bayer AG where he became head of worldwide product development.



Tracey James

Independent Non-Executive Director

Appointed: 1 December 2021
Year of birth: 1962

Tracey is a Chartered Accountant who has spent 26 years with Grant Thornton UK LLP, with the last 14 years as an Audit Partner. Tracey was a member of Grant Thornton's Oversight Board and also served on the Audit and Risk, and Pensions Committees. She was also previously Finance Director of Karl Storz Endoscopy Canada (1999-2000). Tracey is currently a Non-Executive Director and Chair of the Audit Committee at specialist engineering and technology recruitment solutions business, Gattaca plc and contract research organisation hVIVO plc.

Compliance with the Principles of the QCA Code

The Company's shares are traded on the AIM market of the London Stock Exchange and as such, the Company is subject to the continuing requirements of the AIM Rules for Companies. As stated in the Chairman's introduction, the Board has adopted and considers the Company is currently transitioning to the requirements of the QCA's 2023 Corporate Governance Code. The following table summarises how we apply the ten Principles of the QCA Code during the financial year:

QCA Principle	Explanation
1 Establish a strategy and business model which promote long-term value for shareholders	<p>The Board meets annually to review and approve the strategy for the Company. The strategic plan and business model are reviewed by the Executive Leadership Team on an ongoing basis with relevant operational and management updates being reported to demonstrate delivery and progress. Decisions of the Board are made in line with the strategic plan and business model for the Group.</p> <p>Further details of the Group's strategy can be found in the Strategic Report.</p>
2 Promote a corporate culture that is based on ethical values and behaviours	<p>The Board leads by example and makes decisions that are in the best interests of the Group and its stakeholders as a whole. Culture and ethics are underpinned by a clear set of values (Collaboration, Commitment and Curiosity), which guide decision-making at all levels in the business and are supported by the Group's culture to ensure the values are universally adopted. The Company sets out its purpose and business model as part of its Annual Report.</p> <p>The Board recognises that its decisions will impact the corporate culture of the Group as a whole and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate. The importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Company's ethical approach to business is reflected in the way the Company has been able to develop long-term and fruitful relationships with its clients.</p> <p>The Group seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. The Board believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.</p>
3 Seek to understand and meet shareholder needs and expectations	<p>The Board communicates regularly with its shareholders via investor roadshows, one-to-one meetings and regular reporting.</p> <p>The Company has an established programme of engaging openly with shareholders. Communications with shareholders are via its website, the publication of the Annual Report and the Interim Statement, trading and other announcements made on RNS and at the Annual General Meeting where the Board encourages investors to participate.</p> <p>The Company's website contains information on the Group's business, corporate information and specific disclosures required under AIM Rules for Companies and the QCA Code.</p> <p>Following the announcement of the Company's full year and half year results the Company makes presentations to institutional shareholders, private client brokers and investment analysts. Periodic meetings are held with existing and prospective institutional and other investors. Formal feedback from shareholder meetings is provided by the Group's broker and discussion of this feedback is an item on the Board's agenda.</p> <p>The Company has appointed IRC Consilium to act as a main contact point for shareholder queries and has made their contact details available on the Company's website.</p>
4 Take into account wider stakeholder interests, including social responsibilities, and their implications for long-term success	<p>The Board values the opinions of key stakeholders in the business and regularly seeks to ensure that the views of its employees, suppliers, customers and partners are known and where relevant to the success of our business they are acted upon.</p> <p>The Company recognises its responsibility to promote its success for the benefit of its stakeholders and understands that the business has a responsibility towards its shareholders, employees, partners, customers, suppliers and to the local community. The Board seeks to maintain and improve its relationships with these groups and regularly obtains, and acts on, feedback as to how best it can maintain and improve its interactions.</p> <p>The Company has achieved an A rating for its ESG activities from Integrum ESG and the Board regularly monitors the progress against the Company's ESG activity against its objectives.</p>

Compliance with the Principles of the QCA Code continued

QCA Principle	Explanation
5 Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	<p>The Audit Committee is responsible for overseeing management's activities in identifying, evaluating and managing the risks facing the Group and records them on the Group risk register, and overseeing and reviewing the effectiveness of the Company's system of internal controls. The system is designed to manage, rather than eliminate, the risk of failure to achieve the execution of the Company's strategic objectives and business model. The Board monitors financial controls through the setting and approval of an annual budget and the regular review of management accounts.</p> <p>The Board oversees the external independent internal audit assurance work that is commissioned to review and provide recommendations on specific areas of risk that are highlighted by the Board.</p> <p>The Audit Committee oversees the independence of the external auditors by scrutinising any proposals for non-audit work to be undertaken by the auditors and overseeing the competitive procurement exercises to replace the auditors in line with best practice. The Audit Committee undertake a performance assessment of the external auditors each year.</p> <p>The Board evaluates the effectiveness of these systems by reviewing risks which cover both financial and non-financial issues potentially affecting the Group and from discussions with the external auditor. Details of these risks, and their management, are contained in the Strategic Report.</p> <p>Where the management of operational risk requires outside advice, this is sought from expert parties, and the Company has put measures in place to protect itself against supplier failure including insurance and buffer stock.</p> <p>Further details of our risk management, risks and internal controls can be found in the Strategic Risk section of the Strategic Report.</p>
6 Establish and maintain the Board as a well-functioning, balanced team led by the Chair	<p>The Board keeps under review its current balance and composition in order to ensure that it has a sufficiently wide range of skills and experience to enable it to pursue its strategic goals and address anticipated issues in the foreseeable future. The Board is supported by the Audit, Remuneration and Nomination Committees, each with delegated duties and responsibilities. The role of the Board and the Committees and how they operate is explained in detail in the Annual Report. The full Board is responsible and accountable to the shareholders for the management and success of the Company and to provide effective controls to assess and manage risks in the Group.</p> <p>There is a formal schedule of matters specifically reserved for the Board that includes matters relating to strategy & management; structure & capital; financial reporting & controls; internal controls; contracts; communications; Board membership and other appointments; delegation of authorities; and corporate governance.</p> <p>The Company has three Non-Executive Directors, each considered to be independent by the Board due to their relationship with the Company and their ability to act in the best interests of all shareholders. Each Board Committee comprises a majority of independent Non-Executive Directors. Biographies of the Directors are included within this corporate governance report and on the Company's website.</p> <p>The Board provides an overview of the skills and experience of each Director and how this is aligned to the strategic objectives of the Company.</p> <p>The Board meets on a minimum of six occasions with Board meetings spread across each year which tie in as far as possible with the Group's financial reporting and trading calendars.</p> <p>There is no performance-related remuneration for the Non-Executive Directors.</p>
7 Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities	<p>The Nomination Committee reviews at least annually the balance and composition of the Board and its Committees to ensure the skills and experience needed for successful operation are in place. Update training is undertaken periodically, and the skills and experience of the Directors are kept under review by the Nomination Committee, and any changes to the strategy of the Company are taken into consideration when the make-up and structure of the Board is considered.</p> <p>The skills and experience of the Board are set out in their biographical details included within this corporate governance report and the Company's website and are considered by the Board as representing an appropriate range of capabilities needed to deliver the strategy of the Company for the benefit of its shareholders over the medium to long term. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.</p> <p>The Company Secretary is assisted by an external professional company secretarial services provider.</p> <p>The Board's governance and framework sets out leadership and embeds delegated responsibilities to enable informed and confident decision-making. The Board Committees receive expert advice on the specific areas of operation as required, such as on remuneration, governance and capital markets.</p> <p>The Company maintains appropriate governance structures and processes according to its size and complexity.</p> <p>There is a clear division of responsibility between the Non-Executive Chairman and the Chief Executive, which is set out in Corporate Governance Statement.</p> <p>The role of the independent Non-Executive Directors is also set out in the Corporate Governance Statement.</p> <p>Compliance with the QCA Code and corporate governance requirements generally are reviewed on an ongoing basis by the Board as well as part of the annual Board effectiveness review process.</p>

Compliance with the Principles of the QCA Code continued

QCA Principle	Explanation
8 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Chairman evaluates the performance of the Board through a combination of questionnaires and one-to-one meetings with each Director. This process offers Directors an opportunity to discuss their contribution in terms of their skills and experience as well as identifying improvements or development to enhance the capabilities of the Board as a whole.</p> <p>A Board performance review is undertaken, supported by the external company secretarial provider, on an annual basis and makes recommendations for the Board to consider in respect of all areas of its operations, including its effectiveness, composition, participation and the performance of the Directors.</p> <p>Succession planning is recognised as a material topic for the Company and is the responsibility of the Nomination Committee, which makes recommendations to the Board concerning Board appointments. The Nomination Committee supports the Board with its succession planning process, both at a Director and Executive level, and at the Senior Manager levels.</p>
9 Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture.	<p>The Board is supported by a Remuneration Committee which oversees the Company's Remuneration Policy and framework. The Committee is formed of independent Non-Executive Directors and is supported by an external remuneration advisor.</p> <p>The Committee, on behalf of the Board, reviews the Remuneration Policy of the Company on an annual basis to ensure it is aligned to the Company's purpose and strategy, and sets the targets for the Company's senior leadership team to ensure that the senior management of the Company are motivated to promote the long-term growth of shareholder value.</p> <p>The Company has retained h2glenfern as remuneration advisers.</p> <p>The Company discloses the approach taken to setting the Remuneration Policy as part of its disclosures in the Annual Report and how it is aligned to the Company's purpose, strategy and culture. The Remuneration Committee keeps a watching brief over the wider Company's remuneration structure to ensure proportionality and consistency across the Company.</p> <p>The Remuneration Report as set out in the Annual Report and Accounts was, in 2024, put to an advisory shareholder vote.</p> <p>The Remuneration Policy will be put to an advisory shareholder vote at the 2025 AGM.</p>
10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The Board ensures that all stakeholders across the business are actively engaged through the relevant areas of responsibility. This includes making sure that the business as a whole upholds its values and monitors behaviour for acceptability.</p> <p>The Company recognises that meaningful engagement with its shareholders is integral to the continued success of the Group and the Company has actively engaged with shareholders through meetings, presentations and roadshows.</p> <p>The Board considers that the Annual Report and the Interim Report published at the half-year play an important part in presenting all shareholders with an assessment of the Company's position and prospects.</p> <p>All RNS press releases are published on the Company's website. The Annual General Meeting is an opportunity for shareholders to meet and discuss the Company's business with the Directors. Within the Annual Report, a report from each of the Committees of the Board is included which explains the role of each Committee, the activity it has undertaken throughout the year, its delegated responsibility and how it interacts with the Board.</p>

Leadership and the Board

The Role of the Board

The Board comprises two Executive Directors and three independent Non-Executive Directors (including the Chairman).

The Board is responsible for providing effective leadership to promote the long-term success of the Group. There is a formal list of matters reserved for the Board, that may only be amended by the Board. The key responsibilities of the Board include:

- setting the Group's vision and strategy;
- ensuring the necessary financial and human resources are in place to support implementation of the strategy;
- maintaining the policy and decision-making process through which the strategy is implemented;
- providing entrepreneurial leadership within a framework of good governance and risk management;
- monitoring performance against key financial and non-financial indicators;
- responsibility for risk management and systems of internal control; and
- setting values and standards in corporate governance matters.

Division of Responsibilities

The responsibilities of both the Chairman and CEO are clearly defined and understood:

- The Non-Executive Chairman, Joachim Hasenmaier, has primary responsibility for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. In addition, he maintains a strong focus on governance to ensure good practice is embedded in the day to day operations with good flows in communication and reporting. He maintains a regular dialogue with the CEO to ensure the business receives the support from the Board necessary to progress the strategy. The Chairman also meets with the Non-Executive Directors as required. Shareholders have an opportunity to engage with the Chairman and the Board at the Company's AGM.

- The CEO, David Hallas, is responsible for the day-to-day running of the business which includes implementation of the strategy. He is supported by an Executive Leadership Team ("ELT") who have management responsibility for the business operations and support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the CFO and other ELT members.

The role of the independent Non-Executive Directors is to:

- provide oversight and scrutiny of the performance of the Executive Directors;
- constructively challenge to help develop and execute on the agreed strategy;
- satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- satisfy themselves as to the robustness of the internal controls;
- ensure that the systems of risk management are robust and defensible; and
- review corporate performance and the reporting of performance to shareholders.

Board Committees

The Board has delegated certain responsibilities to three Committees: an Audit Committee, a Remuneration Committee and a Nomination Committee. Each Committee has written terms of reference set by the Board, which are available on the Group website. The Committee terms of reference were reviewed and updated during the financial year.

Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee. Each Committee Chair reports to the Board on the activities considered and determined by the relevant Committee. A summary of the Committees' responsibilities and their work during the year can be found in the reports from the Committees appearing later in this section. The Committees are entitled to engage specific advisers as required to discharge their duties.

Board Activities

The Board held seven scheduled meetings during the year. The Board agenda is structured between standing agenda items, governance requirements and areas of operational and strategic focus. The Board held ad-hoc meetings throughout the year to deal with non-routine business. All meetings of the Board were quorate.

Board support, meeting management and attendance

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Group, the Directors are expected to attend all meetings and their attendance for the financial year 2024-25 is shown on page 29 in the Corporate Governance section of this report.

The Company Secretary plays a vital role in ensuring good governance, assisting the Chairman. Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors each receive reports which include updates on strategy, finance, including management accounts, operations, commercial activities, business development, risk management, legal and regulatory, people and infrastructure and on investor relations.

The Directors may have access to independent professional advice, where needed, at the Group's expense.

Board Effectiveness

In line with best practice, the Board conducts an annual assessment of effectiveness through a questionnaire in a process led by the Chairman. The questionnaire provides Directors with the opportunity to express their views on a variety of topics including: board leadership, effectiveness and accountability. The detailed findings of the evaluation are reviewed, and actions generated.

A Board performance review was held during the year, which was led by the independent company secretary on behalf of the Chairman. Feedback arising from the performance review highlighted areas where the Board and Committees were performing well, notably the execution of the succession and handover to the new Chairman during the year. The review also identified actions to be invested in for the future, and progress on these actions would be monitored throughout the year.

Strategic Resources

The ELT includes representation from a wide range of disciplines and each leader identifies and manages the key resources and relationships in their respective areas.

Ethical Behaviours

The Board ensures ethical values and behaviours are recognised and respected, promoting a strong culture of supporting our core values. These values are incorporated into our various codes which are made available on the Group's intranet and which the Board regularly reviews and updates.

These codes include Employee code of conduct, human resources policies, Anti Bribery and Corruption, Modern Slavery policy, Health and Safety policies and Social Media policies.

Leadership and the Board continued

Board Induction, Training and Development

When appointed, new Directors are provided with a full and tailored induction in order to introduce them to the business and management of the Group. Throughout their tenure, Directors are given access to the Group's operations and personnel, and receive updates on relevant issues as appropriate, taking into account their individual qualifications and experience. This allows the Directors to function effectively with appropriate knowledge of the Group.

During the year, the Board received a presentation from Singers Capital Markets on market developments and refresher training on the AIM listing rules and Market Abuse Regulations to ensure the Board is kept up to date in relation to their regulatory duties.

The Board is satisfied that each Director has sufficient time to devote to discharging his responsibilities as a Director of the Company.

Re-election of Directors

In line with the recommendations of the 2023 QCA Code, all Directors will be put forward for re-election at the Company's Annual General Meeting.

The composition of the Board of Directors in relation to diversity is set out in the Nomination Committee Report.

Stakeholder engagement

The Company maintains a dialogue with shareholders and other key stakeholders throughout the year using a number of channels, both through direct and indirect interactions such as the Annual Report and Accounts, regulatory announcements, the AGM, as well as meetings with existing or potential new shareholders. Annual Reports as well as other regulatory announcements and related information are published on the Company's website.

The Company's brokers also publish research from time to time.

A list of the Company's significant shareholders can be found in the Directors' Report and in the investor section of the Group website which is updated following formal notifications of movements to the Company.

Additionally, the Company maintains regular communication and dialogue with other stakeholders such as employees, customers, suppliers and regulators to understand their needs and concerns and factors these requirements into its decisions and activities.

Annual General Meeting ('AGM')

This year's AGM will take place on 25 September 2025 at 9am at The Grange, 100 High Street, London N14 6BN.

Details of the resolutions to be considered at the AGM are contained in the Notice of Annual General Meeting.

Voting Outcomes

The Company held its 2024 Annual General Meeting on 26 September 2024.

Internal controls

There is a clearly defined delegation of authority from the Board to the Executive Leadership Team, with appropriate reporting lines to individual Executive Directors.

As a standing agenda item, the Board receives regular updates by the Head of Global Research and Development in relation to research and development and investment initiatives. The Board has maintained procedures for the authorisation of Research and Development expenditure, capital expenditure and other investments.

Under its terms of reference, the effectiveness of internal controls continues to be reviewed by the Audit Committee annually to provide reasonable assurance of the custodianship of assets, the recognition and measurement of liabilities, the maintenance of proper accounting records and the reliability of financial information used within the business.

The Group finance team manages the financial reporting process to ensure that there is appropriate control and review of the financial information including the production of timely financial information for Board meetings as well as for annual and half-yearly financial reporting responsibilities. Group finance is supported by the operational finance team throughout the Group, who have responsibility and accountability for providing information in compliance with the policies, procedures and internal best practices.

The Group continues to have a suite of codes and policies to promote good governance principles, ensure strong internal control processes and embed the culture throughout the Group.

These include an overall code of conduct, and policies on anti-bribery and corruption, fraud, modern slavery, share dealing in ECO securities, the use of social media and business travel arrangements. These policies are communicated directly to all personnel by email, are re-enforced through periodic training and are available on the Group's intranet site.

Although the Board itself retains the ultimate power and authority in relation to decision making, the Audit Committee meets at least three times a year with external auditors to review specific accounting, reporting and financial control matters. The Committee also reviews the interim and final accounts and has primary responsibility for making a recommendation on the appointment, reappointment and removal of external auditors.

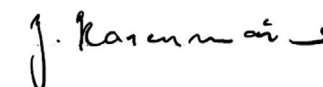
The Group has adopted an approach whereby specialist internal audit work is undertaken by external organisations, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group. Internal Audit work is determined by a risk-based approach and the Committee is responsible for overseeing the work and the implementation of any recommendations.

Going concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with available cash and a committed borrowing facility.

In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Directors would consider undertaking.



Joachim Hasenmaier
Non-Executive Chairman
11 July 2025

Audit Committee Report



Tracey James
Audit Committee Chair

I am pleased to present the Audit Committee's ("the Committee") annual report on its activities for the period up to the review of our 2025 Annual Report and Accounts.

This report is intended to explain how the Committee has met its responsibilities and reports on the activities of the Committee during the year. As Chair of the Committee I would welcome questions from shareholders on any of the Committee's activities at our AGM to be held on 25 September 2025.

Aims and objectives

The Committee monitors the integrity of the financial statements of the Interim and Annual Reports and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable. It reviews significant financial reporting issues, key judgements and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board. It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Interim financial statements. It monitors the relationship with the Group's independent auditor including the consideration of audit fees and independence.

Members of the Committee have access to the Company Secretary who attends and minutes all meetings. To enable the Committee to discharge its duties effectively, the Company Secretary is responsible for ensuring the Committee receives high-quality, timely information. The Chairman of the Committee works closely with the CFO and the finance team to ensure papers for meetings are comprehensive and relevant. When appropriate to do so, the Committee seeks the support of external advisers and consultants.

Membership of the Committee

During the year to 31 March 2025, the Committee comprised Tracey James (Chair), Dr Frank Armstrong, Dr Andrew Jones (resigned 31 March 2025) and Dr Joachim Hasenmaier (appointed 19 March 2024).

Appointments to the Committee are made by the Board following recommendations from the Nomination Committee. Only members of the Committee have the right to attend meetings. The Committee members have a mix of knowledge and skills gained through their experience of business, management practices including risk, the industry sector and the Committee as a whole has recent and relevant financial experience. The Executive Directors are invited to attend meetings, and other senior people will attend as appropriate. The external auditor also attends the meetings to discuss the planning and conclusions of their work and meet with the members of the Committee without any members of the executive team present. The Committee Chair also meets privately with the senior statutory auditor, Christopher Cork, outside of the Committee meetings.

Operation of the Committee

The Committee reviews and updates the terms of reference regularly, to conform to best practice, which are subject to approval by the Board. The terms of reference are available on the Group's website as well as in hard copy format from the Company Secretary. Each year, the Committee works to a planned programme of activities, which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its terms of reference.

It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls. The Committee approves the terms of all audit and non-audit services provided by the Group's auditors to ensure audit objectivity is maintained.

The main activities of the Committee during the period since the last report were as follows:

- Reviewing the management and reporting of financial matters including key accounting policies
- Reviewing the Annual Report and Accounts and advising the Board on whether, when taken as a whole, it is fair, balanced, and understandable and provides shareholders with the information necessary to assess the Group's position and performance, business model and strategy
- Considering the appropriateness of, and the appointment of, independent external accountants to undertake specific internal audit engagements
- Overseeing the relationship with, and the independence and objectivity of, the external auditors
- Setting policy in relation to the use of the external auditors for non-audit services
- Advising the Board on the Group's appetite for and tolerance of risk and the strategy in relation to risk management and reviewing any non-conformances with these
- Reviewing the Group's risk management and internal control systems and their effectiveness, including reviewing the Delegated Authority framework
- Reviewing the Group's procedures for detecting and preventing fraud, bribery and corruption and ensuring the Group's whistle-blowing procedures are adequate for employees to raise concerns
- Reviewing the findings of external audit reviews, ensuring that they are analysed and improvement plans are implemented
- Reviewing global compliance matters throughout the year

Audit Committee Report continued

Internal Audit

Internal audit work is undertaken by external organisations, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group. Internal Audit work is planned and determined by a risk-based approach. In addition, a regular programme of quality and regulatory compliance auditing is undertaken by the Group's internal team. The head of this team presents a summary of work done and findings to the Committee and Board.

During the year an external firm carried out and completed a review of the processes and controls in the Group's China based subsidiary. The Committee reviewed the findings of the review, ensuring remediation plans are in place.

Risk management and Internal Controls

The Committee reviewed the Group's risk assurance framework in the year. The responsibilities surrounding risk management and internal control systems are designed to meet the needs of the size and complexity of the business. It takes into account the applicable requirements of regulators in the various markets in which the business operates as well as the legal requirements of being a UK company whose shares are admitted to trading on AIM. Internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material loss or misstatement.

The key components of the current systems of internal controls are:

- Clearly communicating ECO's values and strategy to ensure these are understood and people know what is expected
- All employee communication sessions and employee engagement surveys
- Developing business and financial plans that support the strategy
- Reviewing policies and procedures to ensure these remain fit for purpose
- Continuous monitoring of controls and internal processes to identify opportunities for strengthening and improvement

- Regular reporting of actual performance relative to business plans, budgets and forecasts
- Ensuring there is a structure of accountability
- Training and monitoring
- Board-approved remediation activities in response to internal control review findings

Whistleblowing

The Group has a Whistleblowing Policy and has developed procedures to help with the detection and prevention of fraud. Published on the Group's intranet, the policy provides all employees access to a confidential forum in which it is possible to raise concerns about potential and perceived improprieties. Provided it is appropriate to do so, the process is managed by the Company Secretary. The outcomes of any investigations carried out in accordance with the policy are reported to the Committee. There were no whistleblowing notifications or events during the year ended 31 March 2025.

Fair, balanced and understandable

The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true. The Committee was satisfied that it was appropriate for the Board to approve the financial statements and that the Annual Report taken as a whole is fair, balanced and understandable such that it allows shareholders to assess the Group's position and performance against the Group's strategy and business model.

Significant accounting issues

The Committee reviewed the key judgements applied to a number of significant accounting issues in the preparation of the financial statements. The review included consideration of the following:

Issue

Revenue recognition and accounting for discounts

How the Committee addresses

The Group has well-developed accounting policies for revenue recognition in compliance with IFRS15 as shown in note 2 and note 3 to the financial statements. The Group has one main source of revenue representing direct sales of animal pharmaceutical products into UK, European and global markets. The Group recognises revenue at the point its performance obligation is met, which may occur at different points in the revenue cycle dependent on contractual terms and shipping methods. Certain revenue arrangements include the offering of volume and other discounts to customers.

The Committee receives reports from management and from the auditors to evidence that the policies are complied with across the Group.

Intangible assets capitalised and development expenditure

The Group's accounting policy for intangible assets is included within the accounting policies in note 2 and the components of intangible assets are set out in note 11.

In practice, work that is undertaken to build towards regulatory approval for a new treatment claim using Aivlosin®, the Group's longstanding product, or work that is undertaken on new products that have passed through the internally assessed gateway into full development is capitalised as the projects are likely to meet the capitalisation criteria whereas costs in relation to some of the Group's earlier stage projects, on advanced preventative treatments, for example, are expensed. Capitalisation of any costs are subject to careful consideration of residual technical and economic feasibility and commercial risk. These risks are monitored and reviewed throughout the project life, notwithstanding any previous decision to pass through the full development gateway.

Goodwill and intangible asset impairment calculations (including assumptions about future performance of the Group) and sensitivities are undertaken at least annually by management and reviewed by the Board and the Committee.

The Committee also considered and agreed the appropriateness of the sensitivity analysis disclosures.

Accounting for and disclosure of non-underlying items excluded from Adjusted EBITDA

The Committee considered the accounting for and disclosure of non-underlying items (see note 5 to the financial statements) which are excluded from the calculation of Adjusted EBITDA. The Committee reviewed with management and discussed the accounting and disclosure with the Group's auditors. The Committee concluded it was content with the accounting for and disclosure of non-underlying items.

Audit Committee Report continued

Shareholders' attention is drawn to the section titled 'Auditor's responsibilities for the audit of the financial statements' in the Report from the independent auditor on page 52, about specific areas as reported by the independent auditor to provide its opinion on the financial statements as a whole.

Independent auditor

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing (UK) ('ISAs'), issued by the Financial Reporting Council ('FRC'). There are no contractual obligations that act to restrict the Committee's choice of external auditor.

Christopher Cork of HaysMac LLP, continues as statutory auditor to the Group.

The assessment of the effectiveness of external auditors is an ongoing process involving regular discussion with key stakeholders within the Group, engagement with and feedback from the external auditors themselves, and consideration by the Committee of the performance of the external auditors. Having considered the effectiveness and performance of the independent auditor for the financial year ended 31 March 2025, the Committee recommended to the Board the reappointment of HaysMac LLP as independent auditor of the Group for the next financial year, which will be subject to approval by the shareholders at the AGM to be held on 25 September 2025.

Independent auditor: services, independence and fees

The independent auditor provides the following deliverables as part of its statutory audit services:

- A report to the Committee giving an overview of the results, summary of work undertaken and findings, estimates, judgements and observations on the control environment
- An opinion on whether the Group and Company financial statements are true and fair
- An internal controls report to the Committee, highlighting to management any areas of weakness or concern identified through the course of their external audit work

The Committee regularly reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in note 5 to the financial statements. Non-audit fees were £nil in 2025 (2024: £nil).

The Committee regulates the appointment of former colleagues of the independent auditor to positions in the Group. During the year ended 31 March 2025, no such appointments took place. The independent external auditor also operates procedures designed to safeguard its objectivity and independence. These include the periodic rotation of the senior statutory auditor, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all our people. As identified above, the year ended 31 March 2025 was the third audit year undertaken by Christopher Cork; accordingly no rotation is yet due.

The independent external auditor reports to the Committee on matters including independence and non-audit work on an annual basis.



Tracey James
Audit Committee Chair

11 July 2025

Remuneration Committee Report



Dr Frank M Armstrong
Remuneration
Committee Chairman

On behalf of the Remuneration Committee, I am pleased to introduce the Remuneration Committee Report. As a company admitted to AIM, we are guided by the QCA's Remuneration Committee Guide and, when appropriate to do so, look to the UK Corporate Governance Code and to investor guidelines for best practice.

In this report we set out the Committee's responsibilities and report on the activities of the Committee during the year. In line with good practice and our previous practice, we will be putting an advisory resolution to approve this report to our 2025 AGM. In line with the new QCA Code, we will also put putting an advisory resolution to approve the Remuneration Policy as set out in this report at our 2025 AGM.

Membership of the Committee

The Remuneration Committee comprises Dr Frank Armstrong (Chairman), Tracey James and Joachim Hasenmaier. Andrew Jones stepped down as a member of the Committee with effect from 1 August 2024.

Role of the Remuneration Committee

On behalf of the Board, the Remuneration Committee reviews and determines the pay, benefits and other terms of service of the Company's Executive Directors (CEO and CFO) and the ELT. The Committee also keeps under review the broad compensation strategy with respect to all other Group employees.

The terms of reference of the Committee are set out on the Group website.

Remuneration Committee actions in the year

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

- Approving annual bonus structure and targets for the year to March 2025
- Determining the executive annual bonus outcome for the year to March 2025
- Review of the 2024 Remuneration Committee Report
- Considering changes to Executive salaries at mid-year in line with our normal cycle
- Approval of performance criteria for the LTIP for Executive Directors and ELT of the Group for the year to March 2025
- Approval of grant of LTIP awards for the Executive Directors and ELT in October 2025
- Considered the provisions of the new QCA Code relating to remuneration
- Approval of the grant of CSOP awards across the Group

Post year end, the Committee has:

- Approved annual bonus structure and targets for the year to March 2026
- Determined the executive annual bonus outcome for the year to March 2025
- Reviewed the Remuneration Committee Report, including the Remuneration Policy, in the Annual Report and Accounts 2025

New QCA Code and Remuneration Policy

During the year, the Committee considered the matters on remuneration included in the new QCA Code which became effective for the Company for the year ended March 2025 and determined to put an advisory resolution to approve the Remuneration Policy to the 2025 AGM. In the light of this decision, the Committee reviewed the policy. It determined to change the policy in respect of bonus deferral such that bonus may be paid in a mixture of cash and deferred shares or entirely in cash. The policy now states that the extraordinary maximum long term incentive award an executive may receive during the year is 200% of salary, in line with the plan rules. The normal maximum remains at 100% of salary. Some further notes have been added under the policy table.

Company performance during the year

The Group's financial performance in the year ended 31 March 2025 was lower than market expectations for both sales and EBITDA, despite better gross margin and continued robust overhead cost control.

Remuneration decisions during the year

In the light of positive performance during the year, the Executive Directors received bonuses in respect of the year ended 31 March 2025 at 30% of salary.

The Executive Directors were granted long term incentive awards on 27 October 2024 as detailed later in this report.

Remuneration Committee Report continued

2024 AGM

At our AGM on 27 September 2024, 88.8% of votes were cast in favour of the resolution to approve our Remuneration Report with 11.2% votes cast against. The votes against included one significant shareholder which voted against the resolution as a result of an administrative error. The Remuneration Committee believes the larger part of this adverse voting was associated with one shareholder whose policy is to vote against remuneration reports where LTIP periods (including vesting and holding periods) are less than five years. LTIP awards made by the Company have performance and vesting periods of three years which is in line with normal and best practice for AIM companies.

Remuneration Policy

The Group’s remuneration structure has been designed to bring the Company into line with best remuneration practice and to improve the alignment of senior leadership with shareholder interests, thereby supporting future value creation. The Committee’s aim, as in previous years, is that the rewards that can be earned provide a competitive level of incentive and are appropriate for a Group of comparable size and complexity at each level of performance. To this end, the Committee considers appropriate goals from time to time which it believes will best ensure delivery of the Group’s short and long term objectives and ensure alignment with stakeholder interests.

Policy table

Element	Link to Remuneration Policy/strategy	Operation	Maximum opportunity	Performance metric
Base salary	To help recruit and retain high performing Executive Directors. Reflects the individual’s experience, role and importance to the business.	Base salary is reviewed annually with any changes effective 1 October with reference to each Executive Director’s performance and contribution, Group performance, the scope of the Executive Directors’ responsibilities and consideration of competitive pressures.	The Committee is guided by the general increase for the broader employee population but has discretion to decide on a lower or a higher increase.	The Committee considers individual and Group performance when setting base salary.
Benefits	To help recruit and retain high performing Executive Directors. To provide market competitive benefits.	Executive Directors benefit from private medical, permanent health insurance and life assurance cover.	Maximum benefit applies according to the underlying insurance policy and is four times base salary in the case of life assurance.	n/a
Pension	To help recruit and retain high performing Executive Directors. To provide market competitive pensions.	Employer’s pension contribution.	The Company may contribute up to 10% of base salary in the case of the CFO.	None
Annual Bonus Plan	To incentivise and reward performance. To align the interests of the Executives and shareholders in the short and medium term.	The annual bonus is earned by the achievement of one-year performance targets set by the Remuneration Committee. The parameters, performance criteria, weightings and targets are ordinarily set at the start of each financial year. 33% of awards to Executives under the Annual Bonus Plan may be deferred into shares vesting after three years under the Deferred Bonus Plan or annual bonus may be paid entirely in cash. Awards are subject to malus and clawback provisions.	The maximum bonus opportunity for the CEO and CFO is 100% of base salary with target set at 60%.	Performance measures may include financial, non-financial, personal and strategic objectives. Performance criteria and weightings may be changed from year to year. At present, the performance targets are based on revenue and EBITDA performance and achievement of personal targets.

Remuneration Committee Report continued

Element	Link to Remuneration Policy/strategy	Operation	Maximum opportunity	Performance metric
Long Term Incentive Plan (LTIP)	To incentivise and reward long-term performance and value creation. To align the interests of Executive Directors and shareholders in the long term.	Executive Directors are eligible to receive awards under the LTIP at the discretion of the Committee. Awards are granted as nil-cost options or conditional awards which vest after three years subject to the meeting of objective performance conditions specified at award. Awards are subject to malus and clawback provisions.	In accordance with the scheme rules the normal maximum award in any financial year is 100 % of base salary. The maximum in exceptional circumstances under the LTIP plan rules is 200% of salary. Awards in FY25 were set at 25% of base salary.	Performance criteria and weightings may be changed from year to year. For awards made in FY25, 75% of the award was subject to an absolute TSR target and 25% subject to R&D based targets.
All employee share plan	To encourage all employees to make a long-term investment in the Company's shares in a tax efficient way.	The Executive Directors may participate in the CSOP on the same terms as other eligible employees.	The maximum participation level will be aligned to HMRC limits. To date, Executive Directors have not received CSOP awards.	None
Shareholding requirement	Encourages Executive Directors to achieve the Group's long-term strategy and create sustainable stakeholder value. Aligns with shareholder interests.	125% for the CEO and 100% for the CFO. This percentage is 36% and 123% respectively at 30 June 2025 based on cost of shares purchased and value of bonus deferred into shares.	n/a	n/a
Non-executive Director remuneration	To provide fees appropriate to time commitments and responsibilities of each role.	Non-Executive Directors are paid a base fee in cash. Fees are reviewed periodically. In addition, reasonable business expenses may be reimbursed.	The Group Board is guided by the general increase for the broader employee population and takes into account relevant market movements.	n/a

Service contracts and letters of appointment

All Executive Directors have employment contracts which are subject to twelve months' notice from either the Executive or the Group, given at any time.

All Non-Executive Directors have a remuneration agreement on a rolling basis subject to three months' notice by either the Non-Executive Director or the Group, given at any time. In the event of termination of their appointment they are not entitled to any compensation.

Remuneration of the Non-Executive Directors is determined by the Chairman and the CEO. They may be paid additional fees in the event that their workloads are significantly in excess of their contractual obligations. The Chairman's remuneration is determined by Remuneration Committee in conjunction with the CEO. However, the Chairman is not entitled to vote on the matter.

The Executive Directors' service agreements and the Non-Executive Directors' appointment letters are available for inspection by shareholders at the Company's registered office and at the Company's AGM.

Malus and clawback

In respect of bonus and long term incentives, the Remuneration Committee has the authority to apply malus and clawback within three years of payment or vesting. This authority may be exercised in cases, inter alia, of financial misstatement, data or calculation errors in performance assessments, fraud or misconduct.

Remuneration Committee Report continued

Remuneration of employees below the Group Board

Employees below the Group Board receive base salary, benefits and annual bonus, and senior staff are granted share awards. Other staff may be granted options.

Shareholder consultation

The Committee’s policy is to consult with major shareholders in respect of significant decisions on executive remuneration. The Chair of the Remuneration Committee is available for contact with investors concerning the Company’s approach to remuneration.

Consideration of new Executive Directors or senior executives

When recruiting or promoting any senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the Remuneration Policy set out above. Where applicable, the Committee may seek to compensate new Executive Directors for remuneration forfeited on leaving previous employers.

Leaver provisions

If an employee ceases employment before the bonus payment date, their entitlement to an annual bonus will generally lapse. However, in the case of a “good leaver,” the Remuneration Committee may exercise discretion to award a pro-rata bonus based on the period worked and performance achieved before the termination date. Any bonus payment to a good leaver is subject to the usual performance conditions and Company discretion.

Under the LTIP, if an award holder leaves employment before their award vests, the award will ordinarily lapse. However, in good leaver circumstances, a portion of the award may still vest, subject to performance assessment and time apportionment. The Committee has the discretion to waive the performance conditions and/or time apportionment.

Change in control provisions

In the event of a corporate event such as a change of control, scheme of arrangement, voluntary winding-up or delisting, the treatment of the annual bonus is at the discretion of the Remuneration Committee. Typically, the bonus will be pro-rated based on time served and performance achieved up to the date of the corporate event. The Committee may also decide to accelerate payment.

Under the LTIP, if a corporate event occurs, outstanding awards will be time pro-rated, unless the Remuneration Committee determines that a lesser (or no) reduction is appropriate. Additionally, the Committee will assess the extent to which performance conditions have been met at the time of the event. The Committee may also determine to waive performance conditions.

Remuneration during the year ended 31 March 2025

Directors’ remuneration

The aggregate remuneration payable to the Directors in respect of the period was as follows:

	Salary		Other		Pension		Bonus		Total remuneration	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's	2025 £000's	2024 £000's	2025 £000's	2024 £000's	2025 £000's	2024 £000's
D. Hallas	356	343	1	1			74	242	431	586
C. Wilks	263	254	21	12	31	25	52	179	367	470
A. Jones	88	85							88	85
F. Armstrong	53	51							53	51
J. Hasenmaier	47	6							47	6
T. James	53	51							53	51

Remuneration Committee Report continued

Salaries

As at 1 April 2024, the salary of the Chief Executive Officer was £350,818 and the salary of the Chief Financial Officer was £259,656. These were increased in line with the UK based staff increase of 3% effective 1 October 2024 to £361,342 and £267,446, respectively.

The fees of the Chair and Non-Executive Directors were increased in line with the UK based staff increase of 3% effective 1 October 2024.

Annual bonus

The Committee considered the performance of the Executive Directors in the financial year against the criteria of the Annual Bonus Plan that comprised 70% based on financial performance, including revenue and EBITDA, and 30% based on personal objectives. The maximum bonus opportunity for the year for the Executive Directors was 100% of salary, with on target bonus at 60% of salary. In the light of positive performance during the year, the Executive Directors received bonuses in respect of the year ended 31 March 2025 at 20.6% of salary. 0% was paid in respect of the Group's financial performance.

Long term incentives

The Company made awards under its LTIP to Executive Directors on 27 October 2024 subject to three year performance targets for TSR and R&D as detailed in the table below. Based on the share price the day before award, the value of these awards was set at approximately 35% of salary.

The Company made awards under its Deferred Bonus Plan (DBS) in respect of bonuses paid for the year ended 31 March 2024 over 143,452 ordinary shares in the company to two Executive Directors as detailed in the table below.

Details of awards held by Executive Directors under the LTIP and awards under the Deferred Bonus Plan as at 31 March 2025 are set out below:

	Date of grant	No of awards as at 31 March 2024	Number of awards granted in year	Number of awards lapsed/ exercised in year	Share price at date of grant £	Normal vesting date	No of awards held as at 31 March 2025
LTIP							
David Hallas	24 Feb 23	117,313			1.28	24-Feb-26	117,313
	22-Mar-24	101,403			0.86	22-Mar-27	101,403
	27-Oct-24		189,531		0.66	27-Oct-27	189,531
Christopher Wilks	28 Apr-21	64,824		(64,824)	3.63	–	–
	24-Feb-23	90,375			1.28	24-Feb-26	90,375
	22-Mar-24	75,249			0.86	22-Mar-27	75,249
	27-Oct-24		140,280		0.66	27-Oct-27	140,280
Deferred bonus							
David Hallas	21-Dec-23	26,985			1.11	21-Dec-26	26,985
	28-Aug-24		82,437		1.08	28-Aug-27	82,437
Christopher Wilks	24-Sep-21	14,782		(14,782)	3.22	–	–
	12-Dec-22	4,309			1.17	12-Dec-25	4,309
	21-Dec-23	17,577			1.11	21-Dec-26	17,577
	28-Aug-24		61,015		1.08	28-Aug-27	61,015

Total awards granted within the last 10 years which have been exercised for new shares or remain outstanding are within the conventional UK dilution limit of 10%. The Company is committed to operating within this limit. Following several purchases during the year, the Company's EBT held 270,000 shares intended to be used to satisfy the vesting of share options at the year end.

Remuneration Committee Report continued

Directors' interests

Directors' shareholdings as at 31 March 2025 were as follows:

	Number of shares	Cost £	% of issued shares	Deferred bonus shares		Total personal investment shares
				Number	Cost* £	
David Hallas	124,834	130,021	0.18%	109,422	118,438	248,459
Christopher Wilks	173,877	296,969	0.26%	82,901	90,034	387,002
Andrew Jones	16,449	16,449	0.02%			16,449
Frank Armstrong	3,000	9,720	0.00%			9,720
Tracey James	5,000	4,500	0.01%			4,500

* Gross bonus foregone

In addition to the above shareholding positions on 31 March 2025, Mr Hallas purchased 29,962 shares on 25 April 2025 at a cost of £20,000.

Remuneration for year ending 31 March 2026

Executive remuneration will be operated under the policy detailed above.

Salaries

Executive and Non-Executive Director salaries and fees will be reviewed during the year with any changes effective 1 October 2025.

Annual Bonus Plan

The Annual Bonus Plan applies to both Executive Directors and the ELT. Performance targets for 2025/26 are split as to 70% linked to revenue and EBITDA performance, and 30% linked to achievement of personal targets set by the Remuneration Committee. On target revenue and EBITDA performance for the Executive Directors is set at meeting the Group's budget for the year and results in payment of 60% of the maximum opportunity. The proposed personal objectives for the CEO and CFO for 2025/26 are focused around business performance, R&D projects, growth and corporate governance.

Long term incentives

The Committee intends to make LTIP awards to its Executive Directors and ELT members during FY26. These will operate in line with the Company's policy.

Annual General Meeting

The Committee will put separate advisory resolutions on its Remuneration Report and its Remuneration Policy to its 2025 AGM.



Dr Frank M Armstrong
Remuneration Committee Chairman
11 July 2025

Nomination Committee Report



Joachim Hasenmaier
Nomination Committee
Chairman

Membership of the Committee

The Nomination Committee comprises Dr Andrew Jones, Chairman (resigned as Chair and member of the Nomination Committee on 31 March 2025), Dr Frank Armstrong, Tracey James, Joachim Hasenmaier (appointed as Chair of Nomination Committee on 27 March 2025) and David Hallas.

Main Responsibilities

The terms of reference of the Committee are set out on the Group website. The main responsibilities of the Committee are as follows;

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
- Giving full consideration to succession planning
- Keeping under review the leadership needs of the organisation
- Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board
- Formulating plans for succession for both Executive and Non-Executive Directors
- Nominating membership of the Audit and Remuneration Committees
- The re-election by shareholders of Directors under the annual re-election provisions and of the retirement by rotation provisions in the Company's Articles of Association
- Any matters relating to the continuation in office of any Director at any time including the appointment or removal of any Director to Executive or other office

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

Activities during the year

The Committee met twice during the year.

The Committee also reviewed the development and succession plans for personnel in key roles in the leadership team and the future succession of Non-Executive Directors.

The Committee decided that diversity and gender pay would be monitored and managed by the Remuneration Committee.

Joachim Hasenmaier
Nomination Committee Chairman
11 July 2025

Directors’ Report

The Directors present their report and financial statements for the year ended 31 March 2025.

Directors

The following Directors have held office since 1 April 2024:

Andrew Jones	Non-Executive Chairman
(resigned 31 March 2025)	(to 31 March 2025)
Frank Armstrong	Non-Executive Director
Tracey James	Non-Executive Director
Joachim Hasenmaier	Non-Executive Chairman
(from 1 April 2025)	
David Hallas	Chief Executive Officer
Christopher Wilks	Chief Financial Officer

Principal activities

The principal activities of the Group in the year under review were those of manufacturers and suppliers of animal health products. These activities were conducted on a global scale, through a network including both regional offices and overseas subsidiaries.

Results and dividends

The consolidated income statement for the year is set out on page 54.

The profit for the year after tax was £2.6m (2024: £2.0m). The Company does not propose to pay a dividend for the year ended 31 March 2025 (year ended 31 March 2024: £nil).

Future developments

The likely future development of the business is covered in the Strategic Report.

Financial risk management

Information on the use of financial instruments by the Group and its management of financial risk is disclosed in note 31 to the financial statements. Further details of the Group’s financial risks and controls are set out in the Strategic Report.

Energy and carbon emissions

An analysis of energy consumption and carbon emissions is included in the Sustainability Report. The Group in the UK has an outsourced business model. All warehouses and production facilities are contracted to specialist regulated and approved companies. As such the premises occupied by the Group in the UK now comprise just one office, following the sale of the New Malden premises during the financial year. Consequently, the emissions from the Group premises in the UK are disclosed in the ESG report.

Substantial shareholdings

At 30 June 2025 the Company had been notified of the following holdings in its issued share capital representing the largest 10 shareholdings:

Shareholder	Shares	% of issued capital
Schroders Investment Management (London)	11,800,000	17.41
Soros Fund Management (New York)	7,301,503	10.78
Mr Peter A Lawrence (UK)	6,501,146	9.59
FIL Investment International (London)	5,942,722	8.77
Lombard Odier Asset Management (London)	4,549,458	6.71
Chelverton Asset Management (Bath)	3,125,000	4.61
Killik Asset Management (London)	1,932,020	2.85
Artemis Investment Management (Edinburgh)	1,687,647	2.49
Sorbus Partners (Stafford)	1,669,000	2.46
UBS Securities (London)	1,637,882	2.42

Group research and development activities

The Group is continually researching into and developing new products and markets. Details of expenditure incurred and written off during the year are shown in the notes to the financial statements. The Group remains committed to obtaining further authorisations of its Aivlosin® products in other key territories and for additional disease applications, while at the same time expanding its product offering to include vaccines and other biologicals relevant to the swine and poultry markets.

Directors’ insurance

The Group maintains Directors’ and Officers’ liability insurance for the benefit of its Directors which remained in place at 31 March 2025 and throughout the preceding year.

Financial instruments

The Group’s accounting policies for financial instruments and strategy for management of those financial instruments are given in notes 2 and 31 to the financial statements respectively.

Internal financial controls

The Board of Directors is responsible for the Group’s system of internal financial control. Internal control systems are designed to meet the particular needs of the companies concerned and the risks to which they are exposed. This provides reasonable, but not absolute, assurance against material misstatement or loss. Strict financial and other controls are exercised by the Group over its subsidiary companies by day to day supervision of the businesses by the Directors.

Directors' Report continued

Stockbrokers

Singer Capital Markets were the Company's nominated adviser and stockbroker at the year end. Investec Bank Plc are joint brokers. The closing share price on 31 March 2025 was 53.5p per share (2024: 85.5p). During the year the average share price was 89.1p (2024: 106.9p).

Auditors

The auditors HaysMac LLP (on 18 November 2024, Haysmacintyre LLP changed their name to HaysMac LLP) are being proposed for reappointment at the forthcoming Annual General Meeting of the Company.

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 prepared the Group and Company financial statements in accordance with UK adopted international financial reporting standards. 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 the Company and of the profit or loss of the Group for that period.

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;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Group 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 Group 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 auditors

So far as each of the Directors at the date of approval of this report are aware;

- there is no relevant audit information of which the Group and the Company's auditors are 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 Group and the Company's auditors are aware of that information.

Parent Company Guarantee

ECO Animal Health Group plc has given statutory guarantees against all the outstanding liabilities of ECO Animal Health Ltd, thereby allowing its subsidiary to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the year ended 31 March 2025.

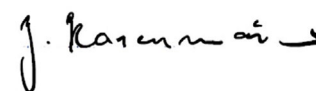
Cautionary statement and forward-looking statements

Under the Companies Act 2006, a company's Directors' Report is required, among other matters, to contain a fair review by the Directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chair's Statement, the Chief Executive's Review and the CFO's Report incorporated into it by reference, has been prepared only for the shareholders of the Company as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and colleagues are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under principal risks and uncertainties. The forward-looking statements reflect the knowledge and information available to the Company and Group during preparation and up to the publication of this document. 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 document should be construed as a profit forecast by the Company or Group.

On behalf of the Board.



Joachim Hasenmaier

Chairman

11 July 2025

Independent Auditor's Report to the members of ECO Animal Health Group plc

For the year ended 31 March 2025

Opinion

We have audited the financial statements of ECO Animal Health Group plc (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 March 2025 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Statements of Financial Position, Statements of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Parent Company's and Group's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 are independent of the Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our audit scope covered all the Group's components with varying levels of testing based on the significance of each component. We performed a scoping assessment of the Group at the planning stage of the audit and subsequently updated this assessment for the year-end figures.

We assessed the risk of material misstatement for each of these components and determined their significance based on the overall impact to the Group financial statements. Our assessment incorporated a consideration of the significance of revenue, expenditure, and balances in the context of the group financial statements and group materiality. We also assessed each entity in relation to the risk of management override of controls.

The components in scope for audit procedures were selected based on our assessment of the likelihood of that component giving rise to a risk of material misstatement in the Group financial statements. Full scope audit procedures were performed on components with significant levels of aggregation risk. Specific audit procedures were performed on components where aggregation risk was considered to be limited or none.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- Procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls (full scope procedures); and
- Procedures on one or more classes of transactions, account balances or disclosures (specific scope procedures).

At March 2025, the Parent Company, ECO Animal Health Ltd, ECO Animal Health USA Corp and Pharmgate Animal Health LLC, and the sub-group incorporated in China were subject to full scope audit procedures. The Group's subsidiaries incorporated in Brazil, Mexico, Japan, and Canada were subject to specific scope audit procedures, varying in nature, as a result of our scoping assessment. The audits of all entities other than the sub-Group incorporated in China were carried out by the Group audit team for the purposes of the group audit. The audits of the sub-Group in China, which represents Zhejiang ECO Biok Animal Health Products Ltd., Shanghai ECO Biok Animal Health Products Limited and Zhejiang ECO Animal Health Company Ltd, have all been audited to component materiality by a component auditor under instruction from and supervision by HaysMac LLP as the group auditor.

The work performed was to the materiality levels set out below, with component materiality levels adopted for the relevant subsidiary entities depending on the level of work to be performed as a result of our scoping assessment.

We communicated with both the Directors and the Audit Committee our planned audit work via our audit planning report and relevant discussions throughout the audit process.

We communicated audit progress with the Audit Committee through interim audit progress meetings. We have communicated any issues to the Audit Committee and the Directors in our final audit findings report.

Our involvement with the component auditor

Where work has been performed by the component auditor, we have been involved at all stages of the component audit to ensure in our role as Group auditor the work completed was sufficient to provide us with sufficient and appropriate audit evidence to allow us to form our basis for our opinion on the Group financial statements as a whole. Our involvement with the component auditor consisted of, but was not limited to the following procedures:

- A scoping meeting to document our pre-planning assessments, including required updates with regards to revised ISA 600 requirements.
- An audit planning meeting with ourselves and the component auditors.
- An audit planning meeting with ourselves, component auditors and local management.
- An assessment of the internal policies and procedures of the component auditor to ensure that the audit methodology was appropriate and of consistent quality with our own.
- We provided planning communications outlining the key audit risks with the component auditor to ensure that their focus was applied to the key risk areas outlined by ourselves as Group auditor.
- We completed a remote review of the audit files prepared by the component auditors and a review of the group audit reporting appendices and internal reporting memos provided to us by the component auditors.

- We obtained all required working papers as part of this review.
- We considered the work performed by the component auditor in the context of our own internal policies and procedures and requested additional procedures to be performed where applicable.
- We instructed the component auditor to perform additional testing where we considered it appropriate following our review of working papers prepared.
- We scheduled a finalisation meeting to discuss outcomes of the audits to supplement our overall audit of the group. This included local and Group management.
- We incorporated misstatements and findings from the component auditors review in our final audit findings report.

Throughout the audit process the Group audit team remained in contact with the component auditors to discuss progress, findings and discuss further audit work to be performed in order to complete the work on the Group's Chinese subsidiaries to an appropriate standard.

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's ability to continue to adopt the going concern basis of accounting included consideration of the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the period 12 months from the date of the signing of the financial statements.

The risks that we considered most likely to affect the Group's financial resources or ability to continue operations over this period were adverse circumstances impacting timely conversion of trade receivables to cash, growth in revenues, adverse changes in working capital trends and significant difficulties in relation to accessing overseas cash.

Independent Auditor’s Report to the members of ECO Animal Health Group plc continued

For the year ended 31 March 2025

The performance of the overseas markets is significant to the Group model and therefore through our review we have considered any downturn in performance in these markets.

We considered these risks through a review of the application of reasonably foreseeable downside scenarios that could arise with reference to the level of available financial resources indicated by the Group’s financial forecasts and management’s assessment of these risks, including potential mitigations available. This has been aligned with our review of the development of future products and the assessments performed by management in determining the market opportunities that they look to exploit.

Our audit procedures to evaluate the director’s assessment of the Group and the parent company’s ability to continue to adopt the going concern basis of accounting included:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Company’s ability to continue as a going concern;
- Evaluating the methodology used by the directors to assess the Group and the Company’s ability to continue as a going concern including assessment and evaluation of the key assumptions used and judgements applied;
- Considering the sufficiency of financing facilities available to the Group over the period covered by Management’s going concern assessment, particularly those due for renewal in the period;
- Reviewing the liquidity headroom and sensitivities performed by management, and applying a number of sensitivities to the base forecast assessment of the directors to ensure there was sufficient headroom to adopt the going concern basis of accounting; and
- Reviewing the appropriateness of the directors’ disclosures regarding going concern in the financial statements.

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 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.

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
<p>Revenue recognition</p> <p>The Group’s revenue recognition policy is included within the accounting policies in note 2 and the components of revenue are set out in note 3.</p> <p>The Group recognises revenue in respect of the sale of Aivlosin® and animal health products in the UK, European and Global markets. The Group recognises revenue in line with the relevant INCOTERMS applicable to sales to customers and therefore recognises revenue at the point in which the Group’s performance obligation is satisfied in transferring control of the product to its customer.</p> <p>As a result of revenue relating to product sales only, there is a risk that revenue has been materially misstated as a result of fraud or error through the incorrect recognition of revenue related to sales that occurred around reporting date and the incorrect application of delivery terms in relation to the revenue being recognised.</p>	<p>In response to this risk our work consisted of but was not limited to the following audit procedures:</p> <ul style="list-style-type: none">• Assessed the Group’s accounting policy for each material revenue stream and performed walkthrough procedures to assess the design and implementation of controls.• Evaluated management’s review controls in respect of revenue recognition.• Performed substantive testing in year on sales at a lower risk rating as documented in our audit planning report. We documented the business processes in place for the recording of a sale in the ledger for both the UK and significant overseas operations.• Our substantive testing was supported by the use of data analytics to identify any unexpected trends in revenue recognition, with focus placed on transactions around the reporting date. This also included an assessment of the flow of transactions in the significant components for any evidence of transactions outside the expected flow.• Our review also included an assessment of the appropriateness of the recognition of trade receivables, accrued income and deferred income.• We obtained details of relevant delivery terms applicable to the Group and performed walkthrough tests of each determining whether these had been appropriately applied in recognising revenue in the financial statements.• We performed specific targeted testing around reporting date, with February and March 2025 sales listings reviewed and delivery terms obtained for a selection of significant sales. We agreed sales to supporting documentation and recorded the delivery terms for each item. The application of delivery terms was then reviewed to ensure revenue was being recognised as expected. Our assessment included a review of April 2025 sales for completeness.

Independent Auditor's Report to the members of ECO Animal Health Group plc continued

For the year ended 31 March 2025

Key Audit Matter

Capitalisation and subsequent recoverability of capitalised development costs and application of IAS38

The Group's accounting policy for intangible assets is included within the accounting policies in note 2 and the components of intangible assets are set out in note 11.

The Group have a specific policy in relation to research and development which has been prepared in accordance with IAS 38 requirements.

The net book value of capitalised development costs is £23,715k at 31 March 2025 which is a material balance within the Group financial statements. This carrying value has increased due to further capitalisation of costs during the period for projects being considered in the full development phase in the year. Additions for projects in development totalled £4,648k in the year ended 31 March 2025, with total net book value for this still in development at year-end, £11,745k (2024: £7,001k). These are subject to an impairment review on a mandatory basis due to not being amortised.

There is a risk that these intangible assets are materially overstated, or that insufficient impairment or amortisation has been charged. Furthermore, there is a risk that additions in the year are capitalised incorrectly on the basis that managements judgement that the criteria of IAS 38 have been met is inappropriate.

Management impairment reviews are areas that carry risks of error or fraud due to the degree of estimation uncertainty included in forecasting and discounting future cash flows, due to the assumptions made in relation to future market demand, applicable discount rates and various other macroeconomic inputs included in the impairment model.

The impact of this is that the recoverable amount of capitalised development costs carries a high degree of estimation uncertainty and a potential range of reasonable outcomes greater than materiality for the financial statements.

How our scope addressed this matter

In response to this risk our work consisted of but was not limited to the following audit procedures:

- We obtained and reviewed the Group research and development policy and critically assessed the application of the policy in line with the IAS38 requirements.
- We obtained the intangibles fixed asset register and verified the brought forward figures to the prior year signed financial statements.
- For previously capitalised intangibles, we obtained an update on the approvals already in place for any evidence of changes, as well as to document the processes in place to monitor older products. We also ensured that sales related to these historically capitalised projects were taking place evidencing that they remained viable in the market.
- For the development projects ongoing in the year, we obtained management's assessment and obtained supporting evidence to ensure that the treatment of these costs as development costs were appropriate and in line with IAS 38 criteria. We engaged an expert as part of this assessment.
- We tested a sample of capitalised expenditure transactions to supporting documentation and to the specific study that this related to in order to assess whether it satisfied the development costs criteria.
- We discussed the relevant capitalised projects with the Group's internal research and development team as well as an external expert that we engaged who specifically assessed the studies included in the additions sample, as well as the work performed on the newly capitalised project in the year. We considered the findings of the expert and also assessed their independence and competence.
- We obtained management's impairment assessment and critically analysed the inputs in the model and the forecasts for future revenues of the projects under development. We gained an understanding of the processes to prepare an assessment of the viability of projects to ensure appeared reasonable.
- We challenged assumptions made by management in relation to the forecasts, such as expected market share. This included comparing historic forecasts against actual results to determine the accuracy of forecasts as well as performing stress tests on future forecasts to determine the impact. We also considered contradictory evidence and assessed rebuttals provided by management for reasonableness.
- We ensured the appropriate cash flows were included in the IAS 36 impairment assessment made by management for all intangible assets. We specifically focussed on the forecasts per jurisdiction and how management had formulated these cash flows.
- We challenged management around the assessment of the markets and how they judged expected performance of their own products in development.
- We reviewed the disclosures made with respect to judgements and estimates to ensure these were reasonable and provided sufficient detail in accordance with IAS 1 and our understanding of the judgements and estimates made.

Independent Auditor's Report to the members of ECO Animal Health Group plc continued

For the year ended 31 March 2025

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We determined overall materiality for the Group financial statements as a whole to be £686,000 being 9.4% of adjusted EBITDA for the year. We considered it appropriate to determine our materiality based on adjusted EBITDA as this is considered to be a key performance indicator for the Group. For each of the significant components as documented above, we applied a specific materiality for the review based on revenue metrics. Our materiality for the parent company was determined to be 60% of group materiality, which totalled £411,000. For those components that were considered non-significant, we performed analytical reviews and specific testing to Group materiality.

We determined performance materiality to be 70% for the Group and all significant components, with 70% being appropriate on the basis that there are no significant control weaknesses, however the entity is at a higher level or risk. We evidenced effective controls in place which mitigate the risk of misstatement and have obtained evidence to support their effectiveness through our assessment of controls and walkthrough procedures.

We agreed with the Audit Committee that we would report to it all audit differences in excess of £34,300 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on other which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 48, 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.

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:

Independent Auditor's Report to the members of ECO Animal Health Group plc continued

For the year ended 31 March 2025

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group and industry, we considered the extent to which non-compliance with laws and regulations could have a material effect on the financial statements. We also identified and considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the applicable accounting framework, the Companies Act 2006, UK and overseas tax legislation, AIM rules and pharmaceuticals regulations

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- We obtained an understanding of how the Group complies with relevant legal and regulatory frameworks through discussions with the Directors and management;
- We inspected relevant tax filings and considered these and other relevant correspondence for indications of non-compliance;
- We assessed the susceptibility of the Parent Company's and Group's financial statements to material misstatement including how fraud might occur by considering the key risks impacting the financial statements;
- We carried out a review of manual entries recorded in management's accounting records and assessed the appropriateness of such entries;
- We challenged assumptions and judgements made by management and their critical accounting estimates; and
- We assessed whether the Group's control environment is adequate for the size and operating model of such a Group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Cork (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
 London
 EC4R 1AG

11th July 2025

Consolidated Income Statement

For the year ended 31 March 2025

	Notes	2025 £000's	2024 £000's
Revenue	3	79,596	89,422
Cost of sales		(43,682)	(51,739)
Gross profit		35,914	37,683
		45.1%	42.1%
Administrative expenses		(28,727)	(29,394)
Research and development expenses		(3,988)	(4,169)
Other income	4	148	66
Exceptional items	5	954	(651)
Operating profit		4,301	3,535
Share of profit of associate	15	50	53
Finance income	6	110	150
Profit before financing and income tax		4,461	3,738
Finance costs	6	(452)	(764)
Profit before income tax		4,009	2,974
Income tax charge	8	(1,375)	(966)
Profit for the year		2,634	2,008
Profit attributable to:			
Owners of the parent Company		1,686	1,048
Non-controlling interest	26	948	960
Profit for the year		2,634	2,008
Earnings per share (pence)	7	2.49	1.55
Diluted earnings per share (pence)	7	2.43	1.52
Adjusted EBITDA (Non-GAAP measure)	5	7,299	8,046

The notes on pages 59 to 94 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 £000's	2024 £000's
Profit for the year		2,634	2,008
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation differences		(368)	(1,828)
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension schemes	23	(14)	43
Other comprehensive loss for the year		(382)	(1,785)
Total comprehensive income for the year		2,252	223
Attributable to:			
Owners of the parent Company		1,611	1
Non-controlling interest	26	641	222
		2,252	223

The notes on pages 59 to 94 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share Capital £000's	Share Premium £000's	Revaluation Reserve £000's	Treasury Shares Reserve £000's	Other Reserves £000's	Foreign Exchange Reserve £000's	Retained Earnings £000's	Total £000's	Non- controlling Interest £000's	Total Equity £000's
Balance at 31 March 2023	3,381	63,319	657	–	106	1,878	13,929	83,270	12,281	95,551
Profit for the year	–	–	–	–	–	–	1,048	1,048	960	2,008
Other comprehensive income:										
Foreign currency differences	–	–	–	–	–	(1,090)	–	(1,090)	(738)	(1,828)
Actuarial gains on pension scheme assets	–	–	–	–	–	–	43	43	–	43
Total comprehensive income for the year	–	–	–	–	–	(1,090)	1,091	1	222	223
Transactions with owners:										
Issue of shares in the year	6	–	–	–	–	–	–	6	–	6
Revaluation reserve	–	–	(386)	–	–	–	386	–	–	–
Share-based payments	–	–	–	–	–	–	413	413	–	413
Dividends	–	–	–	–	–	–	–	–	(2,813)	(2,813)
Transactions with owners	6	–	(386)	–	–	–	799	419	(2,813)	(2,394)
Balance at 31 March 2024	3,387	63,319	271	–	106	788	15,819	83,690	9,690	93,380
Profit for the year	–	–	–	–	–	–	1,686	1,686	948	2,634
Other comprehensive income:										
Foreign currency differences	–	–	–	–	–	(41)	(20)	(61)	(307)	(368)
Actuarial gains on pension scheme assets	–	–	–	–	–	–	(14)	(14)	–	(14)
Total comprehensive income for the year	–	–	–	–	–	(41)	1,652	1,611	641	2,252
Transactions with owners:										
Issue of shares in the year	1	–	–	–	–	–	–	1	–	1
Acquisition of shares by ESOT	–	–	–	(204)	–	–	–	(204)	–	(204)
Share-based payments	–	–	–	–	–	–	401	401	–	401
Dividends	–	–	–	–	–	–	–	–	(1,065)	(1,065)
Transactions with owners	1	–	–	(204)	106	–	401	198	(1,065)	(867)
Balance at 31 March 2025	3,388	63,319	271	(204)	106	747	17,872	85,499	9,266	94,765

The notes on pages 59 to 94 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2025

	Share Capital £000's	Share Premium £000's	Revaluation Reserve £000's	Treasury Shares Reserve £000's	Other Reserves £000's	Retained Earnings £000's	Total £000's
Balance at 31 March 2023	3,381	63,319	386	–	106	7,236	74,428
Loss for the year	–	–	–	–	–	(1,158)	(1,158)
Other comprehensive income:							
Actuarial gains on pension scheme assets	–	–	–	–	–	43	43
Total comprehensive income for the year	–	–	–	–	–	(1,115)	(1,115)
Transactions with owners:							
Issue of shares in the year	6	–	–	–	–	–	6
Revaluation reserve	–	–	(386)	–	–	386	–
Share-based payments	–	–	–	–	–	413	413
Transactions with owners	6	–	(386)	–	–	799	419
Balance at 31 March 2024	3,387	63,319	–	–	106	6,920	73,732
Loss for the year	–	–	–	–	–	(658)	(658)
Other comprehensive income:							
Actuarial gains on pension scheme assets	–	–	–	–	–	(14)	(14)
Total comprehensive income for the year	–	–	–	–	–	(672)	(672)
Transactions with owners:							
Issue of shares in the year	1	–	–	–	–	–	1
Acquisition of shares by ESOT	–	–	–	(204)	–	–	(204)
Share-based payments	–	–	–	–	–	401	401
Transactions with owners	1	–	–	(204)	–	401	198
Balance at 31 March 2025	3,388	63,319	–	(204)	106	6,649	73,258

The notes on pages 59 to 94 form part of these financial statements.

Statements of Financial Position (Co. Number: 01818170)

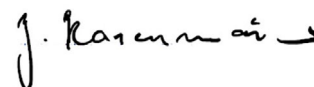
As at 31 March 2025

	Notes	Group		Company	
		2025 £000's	2024 £000's	2025 £000's	2024 £000's
Non-current assets					
Intangible assets	11	41,834	38,351	–	–
Property, plant and equipment	12	4,038	4,802	–	–
Right-of-use assets	14	3,399	3,672	20	59
Investments	15	316	268	21,690	21,451
Amounts due from subsidiary company	17	–	–	48,937	51,078
Deferred tax assets	18	1,074	1,437	–	–
Total non-current assets		50,661	48,530	70,647	72,588
Current assets					
Inventories	16	14,553	16,955	–	–
Trade and other receivables	17	28,516	32,175	1,664	1,698
Income tax recoverable	13	1,143	2,687	–	–
Other taxes and social security payable		724	525	182	–
Cash and cash equivalents	19	25,006	22,374	1,515	363
Assets held for sale		–	18	–	–
Total current assets		69,942	74,735	3,361	2,061
Total assets		120,603	123,265	74,008	74,649
Current liabilities					
Trade and other payables	20	(15,071)	(17,353)	(673)	(804)
Provisions	22	(4,964)	(5,859)	–	–
Income tax payable	13	(801)	(687)	–	–
Other taxes and social security payable		(305)	(632)	–	–
Lease liabilities	21	(621)	(646)	(15)	(50)
Dividends		(50)	(50)	(50)	(50)
Total current liabilities		(21,812)	(25,227)	(738)	(904)
Net current assets		48,130	49,508	2,623	1,157
Total assets less current liabilities		98,791	98,038	73,270	73,745
Non-current liabilities					
Deferred tax liabilities	18	(862)	(1,279)	(9)	–
Lease liabilities	21	(3,164)	(3,379)	(3)	(13)

	Notes	Group		Company	
		2025 £000's	2024 £000's	2025 £000's	2024 £000's
Total assets less total liabilities		94,765	93,380	73,258	73,732
Equity					
Issued share capital	25	3,388	3,387	3,388	3,387
Share premium account		63,319	63,319	63,319	63,319
Revaluation reserve	27	271	271	–	–
Treasury shares reserve	27	(204)	–	(204)	–
Other reserves	27	106	106	106	106
Foreign exchange reserve	27	747	788	–	–
Retained earnings		17,872	15,819	6,649	6,920
Shareholders' funds		85,499	83,690	73,258	73,732
Non-controlling interests	26	9,266	9,690	–	–
Total equity		94,765	93,380	73,258	73,732

The notes on pages 59 to 94 form part of these financial statements.

Approved by the Board and authorised for issue on 11 July 2025.



Joachim Hasenmaier
Chairman

Statements of Cash Flows

For the year ended 31 March 2025

	Notes	Group		Company	
		2025 £000's	2024 £000's	2025 £000's	2024 £000's
Cash flows from operating activities					
Profit before income tax		4,009	2,974	(725)	(1,349)
Adjustment for:					
Finance income	6	(110)	(150)	(1,124)	(1,708)
Finance cost	6	452	764	4	62
Foreign exchange (gain)/loss	5	720	572	(132)	204
Depreciation	12	984	958	–	19
Amortisation of right-of-use assets	14	681	683	32	33
Amortisation of intangible assets	11	1,166	1,154	–	–
Impairment of right-of-use assets	5	–	80	–	–
Share of associate's results	15	(50)	(53)	–	–
Share based payment charge	24	401	413	162	127
Exceptional items	5	(954)	306	–	(282)
Operating cash flows before movements in working capital		7,299	7,701	(1,783)	(2,894)
Decrease in inventory		2,088	4,741	–	–
Decrease/(increase) in receivables		4,156	(4,961)	1,995	(133)
(Decrease)/increase in payables		(1,339)	2,456	(211)	284
(Decrease)/increase in provision and pensions		(90)	554	(14)	43
Cash generated from/(used in) operations		12,114	10,491	(13)	(2,700)
Finance costs	6	(200)	(473)	–	(51)
Income tax		(1,466)	(601)	(9)	(23)
Net cash from/(used in) operations		10,448	9,417	(22)	(2,774)

	Notes	Group		Company	
		2025 £000's	2024 £000's	2025 £000's	2024 £000's
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(356)	(502)	–	–
Proceeds from sale of property, plant and equipment		–	1,058	–	1,058
Purchase of intangibles	11	(4,648)	(4,122)	–	–
Net cash flow from disposal and acquisition activities	5	288	–	–	–
Finance income	6	110	150	1,124	1,708
Dividends received		–	–	85	225
Net cash (used in)/from investing activities		(4,606)	(3,416)	1,209	2,991
Cash flows from financing activities					
Proceeds from issue of share capital		1	6	1	6
Interest paid on lease liabilities	21	(252)	(291)	(4)	(11)
Principal paid on lease liabilities	21	(638)	(593)	(38)	(34)
Dividends paid		(1,065)	(2,813)	–	–
Net cash used in financing activities		(1,954)	(3,691)	(41)	(39)
Net increase in cash and cash equivalents		3,888	2,310	1,146	178
Foreign exchange movements		(1,256)	(1,594)	6	(203)
Balance at the beginning of the period		22,374	21,658	363	388
Balance at the end of the period	19	25,006	22,374	1,515	363

The notes on pages 59 to 94 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

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, N14 6BN.

2. Summary of the Group and Company’s significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards. There were no changes to accounting policies on adoption of UK IFRSs.

The preparation of financial statements, in accordance with UK-adopted international accounting standards, 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 revenue 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 ongoing 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 the period of the revision and future periods if the revision affects both current and future periods. Further details of estimates and judgements are provided in note 2.29 and 2.30.

The principal accounting policies are set out below and have been applied consistently in dealing with items which are considered material in relation to the financial statements. They are prepared under the historical cost convention with the exception of certain items which are measured at fair value as described in the accounting policies below.

Going concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group’s financial projections together with available cash and committed borrowing facilities. The Directors have performed a reverse stress test on the business, by considering what quantum of revenue and gross margin reduction would be required to exhaust all available funds within 12 months of the date of approving the accounts, having due regard to the identified strategic risks. The Directors concluded that the likelihood of such a reduction was remote, and therefore that no material uncertainty exists in respect of going concern.

2.2 Adoption of new and revised standards

The below are the standards that are new/amended for accounting periods that begin on or after 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1);
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Financial Instruments (Amendments to IFRS 9);
- Non-current liabilities with covenants (Amendments to IAS 1); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

No new standards or amendments that became effective in the financial year had a material impact in preparing these financial statements. There are a number of standards and amendments to standards which have been issued by the IASB that are effective in future accounting periods that have not been adopted early.

The following amendments are effective for annual reporting periods beginning on or after 1 January 2025:

- Guidance on the exchange rate to use when a currency is not exchangeable (Amendments to IAS 21);
- Accounting treatment for the sale or contribution of assets (Amendments to IFRS 10 and IAS 28).

The following amendments are effective for annual reporting periods beginning on or after 1 January 2026:

- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Standards 2022 – 2024 Cycle (covering amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7).

The following standards are effective for annual reporting periods beginning on or after 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2.3 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 March 2025.

An entity is classed as a subsidiary of the Company when, as a result of contractual arrangements, the Company has the power to govern its financial and operating policies so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries have been changed where material to ensure consistency with the policies adopted by the Group. Although the subsidiaries in Brazil and China and the joint operations in the USA and Canada all have December year ends, the Group uses management accounts to the end of March to prepare the Group accounts.

Subsidiaries are wholly consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.3 Basis of consolidation continued

The Group initially recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The Group has not elected to take the option to use fair value in acquisitions completed to date.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

(a) Functional and presentation 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 and Company financial statements are presented in Pounds Sterling, which is the Group and the Company's functional currency.

(b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the date of the financial statements.

Foreign currency transactions are translated into the functional currency using the 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 within administrative expenses.

Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the income statement within administrative expenses.

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of the statement of financial position;
- 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 through other comprehensive income as a separate component of equity.

When a foreign operation is partially disposed 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 Financial instruments

Financial assets

Financial assets comprise mainly trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. These financial assets arise principally from the provision of goods to customers and are measured at amortised cost.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed with reference to historical data adjusted by forward-looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those where the credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. Where there is a high level of variation and uncertainty in possible outcomes, management will assess these on a probability weighted basis to determine an appropriate provision. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group uses forward foreign exchange contracts to manage its currency exposure. Certain foreign currency inflows that would typically be translated to sterling at spot to meet liabilities are sold forward to reduce the Group's exposure to fluctuations in exchange rates. The Group has not opted to use hedge accounting for these instruments, and any changes in fair value are recognised in the income statement.

Financial liabilities

Financial liabilities comprise mainly trade and other payables and bank overdrafts in the consolidated statement of financial position. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost in accordance with IFRS 9.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.7 Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the costs of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Please refer to note 11 for further details.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal. Goodwill arising before the date of transition to IFRS, on 1 April 2004, has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

2.8 Other intangible assets

Other intangibles are detailed in note 11. IAS 38 – Intangible Assets includes guidance on the accounting for research and development expenditure. Such an intangible asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. The three critical attributes of an intangible asset are:

- identifiability;
- control (power to obtain benefits from the asset); and
- future economic benefits (such as revenues or reduced future costs).

Identifiability

An intangible asset is identifiable when it:

- is separable (capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract); or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Development expenditure – whether purchased or self-created (internally generated) – is an example of an intangible asset, governed under IAS 38.

Recognition criteria

IAS 38 requires an entity to recognise an intangible asset (at cost) if, and only if:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

IAS 38 includes additional recognition criteria for internally generated intangible assets.

Expenditure on the research phase of an internal project is expensed as incurred. Expenditure in the development phase of an internal project is capitalised if the entity can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset.

If an entity cannot distinguish the research phase of an internal project to create an intangible asset from the development phase, the entity treats the expenditure for that project as if it were incurred in the research phase only.

The Group context of IAS 38

Since the early start-up stages of the business, the Group has and continues to invest significant expenditure in research and development into new animal treatments and therapies. This has resulted in a significant family of pharmaceutical treatments for pigs and poultry. Branded as Aivlosin®, this product has developed over 20 years into treatments for multiple respiratory and intestinal infections – each of which have separate regulatory and marketing approvals in each target market. The work to bring Aivlosin® from the laboratory to the commercial farm has moved through the classical phases of pharmaceutical development and the ECO Animal Health R&D model can be described by the following broad phases:

- The discovery phase – in vitro, in laboratory.
- The proof of concept phase – key efficacy trials in small groups of animals.
- The exploratory development phase – optimisation of dose, economic validation.
- The full development phase – building the data set for dossier submission.
- Submission of an application for regulatory approval.
- Marketing and regulatory approval granted – commercial revenue begins.

The application of the principles of IAS 38 to the above model is to treat expenditure on research and development as an expense until the likely commercial benefits that will flow from the project can be judged to be highly probable. This means that the technical feasibility (judged by reference to efficacy) must be certain, the economic feasibility (judged by reference to manufacturing methodology, market intelligence, overall programme cost) has to be highly probable and the likelihood of gaining regulatory approval must be judged to be highly probable. The Directors consider that capitalisation will generally commence once a project enters the full development phase.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company’s significant accounting policies continued

2.8 Other intangible assets continued

The Group context of IAS 38 continued

In practice, work that is undertaken to build towards regulatory approval for a new treatment claim using Aivlosin®, vaccines or other technologies, or an approval for marketing new technologies of applications in a new geographical market can be viewed as starting at the full development phase and are likely to meet the capitalisation criteria whereas costs in relation to some of the Group’s recently announced projects, on vaccine development, for example, are likely to meet the capitalisation requirements once they are approved internally to commence the full development phase, subject to careful consideration of residual technical feasibility/risk.

The Group’s R&D team prepare a technical profile for new products in development, with timings for development activity reflecting the technical challenges that must be overcome in order to obtain a marketing authorisation for the relevant regulator. In turn the R&D team work with the Group’s marketing team to develop a business case for a new product by considering a number of additional factors. These additional factors will include local intelligence on the appetite for new products gathered through the Group’s global network of existing sales channels, third-party data on the size of potential markets for new products, and suitable pricing strategies in the context of potential competitor products.

Amortisation of capitalised expenditure is determined with reference to the point at which regulatory approval is given to the product to which the expenditure relates. For historic periods, the approach adopted has been to amalgamate the expenditure incurred on all projects relating to the same product since the last regulatory approval and then identify the next nearest regulatory approval given for that product in either the same or a subsequent half-year. Amortisation begins in the half-year following the receipt of regulatory approval. A full six months of amortisation is charged in the first half-year for which costs are amortised.

Where it is possible to allocate an individual capitalised cost to a single identifiable project the start date for amortisation is the half-year following the half-year period in which the project receives regulatory approval. Where regulatory approval has not been received for a project, the amortisation has not started.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Aivlosin®	5% on cost
Ecomectin®	10% on cost
Vaccines	5% on cost
Trademarks and patents	10% on cost

2.9 Property, plant and equipment and depreciation

Plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10%-20% on cost
Fixtures, fittings and equipment	10%-20% on cost
Motor vehicles	25% on cost
Leasehold improvement	18%-25% on cost

Freehold land and buildings valuations are measured as a level 3 recurring fair value measurement. The property is professionally valued by a qualified surveyor at least once every three years. Surpluses (which are not reversals of previous deficits) arising from the periodic valuations are taken to other comprehensive income, and deficits (which are not reversals of previous surpluses) are taken to the income statement within administrative expenses. Depreciation is provided at a rate calculated to expense the valuation less estimated residual value over the remaining useful life of the building at a rate of 2% per annum on a straight-line basis. Land is not depreciated.

2.10 Impairment of non-financial assets

The carrying amounts of assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated in order to determine the impairment loss if any. The recoverable amount is the higher of its fair value and its value in use. For intangible assets with an indefinite useful life or not available for use, an impairment test is performed at each year end.

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 for costs other than goodwill 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) had no impairment loss been recognised in prior years and no reversal of impairment losses recognised on goodwill.

2.11 Investments in subsidiaries

An investment in a subsidiary is where the Group own a controlling interest in an entity. Investments in subsidiaries are stated at cost less impairment in the parent Company’s statement of financial position.

Other non-current asset investments are stated at fair value. They are recognised or derecognised on the date when the contract for acquisition or disposal requires the delivery of that investment.

Investments are assessed for impairment at the end of each reporting period. An impairment is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount, with the value of any impairment being the difference between the recoverable amount and carrying amount.

Impairments can be reversed in subsequent periods where there is any indication that the impairment loss recognised in a prior period may no longer exist or has decreased.

During the year the Group established an Employee Share Ownership Trust (the ‘ESOT’). The assets, liabilities and returns of the ESOT are consolidated within the results of the ESOT’s sponsoring company, Eco Animal Health Group plc.

During the year the ESOT acquired shares in Eco Animal Health Group plc. The shares held by the ESOT are treated as treasury shares in the accounts of Eco Animal Health Group plc.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.12 Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement;
- Any other facts and circumstances (including any other contractual arrangements).

The Group has interests in joint operations. The Group recognises its share of the assets, liabilities, income, expenses and cash flows of joint operations combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

2.13 Investments in associates

An associate is an entity in which an investor has significant influence but not control or joint control. Significant influence is defined as "the power to participate in the financial and operating policy decisions but not to control them".

The Group reports its interests in associates using the equity method of accounting. Under this method, an equity investment is initially recorded at cost (subject to initial fair value adjustment if acquired as part of the acquisition of a subsidiary) and is subsequently adjusted to reflect the Group's share of the net profit or loss of the associate. If the Group's share of losses of an associate equal or exceed its "interest in the associate", the Group discontinues recognising its share of further losses. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2.14 Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases under IFRS 16, except for short-term leases and leases of low-value assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.10 for further details.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.14 Leasing continued

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Recognition exemptions

The Group applies the short-term lease recognition exemption to its short-term leases, being those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

The Group also applies the recognition exemption to leases of which the underlying asset is of low value, comprising assets below the Group's capitalisation threshold. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Practical expedients

The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the historical batch price of the principal raw materials and the weighted average cost for other ingredients and other product costs. The cost of finished goods comprises raw materials, packaging costs and sub-contracted manufacturing costs. Net realisable value is the estimated selling price in the ordinary course of business, less any costs which would be incurred in completing the goods ready for sale.

2.16 Trade receivables

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade receivables are presented net of discounts or other variable consideration adjustments earned, where the expectation and intention is to settle the balance net. Impairment provisions are recognised based on the simplified approach in accordance with IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. See impairment section in section '2.6 Financial instruments' for more details.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, and other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, bank overdrafts are included in the presentation of cash and cash equivalents.

2.18 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in assets after deducting all of its liabilities.

2.19 Bank borrowings and loans

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs (which equate to fair value). Finance charges including premiums payable on settlement or redemption and direct issue costs are accounted for on an amortised cost basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.20 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.21 Provisions

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation outstanding at the year end and are discounted to present value where the effect is material.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.22 Revenue recognition

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. The Group's revenue is principally derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This point in time is determined with reference to INCO terms with that customer, with control of goods deemed to have transferred as per the relevant INCO terms. The most common terms used by the Group are Carriage, Insurance and Freight (CIF), Free On Board (FOB), ExWorks (EXW) and Carriage and Insurance Paid to (CIP).

- For transactions under CIF and FOB, the revenue is recognised at the point the goods are loaded onto the vessel or aircraft and a bill of lading or airway bill is issued.
- For transactions under EXW, the revenue is recognised at the point the goods are collected from the Group's warehouses or factory.
- For transactions under CIP, the revenue is recognised at the point the goods are loaded on to a truck at the designated point of departure and a loading note is issued.

Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group. Transaction price is determined by the contract and variable consideration relating to discounts, free goods or volume rebates has been constrained in estimating contract revenue that is highly probable by using the most likely amount method.

The Group's contracts for delivery of goods are less than 12 months; there are no warranties within its sales contracts.

Revenue is recognised when the performance obligation is fulfilled, and the amount can be measured reliably. The performance obligation is fulfilled when control of the goods passes to the customer, which is normally in accordance with Incoterms or receipt by customer. No goods are dispatched on a sale or return basis. Distributors trade on their own account and not as agents.

The Group also receives interest and royalty income, which are recognised on an accrual basis.

2.23 Pensions

Defined contribution scheme

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined benefit scheme

The regular cost of providing retirement pensions and related benefits is charged to the income statement over the employees' service lives on the basis of a constant percentage of earnings. The present value of the defined benefit obligation less the fair value of the plan assets is disclosed as an asset or liability in the statement of financial position in accordance with IAS 19. The disclosure of a net defined benefit asset is limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains or losses are recognised through other comprehensive income.

2.24 Share-based payments

The Group issues equity-settled share options to certain employees in exchange for services from those employees. Equity-settled share options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant.

The fair value determined at the grant date of such equity-settled share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions (with a corresponding movement in equity).

Fair value is measured by use of the Black-Scholes model for those options granted with non-market performance conditions. The expected life used in the model has been established based on management's best estimate of the effects of non-transferability, exercise restrictions and behaviour considerations.

In addition, the binomial model has been used to model future market outcomes for those options granted with a market performance condition.

Further details of the inputs to the Black-Scholes and the binomial model can be found in note 24 to the accounts.

Share-based payment charges are credited to retained earnings.

2.25 Taxation

Tax expense for the period comprises current and deferred tax.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the year end. Tax expenses are recognised in profit or loss or other comprehensive income according to the treatment of the transactions which give rise to them.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amount in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- the Group to determine whether uncertain tax treatments should be considered separately or together as a group, based on which approach provides better predictions of the resolution;
- the Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.26 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Amounts arising on the restructuring of equity and reserves to protect creditor interests are credited to the capital redemption reserve.

Amounts arising from share-based payment expenses are recorded within retained earnings.

The cost of its own shares bought into treasury is debited to retained earnings as required by the Companies Act 2006. A subsequent sale of these shares would result in this entry being wholly or partly reversed with any profit on the sale being credited to share premium.

Amounts arising from the revaluation of non-monetary assets and liabilities held in foreign subsidiaries and joint operations are held within the foreign exchange revaluation reserve.

2.27 Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interest in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owner. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss.

2.28 Dividend distribution

Dividends are recorded when they become a legal obligation of the Company. For final dividends, this will be when they are approved by the shareholders at the AGM. For interim dividends, this will be when they have been paid.

2.29 Critical accounting estimates

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 as follows:

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement, and/or disclosure, of fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of inputs used that has a significant effect on the fair value measurement of the item.

The Group measures a number of items at fair value, including:

- land and buildings (note 12);
- investment property;
- forward foreign exchange contracts;
- pension and other post-retirement benefit commitments (note 23);
- share-based payments (note 24); and
- initial recognition of financial instruments (note 31).

For more detailed information in relation to the fair value measure of the items above, please refer to the applicable notes.

Pension scheme

The Group maintains one defined benefit pension scheme which has been accounted for according to the provisions of IAS 19. Although the assumptions were determined by a qualified actuary, any change in those assumptions may materially impact the financial position and results of the Group. Details of the assumptions used can be found in note 23 of the financial statements.

Share-based payments

The charge to the income statement in respect of share-based payments has been externally calculated using management's best estimates of the number of options expected to vest and various other inputs to the Black-Scholes and the binomial model, as disclosed in note 24. Variations in those assumptions in the model may have a material impact on the Group's results and financial position at the time of valuation. Those options that contain market conditions have been valued using the binomial model, and those without have been calculated using the Black-Scholes model. Management assesses whether the charge or vested portion should be amended based on an annual reassessment of the likelihood of non-market based vesting conditions being met.

Leases – estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

In practice, the Group considered the following aspects in the assessment of IBR. Once decided, the IBR will remain unchanged unless there are modifications in lease terms or changes in the assessment of an option to purchase the underlying asset.

A base rate that reflects economic environment and the term of the lease. This is mainly derived from the yield of a government bond issued by the country in which the Group has in scope leases. Where the term of the lease does not conform with the maturity period of the bond, the Group considered other available information such as yields on the bonds with the nearest maturity period, or the yield curve published by the country's treasury department. Considering there is often a difference in the cash flow profile between a lease and government bond, the Group has decided to reduce the base rate by 0.05% to 0.10%.

Financing factors that reflect the lessee companies' risk premium on borrowing. Management considered the financial strength and credit risk of the lessee companies and has estimated the credit spread to be in the range of 1.50% to 5.00%.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

2. Summary of the Group and Company's significant accounting policies continued

2.29 Critical accounting estimates continued

Leases – estimating the incremental borrowing rate continued

Asset factors that reflect the quality of hypothetical security. Depending on the location and type of underlying assets, the Group expects the quality of security in this hypothetical borrowing transaction to vary. For example, the right to use a warehouse in rural areas may provide less relevant security compared to a commercial office in a major city's central business district. Based on the Group's assessment, the asset factor ranges between –0.45% to –0.50%.

The following are the critical judgements that have been made in the process of applying the Group's accounting policies and have the most significant effects on the amounts recognised in financial statements.

Income taxes

The Group is subject to income taxes in the United Kingdom and also in other jurisdictions.

Significant judgements are required in determining the provision for income taxes including the use of tax losses and in estimating deferred tax assets arising from unused tax losses or credits. There are some transactions and calculations for which the ultimate tax determination is uncertain, including tax credits for research and development expenditures. The Group recognises assets and liabilities based on estimates of the final agreed position.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets on timing differences are recognised to the extent by which the Directors estimate that future profits will be generated to utilise the underlying costs or losses to which they relate.

2.30 Critical accounting judgements

Capitalisation of intangible assets

The Group assesses development costs incurred for capitalisation in accordance with the requirements of IAS 38 and the Group's accounting policy described in note 2.8. In carrying out its assessment the Group considers a range of factors, each of which requires the use of judgement, in consultation with the new product development team. Factors considered include: the stage of development and assessment of technical and commercial feasibility of the project; the size of the markets in which the Group currently sells products; and the size of any additional markets in which the Group intends to sell the product. For key development projects, where there is a higher degree of estimation uncertainty over future product releases, independent external consultants are engaged to validate both technical progress and the overall market appetite for the new product in order to ensure that it remains reasonable to capitalise associated project costs.

Impairment review of intangible assets

The Group tests annually whether goodwill or other intangible assets with indefinite life, or not yet available for use, have suffered any impairment. Other intangible assets are reviewed for impairment when an indication of potential impairment exists. Impairment provisions are recorded as applicable based on Directors' estimates of recoverable values.

The recoverable amounts of the cash-generating units (CGUs) to which intangible assets are allocated are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and the assumption of an indefinite future life for the assets giving rise to the cash flows. Where intangible assets relate to future product releases the key assumptions also relate to forecasts for market share and product pricing. The Group also reviews and quantifies the tax implications related to any recognised impairments and these are included within tax calculations as appropriate.

Further details of the impairment reviews performed can be found in note 11 of the financial statements.

Provisions

Certain aspects of a sales tax related to imported products in a Group subsidiary might have been applicable. The subsidiary has been importing an increasing volume of product in recent years but has recently implemented for its largest customer a new system to avoid this possible dispute. This matter has been reviewed by the Group's local tax experts but is subject to further review of the tax legislation and ongoing case law. No tax payment has yet been determined. However, a substantial tax settlement may be required in due course and a provision has been recognised due to IFRIC 23 Uncertainty over Income Tax Treatments.

Accounting for ECO Biok as a subsidiary

The Group has determined that it has control over Zhejiang ECO Biok Animal Health Products Limited ('ECO Biok') and its results are therefore consolidated within the Group accounts. The Group owns a 51% interest in ECO Biok, although decisions are made jointly, it is the entity through which the Group has chosen to enter the Chinese market. ECO Biok depends on the Group for the right to sell Aivlosin® products, which gives the Group power over ECO Biok's activities. Therefore it is appropriate to treat ECO Biok as a subsidiary.

Calculation of expected credit loss

The Group assesses on an annual basis the expected credit loss on the debtors it holds as at the balance sheet date. It does so by using the higher of historic loss rates experienced by the Group, or a wider measure of likely default at a country or regional level and applying this against the debtor balance when profiled for age and origin.

Where there is an indicator of possible non-recovery of a large debtor, management may separately assess the risk of irrecoverability via probabilistic modelling of possible outcomes or other means.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

3. 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 Southeast 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. The details of Adjusted EBITDA are given in note 5.

	Corporate/UK £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
Year ended 31 March 2025								
Sale of goods	1,110	22,898	21,414	11,854	16,307	4,913	796	79,292
Royalties	–	–	–	–	–	–	304	304
Revenue from external customers	1,110	22,898	21,414	11,854	16,307	4,913	1,100	79,596
Adjusted EBITDA**	(16,986)	7,349	7,529	4,974	1,993	1,035	685	6,579
Year ended 31 March 2024								
Sale of goods	925	24,656	18,480	17,440	19,891	6,452	1,529	89,373
Royalties	–	–	–	–	–	–	49	49
Revenue from external customers	925	24,656	18,480	17,440	19,891	6,452	1,578	89,422
Adjusted EBITDA**	(17,281)	7,007	7,229	5,610	3,578	488	843	7,474

Material non-current assets held by non-UK subsidiaries are disclosed in note 15 to these financial statements.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

3. Segment information continued

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

	2025 £000's	2024 £000's
Adjusted EBITDA for reportable segments	6,579	7,474
Depreciation	(984)	(958)
Amortisation of right-of-use assets	(681)	(683)
Amortisation	(1,166)	(1,154)
Impairment of right-of-use assets	–	(80)
Other exceptional items	954	(651)
Share-based payment charges	(401)	(413)
Profit from operating activities	4,301	3,535
Foreign exchange differences	720	572
Adjusted EBITDA for the Group	7,299	8,046

** Adjusted EBITDA reported for the segments includes foreign exchange gains and losses. The Adjusted EBITDA for the Group is presented in note 5.

Product revenues

All product revenues are recognised at a point in time.

	2025 £000's	2024 £000's
Aivlosin®	72,914	82,436
Ecomectin®	2,156	3,340
Others	4,526	3,646
Total	79,596	89,422

Contract balances

	2025 £000's	2024 £000's
Within one year or on demand		
At 1 April	3	1,079
Amounts included in contract liabilities that were recognised as revenue during the period	(3)	(1,079)
Cash received in advance of performance and not recognised as revenue during the period	706	3
At 31 March	706	3

The Group recognised contract liabilities of £706,000 at 31 March 2025 (2024: £3,000). The Group does not hold any long-term sales contracts and any rebates, discounts or free goods incentives are settled and recognised as revenue within the next accounting period. Contract balances are reported within trade and other payables on the statement of financial position.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

4. Other income

	2025 £000's	2024 £000's
Sundry income	148	66
	148	66

5. Result from operating activities

	Notes	2025 £000's	2024 £000's
Result from operating activities is stated after charging/(crediting):			
Cost of inventories recognised as an expense		43,164	51,108
Employee benefits expenses	29	15,054	16,795
Amortisation of intangible assets	11	1,166	1,154
Depreciation	12	984	958
Amortisation of right-of-use assets	14	681	683
(Loss)/gain on foreign exchange transactions		(720)	(572)
Research and development		3,988	4,169
Impairment losses on trade receivables	17	485	603
Fees payable to the Company's auditor for the audit of the parent Company and Group annual accounts		334	312

Alternative performance measures

Earnings before interest, tax, depreciation, amortisation, revaluation, impairment, share-based payments and foreign exchange differences (Adjusted EBITDA)

	2025 £000's	2024 £000's
Profit from operating activities	4,301	3,535
Depreciation	984	958
Amortisation of right-of-use assets	681	683
Amortisation	1,166	1,154
Impairment of right-of-use assets	–	80
Other exceptional items	(954)	651
Share-based payments	401	413
	6,579	7,474
Foreign exchange differences	720	572
Adjusted EBITDA	7,299	8,046

Exceptional items

	2025 £000's	2024 £000's
Cessation of distribution business	–	(933)
Profit on disposal of properties	–	282
Profit on disposal of Ecomectin® Horsepaste assets	1,073	–
Cost associated with acquisition activities	(249)	–
Profit on disposal of Southern African licences	176	–
Other	(46)	–
Total exceptional items	954	(651)

Management believe that adjusted EBITDA is an appropriate measure of the Group's performance as it is the initial source for all re-investment and for all returns to shareholders. Investors, bankers and analysts all focus on this important measure of underlying performance because it enables them to make judgements about the Group's ability to generate sufficient cash to meet all the re-investment needs of the business while still providing adequate returns to shareholders. Therefore, adjusted EBITDA has a direct relationship with the value of the Group and is seen by our investors as a key performance indicator for management.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

5. Result from operating activities continued

The following items are adjusted for in the calculation of Adjusted EBITDA as defined by the Group.

Item	Rationale for adjustment
Depreciation and amortisation	These items are a result of past investments and therefore, although they are correctly recorded as a cost of the business, they do not reflect current or future cash outflows. Additionally, depreciation and amortisation calculations are subject to judgement regarding useful lives and residual values of particular assets and the adjustment removes the element of judgement.
Revaluation of investment property	These are subject to judgement and do not reflect cash flows.
Impairment of right-of-use assets	This item is a result of past investments and therefore, although they are correctly recorded as income or cost of the business, they do not reflect current or future cash outflows.
Exceptional items	These items are a result of one-off changes to cessation of distribution business and property disposals and therefore, although they are correctly recorded as income or cost of the business, they do not reflect current or future cash outflows.
Share-based payments	This item is subject to judgement and will never be reflected in the Group's cash flows.
Foreign exchange differences	Since the key driver of this figure is the revaluation of monetary assets denominated in foreign currency at the period end, which may reverse prior to settlement, taking this figure out of the EBITDA figure removes volatility from the performance measure. Foreign exchange movements are largely outside of the Group's control, so this gives a better measure of the Group's progress than statutory profit measures which include them.

6. Finance income/(expense)

	2025 £000's	2024 £000's
Finance income		
Interest received on short-term bank deposits	110	150
Finance costs		
Interest paid	(200)	(473)
Interest paid on lease liabilities	(252)	(291)
	(452)	(764)
Net finance costs	(342)	(614)

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

7. 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.

	2025			2024		
	Earnings £000's	Weighted average number of shares 000's	Per share amount pence	Earnings £000's	Weighted average number of shares 000's	Per share amount pence
Earnings attributable to ordinary shareholders on continuing operations after tax	1,686	67,630	2.49	1,048	67,745	1.55
Dilutive effect of share options	–	1,812	–	–	1,335	–
Diluted earnings per share	1,686	69,442	2.43	1,048	69,080	1.52

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.

8. Taxation

	2025 £000's	2024 £000's
Current tax charge/(credit)		
Foreign corporation tax on profits for the year	1,543	1,745
Foreign withholding tax	162	180
Research and development tax credits claimed in the year	(119)	(1,027)
Research and development tax credits – adjustment for prior year	16	(333)
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	(227)	401
Income tax charge	1,375	966

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

8. Taxation continued

	2025 £000's	2024 £000's
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	4,009	2,974
Profit on ordinary activities before taxation multiplied by the applicable rate of UK corporation tax of 25% (2024: 25%)	1,002	743
Effects of:		
Non-deductible expenses	568	1,403
Non-chargeable credits	(3)	(10)
Right-of-use assets depreciation	–	(55)
Withholding tax on inter-company dividends	162	180
Enhanced allowance on research and development expenditure	(347)	(627)
Adjustment in respect of prior years	40	(169)
Different tax rate for foreign subsidiaries	6	(57)
Intra-Group dividend	–	34
Origin and reversal of temporary differences	(272)	720
Unused tax losses carried forward	1,003	(367)
Tax effect of share based payments	–	(71)
Patent Box claim	(784)	(758)
Income tax charge	1,375	966
Effective income tax rate	34%	32%

9. Loss for the financial year

	2025 £000's	2024 £000's
Parent Company's (loss) for the financial year	(658)	(1,158)

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the parent Company income statement.

10. Dividends

The Board of Directors does not propose that a dividend be paid for the year ended 31 March 2025 (2024: nil).

Proposed dividends on ordinary shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at the date of the statement of financial position.

11. Intangible assets

Group	Goodwill £000's	Distribution rights £000's	Drug registrations, patents and licence costs £000's	Total £000's
Cost				
At 31 March 2023	17,930	407	25,711	44,048
Additions	–	–	4,122	4,122
Impairment	–	–	(287)	(287)
At 31 March 2024	17,930	407	29,546	47,883
Additions	–	–	4,648	4,648
Disposal	–	–	(105)	(105)
At 31 March 2025	17,930	407	34,089	52,426
Amortisation				
At 31 March 2023	–	(178)	(8,234)	(8,412)
Charge for the year	–	(20)	(1,134)	(1,154)
Disposal	–	–	268	268
Impairment	–	–	(234)	(234)
At 31 March 2024	–	(198)	(9,334)	(9,532)
Charge for the year	–	(20)	(1,146)	(1,166)
Disposal	–	–	106	106
At 31 March 2025	–	(218)	(10,374)	(10,592)
Net book value				
At 31 March 2025	17,930	189	23,715	41,834
At 31 March 2024	17,930	209	20,212	38,351
At 31 March 2023	17,930	229	17,477	35,636

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

Distribution rights are amortised over their estimated useful life of 20 years and reviewed for impairment when any indication of potential impairment exists. The remaining amortisation period at the date of the financial statements ranged from 3 to 20 years.

The acquisition of ECO Animal Health Limited in October 2004 gave the Group ownership of the intellectual property and established distribution networks in respect of Aivlosin® and Ecomectin® and gave rise to £17,359,000 of goodwill. The acquisitions of Zhejiang Eco Biok Animal Health Products Limited in 2007 and ECO Animal Health Japan Inc in 2009 opened further distribution and sale opportunities for Aivlosin® and Ecomectin® and gave rise to £94,000 and £477,000 of goodwill respectively.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

11. Intangible assets continued

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from the business combination.

The Group has recalculated the headroom as it would have been at 31 March 2025 when comparing the net present value of cash flows to the carrying value of goodwill. The goodwill impairment review uses cash flows from the Group's global revenues in respect of Aivlosin® and Ecomectin®. Expected future cash flows in respect of new vaccines – both the outflows on research and development of these new products and the forecast revenues from sales – are excluded. Intangible assets in respect of new vaccines are tested for impairment separately. This approach is appropriate given that the acquisitions which gave rise to the goodwill balance were made to enhance the Group's global capacity to sell Aivlosin® and Ecomectin® products rather than new products expected to be introduced following successful completion of current R&D projects.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and the estimated remaining useful life of the asset.

The Group prepares cash flow forecasts that represent a reasonable expectation of performance over the 12 months post year-end. This expectation is then extrapolated into the future using a 3% annual growth rate. The Directors believe that the long-term growth rate does not exceed the average long-term growth rate for the relevant markets.

Management estimates discount rates using the pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. In the current year management estimated the applicable rate to be 11% (2024: 10%). Management considers that there is adequate headroom when comparing the net present value of the cash flows to the carrying value of goodwill to conclude that no impairment is necessary this year. On assumptions as at each period end the excess of recoverable amount over carrying value is over £107m (2024: £86m).

Management believes that the most significant assumption in the calculation of value in use is the term over which the cash flows are modelled. However, even if the growth rate were to be zero, the present value of the cash flows over the next three years would exceed the carrying amount.

The net book value of drug registrations, patents and licence costs can be broken down as follows:

	2025 £000's	2024 £000's
Aivlosin®	11,653	12,655
Ecomectin®	360	500
Vaccines	11,649	7,001
Others	53	56
	23,715	20,212

Aivlosin® is a highly effective antibiotic that treats a range of specific enteric (gut) and respiratory diseases in pigs and poultry, ensuring a rapid return to health. In addition to the welfare benefits, healthy animals gain weight faster, digest food more efficiently and get to market earlier which all bring economic benefit to the farmer. Substantial ongoing product development covering more formulations, species and diseases is expected to substantially further increase its revenue generating potential. The remaining useful life ranges between 7 and 20 years, where the shortest period relates to assets on the balance sheet which received regulatory approval a number of years ago and have been amortised over a number of years, and where the remaining useful life of 20 years relates to capitalised assets which have not yet received regulatory approval and whose amortisation has not yet commenced. Ecomectin® is an endectocide that controls worms, ticks, lice and mange in grazing stock and pigs. The remaining useful life is two years.

At 31 March 2025 intangible assets included £11,745,000 (2024: £7,173,000) of assets capitalised that had not commenced their useful life, of which approximately £75,000 (2024: £75,000) were Aivlosin® related products.

The impairment review for intangible assets relating to ongoing development activity, for which regulatory approval is expected to be received at a future date, is performed with reference to cash flow projections modelled in each development project's business case. The cash flows in these business cases reflect the expected economic life of the new product (a period of more than five years) and the variables captured include the costs to complete the development activity, the future product sale price, expected future market share, the rate of market penetration for new product releases and overall market size. The market size comprises a number of factors, including the total population of the target animal species, the replacement rate (which in the case of poultry is the length of time during which they are productive layers), the proportion of the species population prone to the diseases to which ECO's product is directed and the proportion of the population which is subject to vaccination. In determining these factors, management uses the expertise of own teams, particularly members of the R&D, marketing, sales and finance teams. Third-party data is reviewed to enhance the accuracy of the estimates used. For key development projects, independent external consultants are engaged to validate both technical progress and the overall market appetite for the new product.

Drug registrations and licences are amortised over their estimated useful lives of 10 to 20 years, which is the Directors' estimate of the time it would take to develop a new product allowing for the Group's patent protection and the exclusivity period which comes with certain registrations. All such costs are recorded in the Corporate/UK reporting segment.

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 year to 31 March 2025 there were no indications that an impairment was necessary (2024: impairment of £234,000).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

12. Property, plant and equipment

Group	Freehold land and buildings £000's	Leasehold improvements £000's	Plant and machinery £000's	Fixtures, fittings and equipment £000's	Motor vehicles £000's	Total £000's
Cost or valuation						
At 31 March 2023	720	751	4,604	2,398	372	8,845
Additions	–	–	366	82	54	502
Disposals	(615)	–	(90)	(737)	(35)	(1,477)
Foreign exchange movements	(7)	–	(144)	(127)	(18)	(296)
At 31 March 2024	98	751	4,736	1,616	373	7,574
Additions	32	–	95	230	–	356
Disposals	–	–	(42)	(98)	–	(140)
Foreign exchange movements	(4)	–	(58)	(34)	(28)	(124)
At 31 March 2025	126	751	4,731	1,714	345	7,667
Depreciation						
At 31 March 2023	(63)	(331)	(451)	(1,651)	(252)	(2,748)
Charge for the year	(26)	(129)	(453)	(333)	(17)	(958)
Disposals	69	–	90	737	35	931
Foreign exchange movements	1	–	2	–	–	3
At 31 March 2024	(19)	(460)	(812)	(1,247)	(234)	(2,772)
Charge for the year	(8)	(137)	(461)	(354)	(24)	(984)
Disposals	–	–	42	98	–	140
Foreign exchange movements	–	–	(13)	4	(4)	(13)
At 31 March 2025	(27)	(597)	(1,244)	(1,499)	(262)	(3,629)
Net book value						
At 31 March 2025	99	154	3,487	215	83	4,038
At 31 March 2024	79	291	3,924	369	139	4,802
At 31 March 2023	657	420	4,153	747	120	6,097

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

12. Property, plant and equipment continued

Company	Freehold land and buildings	Fixtures, fittings and equipment	Total
Cost or valuation			
At 31 March 2023	615	183	798
Additions	–	–	–
Disposals	(615)	(182)	(797)
At 31 March 2024	–	1	1
Additions	–	–	–
Disposals	–	–	–
At 31 March 2025	–	1	1
Depreciation			
At 31 March 2023	(50)	(183)	(233)
Charge for the year	(19)	–	(19)
Disposals	69	182	251
At 31 March 2024	–	(1)	(1)
Charge for the year	–	–	–
Disposals	–	–	–
At 31 March 2025	–	(1)	(1)
Net book value			
At 31 March 2025	–	–	–
At 31 March 2024	–	–	–
At 31 March 2023	565	–	565

13. Income tax recoverable and payable

Income tax recoverable	2025 £000's	2024 £000's
UK repayable tax credit in respect of R&D expenditure	1,143	2,743
Other overseas tax (payable)/receivable	–	(56)
	1,143	2,687
Income tax payable	2025 £000's	2024 £000's
Overseas tax payable	(801)	(687)
	(801)	(687)

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

14. Right-of-use assets

Group	Property £000's	Vehicles £000's	Other £000's	Total £000's
Cost or valuation				
At 31 March 2023	5,387	295	9	5,691
Additions	412	52	–	464
Disposals	(315)	–	(9)	(324)
Impairment	–	–	–	–
Foreign exchange movements	(238)	–	–	(238)
At 31 March 2024	5,246	347	–	5,593
Additions	430	65	–	495
Disposals	(132)	(83)	–	(215)
Impairment	–	–	–	–
Foreign exchange movements	(151)	–	–	(151)
At 31 March 2025	5,393	329	–	5,722
Depreciation				
At 31 March 2023	(1,263)	(145)	(1)	(1,409)
Charge for the year	(620)	(63)	–	(683)
Disposals	187	–	1	188
Impairment	(52)	–	–	(52)
Foreign exchange movements	35	–	–	35
At 31 March 2024	(1,713)	(208)	–	(1,921)
Charge for the year	(610)	(71)	–	(681)
Disposals	132	68	–	200
Foreign exchange movements	79	–	–	79
At 31 March 2025	(2,112)	(211)	–	(2,323)
Net book value				
At 31 March 2025	3,281	118	–	3,399
At 31 March 2024	3,533	139	–	3,672
At 31 March 2023	4,124	150	8	4,282

Company	Vehicles £000's	Other £000's	Total £000's
Cost or valuation			
At 31 March 2023	140	–	140
Additions	21	–	21
At 31 March 2024	161	–	161
At 31 March 2025	100	–	100
Depreciation			
At 31 March 2023	(69)	–	(69)
Charge for the year	(33)	–	(33)
At 31 March 2024	(102)	–	(102)
Charge for the year	(32)	–	(32)
At 31 March 2025	(80)	–	(80)
Net book value			
At 31 March 2025	20	–	20
At 31 March 2024	59	–	59
At 31 March 2023	71	–	71

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

15. Investments

Group	Investment in associate £000's	Unlisted investments £000's	Total £000's
At 31 March 2023	243	9	252
Share of associate's result for the year	53	–	53
Foreign exchange differences	(37)	–	(37)
At 31 March 2024	259	9	268
Share of associate's result for the year	50	–	50
Foreign exchange differences	(2)	–	(2)
At 31 March 2025	307	9	316

Company	Unlisted investments (subsidiaries) £000's	Total £000's
Cost		
At 31 March 2023	21,165	21,165
Additional investment	286	286
At 31 March 2024	21,451	21,451
Additional investment	239	239
At 31 March 2025	21,690	21,690

Net book value

At 31 March 2025	21,690	21,690
At 31 March 2024	21,451	21,451
At 30 April 2023	21,165	21,165

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

15. Investments continued

Subsidiary undertakings held by the Company

The Company holds more than 20% of the share capital of the following companies:

Company	Registered office address	Country of registration or incorporation	Class	Shares held %
Zhejiang ECO Biok Animal Health Products Limited	Zhongguan Industrial Area, Deqing, Zhejiang Province	P. R. China	Ordinary	3*
ECO Animal Health Limited	The Grange, 100 High Street, Southgate, N14 6BN	England & Wales	Ordinary	100

Subsidiary undertakings held by the Group

Company	Registered office address	Country of registration or incorporation	Class	Shares held %
ECO Animal Health Southern Africa (Pty) Limited.	228 Athol Road, Highlands North, Johannesburg 2192	South Africa	Ordinary	100
Zhejiang ECO Biok Animal Health Products Limited.	Zhongguan Industrial Area, Deqing, Zhejiang Province	P. R. China	Ordinary	51*
Shanghai ECO Biok Veterinary Drug Sale Company Ltd. (via Zhejiang ECO Biok Animal Products Ltd.)	Room 1502-3, Imago Plaza, No. 99 Wuning Road, Ptro District, Shanghai 200063	P. R. China	Ordinary	51
Zhejiang ECO Animal Health Limited	Zhongguan Industrial Area, Deqing, Zhejiang Province	P. R. China	Ordinary	100
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.	Rua Antonio Amstalden Nº 70, R Antonio Amstalden, Armazem III ALA 02, Capela, Vinhedo	Brazil	Ordinary	100
ECO Animal Health Japan Inc.	1-2-1, Hamamatsu-cho, Minato-Ku, Tokyo	Japan	Ordinary	100
ECO Animal Health USA Corp.	344 Nassau Street, Princeton, New Jersey, 08540	USA	Ordinary	100
Interpet LLC.	3775 Columbia Pike, Ellicott City, Maryland, 21043	USA	Ordinary	100
ECO Animal Health de Mexico, S de R.L. de C.V.	Av Tecnologico Sur 134-4, Unidad Habitacional Moderna, Queretaro, 76030	Mexico	Ordinary	100
ECO Animal Health de Argentina S.A.	Calle 4 E 43/44 N: 581 P.6 D:B La Plata, Buenos Aires	Argentina	Ordinary	100
ECO Animal Health Malaysia Sdn. Bhd.	10th Floor, Menara Hap Seng, No 1 & 3, Jalan P Ramlee, 50250 Kuala Lumpur	Malaysia	Ordinary	100
ECO Animal Health India (Private) Ltd	No 33/5, Second Floor, Mount Kailash Building, Meanee Avenue Road, Ulsoor Bangalore, Karnataka, 560042	India	Ordinary	100
ECO Animal Health Europe Ltd	6th Floor, South Bank House, Barrow Street, Dublin, D18 TR29	Republic of Ireland	Ordinary	100

* The Group's control over its China based subsidiary Zhejiang ECO Biok Animal Health Products Limited is achieved via a joint holding of 51% of the entity's ordinary share capital between the Company (3%) and its UK based trading subsidiary ECO Animal Health Limited (48%).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

15. Investments continued

Subsidiary undertakings held by the Group continued

The principal activity of these undertakings for the last relevant financial year was as follows:

Company name	Principal activity
ECO Animal Health Limited	Distribution of animal medicines
ECO Animal Health Southern Africa (Pty) Limited	Non-trading
Zhejiang ECO Biok Animal Health Products Limited	Manufacture of animal medicines
Shanghai ECO Biok Veterinary Drug Sale Company Ltd.	Distribution of animal medicines
Zhejiang ECO Animal Health Limited	Procurement of raw materials
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	Distribution of animal medicines
ECO Animal Health Japan Inc.	Distribution of animal medicines
ECO Animal Health USA Corp.	Distribution of animal medicines
Interpet LLC	Non-trading
ECO Animal Health de Mexico, S. de R. L. de C. V.	Distribution of animal medicines
ECO Animal Health de Argentina S.A.	Non-trading
ECO Animal Health Malaysia Sdn. Bhd	Non-trading
ECO Animal Health India (Private) Ltd	Non-trading
ECO Animal Health Europe Ltd	Distribution of animal medicines

During the year the Group established an Employee Share Ownership Trust (the 'ESOT'). The assets, liabilities and returns of the ESOT are consolidated within the results of the ESOT's sponsoring company, Eco Animal Health Group plc.

The address of the ESOT is 26 New St, St Helier, Jersey JE2 3RA, Jersey.

Zhejiang ECO Biok Animal Health Products Limited, Zhejiang ECO Animal Health Limited and ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda all have 31 December year ends. The Group receives management accounts for the three months to 31 March for these subsidiaries for use in preparing the consolidated financial statements.

Interpet LLC has been excluded from consolidation as it holds no assets or liabilities and has ceased trading.

The following trading subsidiaries have no requirement for audit under local legislation:

ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.

ECO Animal Health Japan Inc.

ECO Animal Health USA Corp.

ECO Animal Health de Mexico, S. de R. L. de C. V.

ECO Animal Health Group plc has given statutory guarantees against all the outstanding liabilities of ECO Animal Health Ltd, thereby allowing its subsidiary to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the year ended 31 March 2025.

Non-controlling interests

Zhejiang ECO Biok Animal Health Products Limited (Zhejiang ECO Biok) and Shanghai ECO Biok Veterinary Drug Sale Company Limited (Shanghai ECO Biok), both 51% owned subsidiaries of the Group, have material non-controlling interests (NCI). Summarised financial information in relation to these two subsidiaries is presented below together with amounts attributable to NCI.

Please note that as Shanghai ECO Biok is a 100% owned subsidiary of Zhejiang ECO Biok, the summarised results below are consolidated at Zhejiang ECO Biok level, before wider Group eliminations.

Summarised statement of comprehensive income

For the year ended 31 March	2025 £000's	2024 £000's
Revenue	19,523	21,599
Cost of sales	(12,324)	(13,322)
Gross profit	7,199	8,277
Administrative expenses	(4,517)	(5,394)
Operating profit/(loss)	2,682	2,883
Other income	109	32
Finance income	(143)	(142)
Profit before tax	2,648	2,773
Tax expense	(713)	(814)
Profit after tax	1,935	1,959
Profit allocated to NCI	948	960
Other comprehensive (loss)/income allocated to NCI	(307)	(738)

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

15. Investments continued

Summarised balance sheet

As at 31 March	2025 £000's	2024 £000's
Assets:		
Property, plant and equipment	440	570
Right-of-use assets	2,572	3,002
Deferred tax assets	184	189
Inventories	2,875	3,963
Trade and other receivables	5,053	4,528
Cash and cash equivalents	10,951	11,948
	22,075	24,200
Liabilities:		
Trade and other payables	2,126	2,873
Contract liabilities	705	3
Lease liabilities – short term	286	255
Lease liabilities – long term	2,673	3,050
	5,790	6,181

Summarised cash flows

For the year ended 31 March	2025 £000's	2024 £000's
Cash flows from operating activities	2,058	4,357
Cash flows from investing activities	(74)	(75)
Cash flows from financing activities	(2,622)	(6,221)
Foreign exchange movements	(359)	(989)
Net increase/(decrease) in cash and cash equivalents	(997)	(2,928)

Joint operations

The Group also holds (by means of its ownership of ECO Animal Health USA Corp.), a 50% interest in Pharmgate Animal Health LLC, which is resident in the USA. Pharmgate Animal Health LLC distributes the Group's products in the USA.

The Group also holds (by means of its ownership of ECO Animal Health Ltd) a 50% interest in Pharmgate Animal Health Canada Inc, which distributes its products into Canada.

Both Pharmgate Animal Health LLC and Pharmgate Animal Health Canada Inc. have accounting years which end on 31 December.

The Group's holdings in each of the joint operations' share capital is given in the table below:

Pharmgate Animal Health Canada Inc	Holding (shares)	Shares in issue	Holding %
Common shares	100	200	50
Class A shares	100	100	100
Class B shares	–	100	–

Pharmgate Animal Health USA LLC	Holding (shares)	Shares in issue	Holding %
Common shares	100	200	50
Class A shares	100	100	100
Class B shares	–	100	–

ECO-Pharm Limited	Holding (shares)	Shares in issue	Holding %
Common shares	25,000	50,000	50
Class A shares	1	1	100
Class B shares	–	1	–

In the case of Pharmgate Animal Health Canada Inc and Pharmgate Animal Health USA LLC, A shares carry the rights to dividends payable out of profits attributable to the Group. These are made up of profits made by products supplied by the ECO Group plus 50% of any profit relating to new products developed jointly by the partners to the joint operation.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

15. Investments continued

The following amounts included in the Group's financial statements are related to its interest in these joint operations.

	Pharmgate Animal Health LLC		Pharmgate Animal Health Canada Inc	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Non-current assets	–	–	–	–
Current assets	2,292	2,012	418	473
Current liabilities	(2,265)	(1,984)	(418)	(473)
Sales	17,366	14,912	4,047	3,568
Profit after tax	–	–	–	–

Associated company

The Group also holds (by means of its ownership of ECO Animal Health Japan Inc.) a 47.62% interest in EcoPharma.com which is resident in Japan. This company distributes animal health products and other general merchandise within Japan.

ECO Animal Health Japan Inc's holding in EcoPharma.com is 10,000,000 shares out of a total of 21,000,000 shares.

The following amounts included in the Group's financial statements are related to its interests in this associated company.

Investments (share of net assets)	2025 £000's	2024 £000's
At 1 April	259	243
Share of results for the year	50	53
Foreign exchange movement	(2)	(37)
At 31 March	307	259

Summarised financial information

	2025 £000's	2024 £000's
At 31 March		
Current assets	920	813
Non-current assets	90	71
Current liabilities	(282)	(239)
Non-current liabilities	(83)	(101)
Net assets (100%)	645	544
Group share of net assets (47.62%)	307	259
Year ended 31 March		
Revenue	2,124	2,106
Net profit	105	110

16. Inventories

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Raw materials and consumables	6,542	9,039	–	–
Finished goods and goods for resale	3,832	5,425	–	–
Work in progress	4,179	2,491	–	–
	14,553	16,955	–	–

The above total includes the provision of inventory amounting to £187,000 (2024: £631,000).

£75,000 of stock was written off in the year ended 31 March 2025 (2024: £nil). Inventory provisions totalling £439,000 were released in this period (2024: £nil).

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

17. Trade and other receivables

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Non-current:				
Amounts owed by Group undertakings	–	–	48,937	51,078

The inter-company debt is due on demand, however the Company has classified the receivable as a non-current asset as it does not expect to realise the asset within 12 months after the reporting period.

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Current:				
Trade receivables	25,435	29,835	–	–
Other receivables	2,217	1,816	1,393	1,444
Prepayments and accrued income	864	524	271	254
	28,516	32,175	1,664	1,698

The ageing analysis of these trade receivables is as follows:

Group 2025

	Trade receivables £000's	ECL rate %	ECL allowance £000's	Net of impairment £000's
Current	18,572	2.09%	388	18,184
Up to 3 months past due	2,581	11.00%	284	2,297
3 to 6 months past due	2,592	5.75%	149	2,443
Over 6 months past due	3,587	30.00%	1,076	2,511
	27,332		1,897	25,435

Group 2024

	Trade receivables £000's	ECL rate %	ECL allowance £000's	Net of impairment £000's
Current	24,458	0.66%	161	24,297
Up to 3 months past due	4,115	4.41%	181	3,934
3 to 6 months past due	1,137	9.11%	104	1,033
Over 6 months past due	1,564	63.49%	993	571
	31,274		1,439	29,835

The Group measures its trade receivables at amortised cost and estimates the allowance for expected credit loss ("ECL") using a provision matrix based on the Group's historical credit loss experience or market rates. The market rates are then adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast conditions.

This approach enables the Group to determine unbiased and probability-weighted estimates of credit losses for the lifetime of those trade receivables as required by IFRS 9.

The allowance for ECL in FY25 makes up 6.9% of all trade receivable balances while in FY24, the allowance made up 4.3% of total trade receivable balances. The allowance for ECL in FY25 makes up 21.7% of all overdue balances.

The increase in the provision is driven by:

- Worsening age profiles of outstanding trade debtors;
- Circumstances affecting certain of the Group's customer requiring additional allowance.

Movement on the Group provision for impairment of trade receivables is as follows:

Group	2025 £000's	2024 £000's
Balance at 1 April	1,439	845
Additional provision made	753	837
(Recovered) in the year	(268)	(175)
Written off in the year	–	(59)
Other	(27)	(9)
Balance at 31 March	1,897	1,439

18. Deferred tax

Group

Deferred tax assets and liabilities are attributable to the following:

	2025 £000's	2024 £000's
Trade related temporary differences	(3,527)	(3,875)
Plant and equipment	4	(96)
Pension scheme	(58)	(58)
Deferred tax on share options	97	128
Tax losses carried forward	2,622	2,622
Total deferred tax (liabilities)	(862)	(1,279)
Overseas deferred tax assets	1,074	1,437
Total deferred tax assets	1,074	1,437
Sum of assets minus liabilities	212	158

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

18. Deferred tax continued

The movement on the deferred tax account can be summarised as follows:

Deferred tax

	Trade related temporary differences £000's	Tax losses carried forward £000's	Property £000's	Plant and machinery £000's	Pension scheme £000's	Shares £000's	Overseas temporary differences £000's	Overseas tax losses £000's	Total £000's
(Charge)/credit for the year through income statement	(790)	–	(26)	–	(13)	72	141	215	(401)
At 31 March 2024	(3,875)	2,622	–	(96)	(58)	128	396	1,041	158
(Charge) for the year through income statement	348	–	–	100	–	(31)	(396)	33	54
At 31 March 2025	(3,527)	2,622	–	4	(58)	97	–	1,074	212

Trade related temporary differences relate predominantly to research and development tax deductions claimed in advance of expense recognition in the income statement, carried forward trading losses and a provision for unrealised profit arising on consolidation. The tax losses carried forward are not expected to expire under current legislation.

Any future dividend received from the Chinese subsidiary Zhejiang ECO Biok Animal Health Products Limited will be subject to a 5% withholding tax. The deferred tax liability in respect of this has not been recognised.

Company	Property £000's	Pension scheme £000's	Shares £000's	Total £000's
At 1 April 2023	26	(45)	31	12
Credit/(charge) for the year through income statement	(26)	(13)	27	(12)
At 1 April 2024	–	(58)	58	–
Credit/(charge) for the year through income statement	–	–	(9)	(9)
At 31 March 2025	–	(58)	49	(9)

At the year ended 31 March 2025 the Group has unused unrecognised overseas tax losses amounting to £332,000 (2024: £547,000), and unused unrecognised UK tax losses amounting to £12,315,000 (2024: £6,311,000). These tax losses are not expected to expire.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

19. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by the Group net of amounts outstanding on bank overdraft. The carrying amount of these assets is not significantly different to their fair value.

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Cash and cash equivalents	25,006	22,374	1,515	363
Cash and cash equivalents presented in the statement of cash flows	25,006	22,374	1,515	363

Balances drawn on the bank overdraft facility are repayable on demand and form an integral part of the cash management of the Group and Company. In the statement of cash flows, the Group and the Company have presented cash and cash equivalents net of balances outstanding on bank overdrafts. Amounts drawn and repaid on the overdraft facility are therefore considered as part of changes in cash and cash equivalents and are not presented as financing cash flows.

Cash and short-term deposits held in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends. The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply is £14.9m (2024: £14.3m).

Significant non-cash transactions from investing activities are as follows:

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Acquisition of property, plant and equipment by means of leases or not yet paid at year end	495	464	–	21
Acquisition of intangible assets not yet paid at year end	1,160	272	–	–

20. Trade and other payables

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Trade payables	9,794	10,119	149	75
Contract liabilities	706	3	–	–
Other payables	1,030	1,205	141	167
Accruals and deferred income	3,541	6,026	383	562
	15,071	17,353	673	804

21. Borrowings

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Cash and cash equivalents	25,006	22,374	1,515	363
Lease liabilities	(3,785)	(4,025)	(18)	(62)
Net cash	21,221	18,349	1,497	301

The Group has an overdraft facility in certain currencies in respect of a pool of bank accounts held with Natwest Bank plc.

The interest rate for all currency overdrafts is 1.8% over the relevant currency base rate and the borrowings are secured by two debentures held over the assets of the Group. Any drawdown of this facility is repayable on demand. The Company and ECO Animal Health Limited have each given a guarantee to the Group's bankers for the overdraft facility. The facility has a gross and net limit of £5,000,000, which may be borrowed and repaid at will.

At 31 March 2025, the undrawn facility was £5,000,000 (2024: £5,000,000).

At 31 March 2025, the Group has an undrawn revolving credit facility £10,000,000 (2024: £10,000,000) with Natwest. This facility is interest bearing and can be drawn by the Group on demand. The facility expires on 30 June 2026.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

21. Borrowings continued

Reconciliation of lease liabilities

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Opening lease liabilities	(4,025)	(4,480)	(63)	(75)
New lease liabilities	360	(416)	–	(22)
Repayment	890	884	42	45
Lease liabilities interest	(252)	(291)	(4)	(11)
Disposal	25	92	7	–
Foreign exchange	(783)	186	–	–
Closing lease liabilities	(3,785)	(4,025)	(18)	(63)
Current lease liabilities	(621)	(646)	(15)	(50)
Non-current lease liabilities	(3,164)	(3,379)	(3)	(13)

The Group leases a number of properties and motor vehicles in the jurisdictions it operates in. At 31 March 2025 there were no termination or extension options on leases.

The Group expensed £70,000 for the year ended 31 March 2025 (2024: £71,000) for short-term leases.

Group leases maturity

At 31 March 2025 the Group held the following number of leases in each of the maturity categories below.

At 31 March 2025	Property Number	Vehicle Number	Other Number	Total Number
Up to 1 year	9	2	1	12
Between 1 – 5 years	6	6	2	14
Over 5 years	1	–	2	3
Total number of leases	16	8	5	29
Average remaining lease term (in years)	1.7	1.6	3.2	1.9

At 31 March 2024	Property Number	Vehicle Number	Other Number	Total Number
Up to 1 year	4	1	2	7
Between 1 – 5 years	8	9	3	20
Over 5 years	2	–	–	2
Total number of leases	14	10	5	29
Average remaining lease term (in years)	2.5	1.8	1.5	2.1

Amounts payable under lease arrangements for the Group

The undiscounted contractual cash flows payable under the existing lease arrangements at 31 March are analysed into the following maturity categories.

Group	2025 £000's	2024 £000's
Up to 1 year	1,036	1,135
Between 1 – 5 years	2,123	2,055
Over 5 years	748	1,085
Total	3,907	4,275

22. Provisions

	Litigation £000's	Overseas tax £000's	Customer goodwill £000's	Total £000's
At 31 March 2023	456	4,598	124	5,178
Charge for year through income statement	–	507	208	715
Foreign exchange	–	(34)	–	(34)
At 31 March 2024	456	5,071	332	5,859
Charge for year through income statement	–	216	(332)	(116)
Foreign exchange	–	(779)	–	(779)
At 31 March 2025	456	4,508	–	4,964

Provisions include an amount of £456,000 in respect of personnel related litigation matters. Management has assessed the range of possible outcomes to these claims and the provision made represents a best estimate, and is mid-range of the possible outcomes, having taken legal advice. ECO management is vigorously defending the claims and the timing of any settlement is uncertain due to the varying nature of the claims and the availability of the relevant courts if required.

Provisions also include an amount of £4,508,000 in respect of overseas tax liabilities. Certain aspects of a sales tax related to imported products in a Group subsidiary might have been applicable. The subsidiary has been importing an increasing volume of product into this country in recent years. This matter remains uncertain and subject to further review of the tax legislation and case law. No tax payment has yet been determined. However, a substantial tax settlement may be required in due course and a provision has been recognised alongside a corresponding deferred tax asset.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

23. Pension and other post-retirement benefit commitments

Defined contribution pension scheme

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from the Group and independently administered by insurance companies. The pension cost charge represents contributions payable to the funds in the year and amounted to £56,269 (2024: £108,491).

Defined benefit pension scheme

The Group operates a defined benefit pension scheme in the UK for a number of ex-employees which is closed to new members. A full actuarial valuation was carried out at 6 April 2022 and updated on 31 March 2025 for IAS 19 purposes by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2025	31 March 2024
Discount rate	5.25%	4.75%
RPI inflation	n/a	3.45%
Deferred revaluation rate CPI max 5% p.a.	n/a	2.45%

Mortality rates

No pre-retirement mortality is assumed (2024: none). Post retirement mortality is based on 100% of the SAPS 'S4' normal tables, based on the members' year of birth, improving in line with CMI 2023 projections with a 1.00% long-term trend rate (2024: 1.00%).

Under these mortality assumptions, the expected future lifetime for a member retiring at age 65 at the year-end would be 20.9 years for males (2024: 21.0 years) and 23.4 years for females (2024: 23.2 years). For members retiring in 20 years' time, the expectation of life would be 21.9 years for males (2024: 22.0 years) and 24.6 years for females (2024: 24.4 years).

The weighted average term of the liabilities is five years (2024: seven years).

The scheme is exposed to a number of risks including:

- Interest rate risk: Movements in the discount rate used could affect the present value of the defined benefit pension obligations.
- Longevity risk: Changes in the estimated mortality rates of former employees could affect the present value of the defined benefit pension obligations.
- Investment risk: Variations in the actual return from the scheme's investments could affect the scheme's ability to meet its future pension obligations.

	2025 £000's	2024 £000's
Assets at start of year	1,202	1,135
Defined benefit obligation at start of year	(969)	(954)
Net asset/(liability) at 1 April	233	181
Return on assets	54	55
Interest cost	(43)	(46)
	11	9
Gain/(loss) on return on plan assets in excess of interest income	77	40
Gain/(loss) on demographic assumptions	23	4
Gain/(loss) on financial assumptions	26	(1)
Gain/(loss) on experience adjustment	(140)	–
Statement of other comprehensive income	(14)	43
Net asset at 31 March	230	233
Actual assets at end of year	1,213	1,202
Actual defined benefit obligation at end of year	(983)	(969)

Gain/(loss) on changes in assumptions was £23,000 gain (2024: £nil) relating to changes in demographic assumptions and a gain of £26,000 (2024: £1,000 loss) relating to changes in financial assumptions.

The pension fund assets (principally made up of annuities for the benefit of active pensioners) are all held within a policy managed by an insurance company regulated by the Financial Conduct Authority of the United Kingdom and the United Kingdom Pensions Regulator. By law, the trustees are required to act in the best interests of participants to the schemes. Responsibility for governance of the plans – including investment decisions and contribution schedules – lies with trustees.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

23. Pension and other post-retirement benefit commitments continued

	2025 £000's	2024 £000's
Reconciliation of changes in the asset value during the year		
Fair value of assets at 1 April	1,202	1,135
Return on assets	54	55
Gain/(loss) on asset return	77	40
(Decrease)/increase in secured pensioners' value due to scheme experience	–	(28)
Benefits paid	(120)	–
Fair value of assets at 31 March	1,213	1,202
Reconciliation of changes in the liability value during the year		
Defined benefit obligation at 1 April	969	954
Interest cost	43	46
(Loss)/gain on demographic assumptions	(26)	1
(Loss)/gain on financial assumptions	(23)	(4)
(Loss)/gain on experience adjustment	140	–
(Decrease)/increase in secured pensioners' value due to scheme experience	–	(28)
Benefits paid	(120)	–
Defined benefit obligation at 31 March	983	969

No annual contribution to be paid by the employer is expected (2024: £nil).

Year ended 31 March	2025 £000's	2024 £000's	2023 £000's	2022 £000's	2021 £000's
Fair value of plan assets	1,213	1,202	1,135	1,648	1,795
Present value of defined benefit obligation	983	969	954	1,569	1,799
(Deficit)/surplus in plan	230	233	181	79	(4)
Experience (losses)/gains on plan liabilities	77	40	17	(5)	–

	2025 £000's	2024 £000's
Plan assets		
Assets under management	341	345
Insured annuities	872	857
Total	1,213	1,202

Assets under management composition

	2025	2024
Corporate bonds	43.6%	42.6%
Overseas equities	37.7%	37.1%
UK equities	10.4%	12.5%
Property	7.3%	7.0%
Cash	1.0%	0.8%
	100.0%	100.0%

Defined benefit obligation – sensitivity analysis

The following amounts are the effect (on the defined benefit obligation) of reasonably possible changes to the key actuarial assumptions, as required by IAS 19.

Actuarial assumptions	Reasonably possible change	(Decrease)/increase in defined benefit obligation			
		2025		2024	
		£000's	£000's	£000's	£000's
Discount rate	+/- 0.1%	(55)	61	(56)	64
Members' life expectancy	+/- 1 year	(72)	72	(73)	73

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The Company has given a floating charge dated 1 December 2006 over all of its assets to the trustees of the pension fund to secure all present and future obligations and liabilities to the pension fund.

24. Share-based payments

The expense recognised for share-based payments made during the year is shown in the following table:

	Group		Company	
	2025 £000's	2024 £000's	2025 £000's	2024 £000's
Total expense arising from equity-settled share-based payments transactions	401	413	162	127

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

24. Share-based payments continued

The share-based payment plans are described below:

Movements in issued share options during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	Options		Options	
	2025 000's	2025 WAEP (£)	2024 000's	2024 WAEP (£)
Outstanding at 1 April	3,560	2.18	2,777	2.84
Granted during the year – Employee scheme	128	0.12	485	0.95
Granted during the year – LTIPs	535	0.05	418	0.05
Granted during the year – Deferred bonus	143	0.05	45	0.05
Granted during the year – Restricted stock units	182	0.05	–	–
Expired/cancelled during year	(1,368)	3.54	(142)	4.47
Exercised during year	(15)	0.05	(23)	0.05
Outstanding at 31 March	3,165	0.95	3,560	2.18
Granted < 3 years ago and not vested	(2,530)		(1,559)	
Exercisable at 31 March	635	3.76	2,001	3.62

635,000 options were exercisable at 31 March 2025 (2024: 2,001,493). The WAEP of exercisable options at 31 March 2025 was 376.0p (2024: 362.0p).

The average share price during the year was 89.1p (2024: 106.9p).

The maximum aggregate number of shares over which options may currently be granted cannot exceed 10% of the nominal share capital of the Company on the grant date. The options outstanding at 31 March 2025 had a weighted average exercise price of £0.95 (2024: £2.18) and a weighted average remaining contractual life of 7.6 years (2024: 5.4 years).

ECO Animal Health Group plc Executive Share Option Scheme

In accordance with the Executive Share Option Scheme, approved and unapproved share options are granted to Directors and employees who devote at least 25 hours per week to the performance of duties or employment with the Group.

127,000 share options have been granted in the year under this scheme (2024: 484,900). In addition 535,260 options have been issued under the Group's Long Term Incentive Plan (2024: 417,704), 182,225 options have been issued under the Group's new Restricted Stock Units scheme (2024: nil) and 143,452 under the Group's deferred bonus arrangements (2024: 44,562).

The exercise price of the options is equal to the market price of the shares at the date of grant. The options vest three years from the date of grant and if the option holder ceases to be a Director or employee of the Company due to injury, disability, redundancy or retirement on reaching pensionable age or any other age at which they are bound to retire at in accordance with the terms of their contract of employment, the option may be exercised within a period of six months after the option holders so ceasing, although the Board may, at its discretion, extend this period by up to 36 months after the date of cessation.

If the option holder ceases employment for any other reason, the option may not be exercised unless the Board permits. The approved and unapproved options will be forfeited where they remain unexercised at the end of their respective contractual lives of ten and seven years respectively.

An analysis of the expiry dates of the outstanding options at 31 March 2025 is given below:

Date of grant	Unapproved	Approved	Exercise price	Expiry date
26 August 2015		21,350	£2.650	26 August 2025
19 January 2016		10,200	£3.150	19 January 2026
17 February 2016		19,600	£3.125	17 February 2026
01 March 2016		9,600	£3.125	01 March 2026
12 September 2016		16,200	£4.325	12 September 2026
15 September 2016		2,000	£4.350	15 September 2026
21 September 2017		35,650	£6.200	21 September 2027
12 April 2018		3,900	£5.450	12 April 2028
23 October 2018		53,100	£3.800	23 October 2028
23 October 2018	205,900		£3.800	23 October 2025
19 December 2018		7,800	£3.800	19 December 2028
19 December 2018	2,200		£3.800	19 December 2025
28 April 2021		129,981	£3.495	28 April 2031
28 April 2021	117,519		£3.495	28 April 2028
12 December 2022	45,606		£0.050	12 December 2032
27 February 2023	550,953		£0.050	27 February 2033
25 April 2023		269,800	£1.011	24 April 2033
22 December 2023	44,562		£0.050	22 December 2033
22 March 2024	417,704		£0.050	22 March 2034
22 March 2024		213,600	£0.880	22 March 2034
28 August 2024	143,452		£0.050	28 August 2034
27 October 2024	535,260		£0.050	27 October 2034
27 October 2024	102,725		£0.050	27 October 2034
26 March 2025	79,500		£0.050	26 March 2035
26 March 2025		127,100	£0.585	26 March 2035
	2,245,381	919,881		

The market price of the shares at 31 March 2025 was 53.5p (2024: 85.5p) with a range in the year of 58.0p to 131.5p (2024: 84.0p to 122.5p).

The Company uses a Black-Scholes model to value share-based payments for options with service conditions and/or non-market performance conditions and the following table lists the inputs to this model for the last five years.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

24. Share-based payments continued

	2025	2024	2023	2022	2021
Vesting period (years)	3 – 4	3 – 4	3 – 4	3 – 4	n/a
Option expiry (years)	10	10	10	7 – 10	
Dividends expected on the shares	0.00%	0.00%	0.00%	1.00%	
Risk free rate (average)	4.00% – 4.13%	3.74% – 4.13%	3.20% – 3.75%	0.18%	
Volatility of share price	40%	40%	40%	40%	
Weighted average fair value (pence)	21.5 – 103.3	47.0 – 106.2	84.0 – 108.0	101.0 – 316.0	

The risk-free rate has been based on the yield from UK Government Treasury coupons. The volatility of the share price was estimated based on standard deviation calculations on the historic share price.

Long Term Incentive Plan

Under this plan share options may be granted to certain Executive Directors and members of the Company's Executive Leadership Team. The share options awarded under the LTIP are subject to an exercise price of £0.05 per share and performance conditions being achieved that have been set by the Remuneration Committee and relate to total shareholder return (TSR) and research and development targets.

Subject to the performance conditions being met, the share options will vest after the end of a three-year vesting period. The proportion of share options relating to each performance condition is: (i) 75% in relation to the TSR conditions; and (ii) 25% in relation to the R&D targets.

The TSR conditions mean that the share options subject to these conditions will vest subject to the following: (i) 25% of the share options will vest if the annual compound TSR over the performance period equals 7.5%; (ii) 50% of the share options will vest if the annual compound TSR over the performance period equals 10%; and (iii) 100% of the share options will vest if the annual compound TSR over the performance period equals 20%.

The R&D targets mean that the share options subject to these targets will vest subject to the following:

(i) 25% of the share options will vest if specified R&D targets agreed between Executive management and the Remuneration Committee during the performance period are achieved; and (ii) 100% of the share options will vest if specified R&D targets agreed between Executive management and the Remuneration Committee during the performance period are achieved. The R&D targets comprise a range of identifiable and quantifiable criteria relating to the introduction of new R&D projects, the progress of existing R&D projects to later stages of the development cycle, the submission of projects for approval to relevant regulators and the approval of projects by the relevant regulators.

25. Share capital

	2025 £000's	2024 £000's
Authorised		
68,100,000 ordinary shares of 5p each	3,405	3,405
10,790 deferred ordinary shares of 10p each	1	1
32,334 convertible preference shares of £1 each	32	32
	3,438	3,438
Allotted, called up and fully paid		
67,759,671 (2024: 67,744,889) ordinary shares of 5p each	3,388	3,387

During the year 14,782 shares were issued (2024: 22,973 shares were issued). The options were issued following the exercise of share options. The exercise price was 5 pence per option and consideration of £1,000 was received.

All shares issued are non-redeemable and rank equally in terms of voting rights (one vote per share); rights to participate in all approved dividend distribution for that class of shares; and right to participate in any capital distribution on winding up.

The shares in the original or any increased capital of the Company may be issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital as the Company may from time to time determine.

26. Non-controlling (minority) interests

	2025 £000's	2024 £000's
Balance as at 1 April	9,690	12,281
Share of subsidiary's profit/(loss) for the year	948	960
Share of foreign exchange gain/(loss) on net investment	(307)	(738)
	641	222
Share of dividend paid by subsidiary	(1,065)	(2,813)
Balance as at 31 March	9,266	9,690

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

27. Other reserves

The Group held a revaluation reserve of £271,000 as at 31 March 2025 (2024: £271,000) relating to the acquisition of ECO Animal Health Japan Inc in 2009 and corresponding to the carrying value of its assets.

The Group and Company held a capital redemption reserve of £106,000 as at 31 March 2025 (2024: £106,000).

The Group held a Treasury Shares reserve of £(204,000) as at 31 March 2025 (2024: £nil).

During the year the Group established an Employee Share Ownership Trust (ESOT). The assets, liabilities and returns of the ESOT are consolidated within the results of the ESOT's sponsoring company, Eco Animal Health Group plc.

During the year the ESOT acquired shares in Eco Animal Health Group plc. The shares held by the ESOT are treated as treasury shares in the accounts of Eco Animal Health Group plc, with a debit to the Treasury Shares reserve (see note 15).

Included in the Group's foreign exchange reserve are the following exchange movements on consolidation of the subsidiaries and joint operations listed below:

	At 31 March 2024 £000's	Movement in the year £000's	At 31 March 2025 £000's
In respect of:			
Zhejiang ECO Biok Animal Health Products Limited	331	(320)	11
Zhejiang ECO Animal Health Limited	115	(136)	(21)
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	215	468	683
ECO Animal Health Japan Inc.	(184)	(5)	(189)
ECO Animal Health USA Corp.	(15)	(33)	(48)
ECO Animal Health de Mexico, S. de R. L. de C. V.	370	(15)	355
ECO South Africa	(49)	–	(49)
Pharmgate LLC	5	–	5
Foreign exchange reserve movements charged to consolidated statement of comprehensive income	788	(41)	747

28. Directors' emoluments

	2025 £000's	2024 £000's
Emoluments for qualifying services	986	1,211
Company pension contributions to money purchase schemes	31	25
Share-based payments	108	108
Benefits in kind	22	13
	1,147	1,357

During the year one Director exercised share options (2024: none) realising a gain of £10,000 (2024: £nil).

The highest paid Director received £464,000 (2024: £619,000) including £33,000 (2024: £33,000) of share-based payments and £nil (2024: £nil) of pension contributions.

29. Employees

Number of employees

The average number of employees (including Directors) during the year was:

	2025 Number	2024 Number
Directors	5	5
Production and development	89	91
Administration	43	48
Sales	87	83
	224	227

Employment costs (including amounts capitalised)

	2025 £000's	2024 £000's
Wages and salaries	12,354	14,393
Share-based payments	401	413
Social security costs	1,997	1,558
Other pension costs	302	431
	15,054	16,795

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

30.Related party transactions

Dividends paid to related parties

During the year Mr P Lawrence (a significant shareholder) and his family received no dividends (2024: £nil). The other Directors and their families received dividends to the value of £nil (2024: £nil).

Interest and management charges from parent to the other Group companies

During the year the Company made management charges on an arm's length basis to ECO Animal Health Limited amounting to £1,230,000 (2024: £603,786) and charged interest of £1,100,000 (2024: £1,707,579) to the subsidiary company. Both of these transactions were made through the inter-company account and were eliminated on consolidation.

During the year Zhejiang ECO Animal Health Ltd paid dividends to ECO Animal Health Ltd of £1,860,759 (RMB 17,118,983).

During the year Zhejiang ECO Biok Animal Health Products Limited paid dividends of £85,217 (RMB 784,000) to ECO Animal Health Group plc (2024: £255,029) and £1,023,478 (RMB 9,416,000) to ECO Animal Health Limited (2024: £2,702,641).

During the year ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda paid dividends to ECO Animal Health Ltd of £nil (2024: £1,398,471).

Key management compensation

The Group regards the Board of Directors as its key management.

	2025 £000's	2024 £000's
Salaries and short-term benefits	1,008	1,224
Retirement benefits	31	25
Share-based payments	108	108
	1,147	1,357

The number of Directors for which retirement benefits were accruing was one (2024: one).

31. Financial instruments

The Group uses financial instruments comprising borrowings, cash and cash equivalents and various items, such as trade receivables, trade payables etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The Directors are responsible for the overall risk management.

The main risks arising from the Group's use of financial instruments are capital and liquidity risk, credit risk and foreign currency risk and they are summarised below. The policies have remained unchanged throughout the year.

Capital and liquidity risk

The Group manages its capital to ensure continuity as a going concern whilst maximising returns through the optimisation of debt and equity. As part of this, the Board considers the cost and risk associated with each class of capital. The capital structure of the Group consists of cash and cash equivalents in note 19, borrowings in note 21 and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the Group's statement of changes in equity.

Liquidity risk is managed by maintaining adequate reserves and banking facilities with continuous monitoring of the latest developments by management.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

As an AIM quoted company, our governance framework is underpinned by the AIM Rules and the Quoted Companies Alliance (QCA) Corporate Governance Code 2023 (QCA Code). In addition to the QCA Code, we monitor developments and guidance in the UK Corporate Governance Code, applicable to main market listed companies, to keep abreast of matters which we feel could also be embedded as best practice as part of a progressive approach. We also review the Investment Association guidelines and seek to comply with these where applicable.

At 31 March 2025, the Group was contractually obliged to make repayments as detailed below:

	2025 £000's	2024 £000's
Within one year or on demand		
Trade payables	9,794	10,119
Other payables	1,030	1,205
Accruals	3,541	6,026
	14,365	17,350

Credit risk

Credit risk is that of financial loss as a result of default by a counterparty on its contractual obligations. The Group's exposure to credit risk arises principally in relation to trade receivables from customers and on short-term bank deposits. Customers' creditworthiness is wherever possible checked against independent rating databases and filing authorities, or otherwise assessed on the basis of trade knowledge and experience. Exposure and customer credit limits are continually monitored both on specific debts and overall.

The credit risk in relation to short-term bank deposits is limited because the counterparties are banks with good credit ratings.

The Group operates in certain geographical areas which are from time to time subject to restrictions in the free movement of funds. The Board seeks to minimise the Group's exposure to these markets but the nature of our business makes it impossible to eliminate this exposure completely.

None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12-month expected credit losses have been recognised, and there are no non-current receivable balances lifetime expected credit losses.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

31. Financial instruments continued

Foreign currency risk

The Group operates in overseas markets particularly through its subsidiaries in China, Brazil, Mexico, the USA and Japan as well as its joint operation in Canada and is therefore subject to currency exposure on transactions undertaken during the year. The Group does some simple economic hedging of receivables when the Board feels it is appropriate to do so and foreign exchange differences on retranslation of foreign monetary items are recorded in administrative expenses in the income statement.

The table below shows the extent to which the Group companies have monetary assets and liabilities in currencies other than in Sterling.

	US Dollar £000's	Euros £000's	Chinese RMB £000's	Japanese Yen £000's	Brazilian Real £000's	Canadian Dollar £000's	Mexican Peso £000's	Other £000's
2025								
Trade and other receivables	50,589	3,660	6,626	542	669	699	2,374	55
Trade and other payables	(36,335)	(2,775)	(7,187)	(151)	(976)	(511)	(3,000)	(108)
Cash and cash equivalents	6,008	369	15,702	511	988	223	110	40
Total	20,262	1,254	15,141	902	681	411	(516)	(13)
	US Dollar £000's	Euros £000's	Chinese RMB £000's	Japanese Yen £000's	Brazilian Real £000's	Canadian Dollar £000's	Mexican Peso £000's	Other £000's
2024								
Trade and other receivables	30,924	2,961	6,753	134	677	759	2,699	125
Trade and other payables	(13,115)	(681)	(7,312)	(1,074)	(656)	(494)	(3,387)	(80)
Cash and cash equivalents	4,638	439	14,356	618	878	321	378	64
Total	22,447	2,719	13,797	(322)	899	586	(310)	109

At 31 March 2025 the Group was mainly exposed to the US Dollar, Euro, Chinese RMB, Japanese Yen, Brazilian Real, Canadian Dollar and Mexican Peso. The following table details the effect of a 10% movement in the exchange rate of these currencies against Sterling when applied to outstanding monetary items denominated in foreign currency as at 31 March 2025.

	2025 £000's	2024 £000's
US Dollar	2,251	2,278
Euro	139	265
Chinese RMB	1,682	1,450
Japanese Yen	100	(39)
Brazilian Real	76	100
Canadian Dollar	46	65
Mexican Peso	(57)	(41)

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2025

31. Financial instruments continued

Analysis of financial instruments by category

Group 2025	Financial assets £000's	Financial liabilities £000's	Total £000's
Trade and other receivables ¹	28,516	–	28,516
Cash and cash equivalents	25,006	–	25,006
Trade and other payables ²	–	(14,365)	(14,365)
Amounts due under leases	–	(3,784)	(3,784)

1. This includes prepayments and accrued income £864,000.

2. This excludes contract liabilities but includes accruals and deferred income (£3,541,000).

2024	£000's	£000's	£000's
Trade and other receivables ¹	32,175	–	32,175
Cash and cash equivalents	22,374	–	22,374
Trade and other payables ²	–	(17,350)	(17,350)
Amounts due under leases	–	(4,025)	(4,025)

1. This includes prepayments and accrued income £524,000.

2. This excludes contract liabilities but includes accruals and deferred income (£6,026,000).

Company 2025	Financial assets £000's	Financial liabilities £000's	Total £000's
Trade and other receivables ¹	1,664	–	1,664
Cash and cash equivalents	1,515	–	1,515
Trade and other payables ²	–	(673)	(673)
Amounts due under leases	–	(17)	(17)
Amounts due from Group undertakings	48,937	–	48,937

1. This includes prepayments and accrued income £271,000.

2. This excludes contract liabilities but includes accruals and deferred income (£383,000).

2024	£000's	£000's	£000's
Trade and other receivables ¹	1,698	–	1,698
Cash and cash equivalents	363	–	363
Trade and other payables ²	–	(804)	(804)
Amounts due under leases	–	(62)	(62)
Amounts due from Group undertakings	51,078	–	51,078

1. This includes prepayments and accrued income £254,000.

2. This excludes contract liabilities but includes accruals and deferred income (£562,000).

All financial assets and liabilities in the Group's and Company's statements of financial position are classified as held at amortised cost for both the current and previous year.

Directors and Advisers

Directors	Joachim Hasenmaier	Non-Executive Chairman
	David Hallas	Chief Executive Officer
	Christopher Wilks	Chief Financial Officer
	Frank Armstrong	Non-Executive Director
	Tracey James	Non-Executive Director
Secretary	Christopher Wilks	
Company Number	1818170	
Registered Office	The Grange 100 High Street London N14 6BN	
Registered Auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG	
Registrars	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX	
Lawyers	Mills & Reeve LLP 24 King William Street London EC4R 9AT	

Bankers	Natwest plc Tooting Branch 30 High Street London SW17 0RG
Nominated Adviser and Broker	Singer Capital Markets One Bartholomew Lane London EC2N 2AX
Joint Broker	Investec 30 Gresham Street London EC2V 7QP
Investor Relations	ICR Healthcare 85 Gresham Street London EC2V 7NQ
Remuneration Advisers	h2glenfern Brock House 19 Langham Street London W1A 6BP





ANIMAL HEALTH

ECO Animal Health Group plc

The Grange
100 The High Street
Southgate
London, N14 6BN
United Kingdom
+44 (0)208 447 8899