



Anpario

Nature's Answer

Anpario plc

Annual Report 2020



Global Leaders. Local Experts.



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Highlights

Anpario plc, the independent manufacturer of natural sustainable animal feed additives for animal health, nutrition and biosecurity is pleased to announce its full year results for the twelve months to 31 December 2020.

Financial highlights

- ✓ 5% increase in revenue to £30.5m (2019: £29.0m)
- ✓ 9% increase in gross profit to £15.8m (2019: £14.5m)
- ✓ 22% increase in profit before tax to £5.4m (2019: £4.4m)
- ✓ Diluted earnings per share up 13% to 19.89p (2019: 17.61p)
- ✓ Proposed final dividend of 6.25p (2019: 5.5p) per share, total dividend for the year 9.0p (2019: 8.0p) an increase of 12.5%
- ✓ Cash balances of £15.8m at the year-end (2019: £13.8m)

Operational highlights

- ✓ Excellent operating performance helped by quick implementation of Covid-19 response plans.
- ✓ Sales growth in the Americas, Europe and China, particularly through the Company's own subsidiaries.
- ✓ US study proves anti-viral activity of pHorce® in swine.
- ✓ Successful Orego-stim® global launch in layers and pullets following North Carolina State University 3 year study.
- ✓ New Orego-Stim Aqua improves output and profitability in the absence of antibiotic growth promoters (AGPs).
- ✓ Investment in automated pallet delivery system completed.

“The Board is delighted to report the Group's best operating performance to date, notwithstanding that 2020 was an extremely challenging year for the world due to the Covid-19 pandemic. This outstanding performance is due to the swift implementation of our Covid-19 response plans and the commitment, flexibility and supreme efforts of our staff. The resilience of the company's systems and operating procedures have meant that the company was able to operate as near normal as possible, ensuring customers did not experience disruption in supply.

The current financial year has started well, building on momentum from 2020. Our global sales team is supporting customers and we are continuing online customer meetings, technical training and business development very effectively.

Finally, this is my last statement before I retire from the Board at this year's AGM. I would, therefore, like to take the opportunity to thank all staff and shareholders for their loyalty and support of Anpario in helping to build a successful company which has delivered significant shareholder value, including a substantial increase in market capitalisation. We have appointed a new Non-Executive team with exceptional knowledge and experience who will provide wise counsel to the executive management in taking Anpario to the next level. It has been an absolute pleasure and privilege to be involved with the Company and to work closely with Richard and Karen in particular.”

Peter Lawrence, Chairman

¹ Adjusted EBITDA represents operating profit for the year £5.267m (2019: £4.297m) adjusted for: share based payments and associated costs £0.067m (2019: £0.124m); loss on disposal of property £nil (2019: £0.061m); foreign exchange losses £0.442m (2019: £0.332m); foreign exchange hedging gains £0.405m (2019: £0.274m); and depreciation, amortisation and impairment charges of £1.233m (2019: £1.140m)

Chairman's statement

Overview

Anpario is pleased to report its best performance to date with sales exceeding £30m and a 22% improvement in profit before tax to £5.4m, during a period of extraordinary disruption as the Covid-19 (coronavirus) pandemic continues to impact many countries around the world. I am immensely proud of the way the Group reacted quickly by implementing response plans which mitigated much of the disruption and delivered an excellent financial result. Strong cost and cash control helped to deliver profits significantly ahead of the previous year, thereby strengthening our balance sheet, whilst also returning record levels of cash to shareholders by way of dividends and a share buy-back.

There were strong performances in the Americas, Europe and in China where sales showed a quick recovery as farmers restocked their pig operations and the ban on the use of antibiotic growth promoters (AGPs) in animal feed also benefited sales of Orego-Stim®. The Middle East experienced continued weakness in the second half. Our strategy in recent years to set up local subsidiaries and sales teams is proving successful with the strongest growth through these channels which have been able to fully support end customers throughout the pandemic. We also invested in an automated pallet delivery system which has increased production capacity and streamlined the output processes at the Manton Wood production plant.

We anticipate keeping most of the Covid-19 response measures in place for the foreseeable future given the prevalence of the second wave of infection currently around the world but, expect that as the vaccination programs are implemented then business development initiatives, which require a more personal touch, will resume. Nevertheless, we have learnt some valuable lessons in how to apply communication technology to operate more efficiently. The Company has not made use of any of the UK Government's financial support measures available in relation to Covid-19.

Dividend

The Board is recommending a final dividend of 6.25 pence per share (2019: 5.5 pence) making a total of 9.0 pence per share for the year (2019: 8.0 pence), an increase of 12.5%. This dividend, payable on 30 July to shareholders on the register on 16 July, reflects the Board's continued confidence in the Group and its ability to generate cash. Taken with the £1 million returned to shareholders through the share buy-back in March 2020, cash returned to shareholders amounts to £2.7m for the period.

AGM

The Board plans to hold the AGM on Thursday 17 June 2021, at 11.00am. We recognise that the AGM is a good opportunity for shareholders to meet and ask questions of the Board, especially given the recent new appointments. We will let shareholders know nearer the time the arrangements for the AGM, but these will depend on Covid-19 restrictions and government advice in place at that time.

Board changes

The Board succession plan for Non-Executive Directors was announced in our recent trading update. Richard Wood retires from the Board on 31 March 2021, and I thank him for his valuable contribution and guidance as Senior Independent Director and Chair of the Remuneration Committee. I have also advised the Board of Anpario that I shall retire as Non-Executive Chairman, Chair of the Audit and Nomination committees at Anpario's AGM on 17 June 2021. It has been an absolute pleasure and privilege to have been involved with the company and to have worked closely with Richard and Karen, in particular.

I welcome Kate Allum and Matthew Robinson to the Anpario Board who bring a wealth of corporate governance and commercial experience to the Company. I also look forward to Ian Hamilton joining us on 1 April 2021. A further announcement will be made regarding the positions of Chairman, Senior Independent Director and Board Committees.

In addition, Karen Prior has told the Board that she wishes to relinquish the role of Group Finance Director after the AGM but will remain as an Executive Director of the Company responsible for Corporate Social Responsibility and as Company Secretary. Marc Wilson, who is currently Group Management Accountant, will be Karen's successor to the Board from 1st July. Marc, who joined Anpario in 2010, has been instrumental in the preparation of the statutory and management accounts as well as implementing the Group's enterprise resource planning system and controls.

Karen Prior will now oversee ESG matters and the Board has been further strengthened in this regard by the appointment of Kate Allum who has significant experience in leading sustainability and diversity initiatives.

Environmental, Social and Governance (ESG)

Sustainability and environmental issues are core to Anpario's operations with a focus on products which comprise almost 100% natural ingredients and working with key suppliers who share our sustainable goals.

Anpario is committed to providing innovative solutions to the food farming industry, working in harmony with the natural aspects of an animal's biology to promote healthy growth at least damage to the environment. Work is progressing to evidence the positive impact of products such as Orego-stim® on greenhouse gas emissions reduction. Implementing strong governance and stakeholder accountability has always been central to our values and ethics.

People

It is testament to our staff across the globe that we have been able to deliver such an excellent performance in what is the most challenging of years for the world. Our staff have had to adapt to new ways of working and have assiduously followed our Covid-19 procedures to ensure operations were not compromised. We are also proud to have supported our local NHS hospitals and used our China expertise and shipping contacts to import face masks which were donated to local care homes. The commitment and dedication of all our people is greatly appreciated.

Outlook

There has been a strong start to trading in the current year. We will continue our online customer meetings and business development activities until lockdown restrictions are relaxed. Nonetheless, Anpario's global sales team is well positioned to support customers across our network. Investing and developing our sales and marketing channels around the world remains a priority, as does targeting new markets, such as aquaculture, with both existing and new innovations which bring significant value to the producers.

We expect the Covid-19 pandemic to continue to restrict international travel which may inhibit some business development initiatives but Anpario's local sales teams have been a significant strength in supporting our customers. We anticipate some challenges in the supply of goods to Europe to persist until the customs discrepancies are ironed out and protocols defined in the Brexit trade agreement are uniformly interpreted and applied across the EU. The setting up of a European stockholding hub will not only alleviate these temporary issues but will also offer Anpario a better platform to grow our direct to end-customer business across the continent.

Our natural products, such as Orego-Stim®, are in demand not only when legislation such as the banning of AGPs or formaldehyde is implemented but also to improve animal health which in turn delivers performance benefits to farmers and meat processors in producing safe and sustainable food for consumers in

a biosecure environment.

Our strong balance sheet enables the Group to invest in innovative natural product solutions, expand our global reach and undertake earnings enhancing and complementary acquisitions to continue the profitable development of the Group. We remain confident in capturing the opportunities to grow the business for the long-term benefit of all stakeholders.

Peter Lawrence

Chairman

17 March 2021

Chief Executive Officer's statement

Non-Executive Directors

I would firstly like to pay tribute to Peter Lawrence who is retiring as Chairman at the forthcoming AGM. Peter was instrumental in the development of Anpario following the acquisition of Agil in 2006. As a valued Board member and Chairman with his in-depth knowledge and experience of the industry he has made a significant contribution to the growth of the Group. On behalf of the Company, I would like to thank both Peter and Richard Wood, who also retires at the end of this month, for their commitment, support and counsel given during their time on the Board.

Overview of the financial year

Group sales for the year to 31 December 2020 grew by 5% to £30.5m, with strong performances from the Americas, Europe and China. China benefited from a relatively quick recovery of the Covid-19 lockdown and the rebuilding of pig herds following the African Swine Fever (ASF) epidemic. New legislation in China banning the use of antibiotic growth promoters (AGPs) in animal feed also started to benefit the Company towards the end of the period. These regions offset weakness in South East Asia where sales were flat over the year, after a strong first half, due to lockdowns which resulted in reduced meat protein consumption and an element of forward buying in the first half by our distributors. The Middle East suffered significantly as religious events were cancelled and the repatriation of foreign workers from the region reduced consumption in general.

Gross profit improved by 9% to £15.8m with gross margins improving to 51.9% from 50.0% compared to the same period last year. This improvement reflects the strong growth delivered through our subsidiaries and direct to customer trading, as well as from selling higher value-added products and the contribution from our recent investment in the liquid bottling plant. We have made further investments in our UK production plant this year including a £0.3m investment in a pallet delivery system to streamline the flow of finished pallets through the factory.

The pandemic has led to the suspension of travel and industry exhibitions since March 2020 which subsequently delivered cost savings in these areas. We expect suspensions to remain in place until at least the middle of this year and although some business development activities are best done face to face, the new efficient ways of working remotely with technology will remain with us in the future.

Our strong profit growth is reflected in the Company's

cash generation affording the Group resources to invest in its multi-channel offering, especially where a local sales presence allows us to work more closely with end customers to drive growth. We continue to invest in product development and trial work for new applications of our technology, and in new species sectors such as aquaculture. Sales and activity through the Anpario Direct online platform continue to grow both in the UK and Australia, albeit from a low base.

Operational review

Americas

Overall, the region grew sales by 9% with Latin America and the US delivering growth of 4% and 22% respectively, but there were mixed performances across countries within Latin America.

Latin America performance was supported with key contributions from Brazil, Argentina and Peru. Brazil continued to benefit from growth in Orego-Stim® and Prefect® with a strong sales performance of 34% growth against a very high 2019 comparison. Brazil benefited from supplying China as its production recovers from African Swine Fever and the switch away from US supply of meat protein as result of the US-China trade tensions. The improvement in Peru was attributable to the appointment of a new distributor during the period.

Territories including Chile and Bolivia were badly affected by the Covid-19 pandemic. Sales in Chile declined by 49% as some of our products are indirectly used in salmon feed, which was severely impacted by closure of the restaurant trade across the Americas. Our second largest market in the region is Mexico and after growth in the previous year, suffered a sales decline of 12% due to disruption from the pandemic.

Focus on aquaculture in the region is starting to mature with products such as Orego-Stim®, Prefect® and Mastercube®, a natural pellet binder, used to improve production performance and replace commonly used antibiotics.

US growth accelerated in the second half driven by an increase in sales of the liquid version of Orego-Stim® by supplying smaller customers and orders through our relationship with the leading US animal health distribution company. Further trial work is being undertaken in the territory to support the marketing of Orego-Stim® as a natural coccidiostat to prevent the incidence of coccidiosis in poultry.

Our high strength acid-based eubiotic, pHorce®, showed excellent results in a trial undertaken by

Pipestone Applied Research (Pipestone) to evaluate the ability of feed additives to mitigate the risk of virus-contaminated feed. We are now starting to capture swine business in the US, following our investment in sales resource and a turnaround in the market there.

Asia

China delivered a strong recovery in sales in the second half ending the year 50% ahead of the same period last year. The country's quick recovery from the Covid-19 pandemic and the rebuilding of pig herds by farmers, helped drive volumes of Orego-Stim® and Prefect®. We are seeing the emergence of larger farms with enhanced biosecurity and the industry taking the opportunity to modernise its approach.

The other key driver of growth towards the end of the year was the ban on AGPs in feed as essential oil products like Orego-Stim® are viewed as a natural replacement. In contrast, an over-supply of eggs reversed demand for our acid-based eubiotic product which targets the poultry layer market.

South East Asia had a strong first half but slowed during the rest of the year ending flat compared to the same period last year. The region was significantly impacted by reduced protein consumption and excess poultry production in Thailand which affected producer prices across the region. There was also an element of forward ordering by some distributors to reduce the chance of disruption to supply during the pandemic.

Our wholly owned subsidiaries showed some of the strongest growth in the region with Indonesia and Thailand delivering sales growth of 67% and 14% respectively. South Korea also performed well with growth of 16%. However, Bangladesh and Taiwan experienced the most severe impact to sales declining by 52% and 70% respectively. Certain parts of the region are experiencing a second wave of coronavirus infections with a consequential reduction on meat protein consumption.

Our sales teams are working closely with customers and targeting opportunities in aquaculture where we hope to capitalise on our successful trial work in tilapia and shrimp in Latin America. We are also looking to setup a subsidiary in Vietnam which is a key market in both agriculture and aquaculture.

Australasia saw modest sales growth of 2% compared to the same period last year with performances in Australia and New Zealand offsetting a reduction in business in Papua New Guinea. Australia experienced strong sales in Orego-Stim® and a prebiotic product which we supply to the pet sector. The Anpario Direct

online platform was also launched to the pigeon and backyard farming community and the success of the racing pigeon Lady Oregon in the Sydney Gold Ring Race provided good publicity as well as vividly demonstrating the benefits of Orego-Stim® to animal health.

The Middle East and Africa

After last year's strong performance, the region saw a decline in sales of 38% compared to the same period last year. The Middle East has been severely affected by the Covid-19 pandemic as cancelled religious celebrations and pilgrimages, a fall in tourism and foreign workers returning home reduced meat protein consumption. There were some positive performances with Saudi Arabia, Syria and Jordan modestly up but, unfortunately, declines in Turkey, Egypt and Iraq weighed heavily on the overall result for the region. We expect the region to remain challenging although business development initiatives should see an improvement in performance over last year.

Europe

The region showed strong sales and profit growth with sales up 27% compared to the same period last year. The UK delivered a very strong performance through greater demand for our raw materials and feed hygiene products which are benefiting from the ban in the use of formaldehyde. Anpario's unique products and high service levels are valued by large raw material traders and processors and to capitalise on this further, especially on mainland Europe where we have a number of opportunities, we are investing in liquid bulk storage facilities at Manton Wood.

Russia, Belarus and Lithuania saw double digit sales increases as did Austria from where our distributor also supplies some of the Balkan countries. We have also recently appointed a new distributor in Switzerland.

As already mentioned, we have experienced some disruption in supplying customers in Europe due to Brexit but action has been taken to overcome the obstacles. Further detail is available in a later section below.

Sales and visits to the Anpario Direct online platform continue to grow monthly with the average order size being £85. We have agreed a deal with Provita Eurotech (Provita), a main brand manufacturer of animal health products for cattle and sheep. Anpario has agreed to stock a focused range of their key lambing and calving products including colostrum, vitamin and mineral drenches and hoof-care treatments. Stocking the UK's leading brand manufacturer of these products will

Chief Executive Officer's statement continued

attract new customers to the Anpario online channel, which offers 100% availability and next day nationwide delivery. Provita's products will be supported by online information, data sheets and video blogs from leading farmers who are already using these products.

Innovation and development

US trials with Pipestone have already demonstrated positive results by including pHorce® in feed which was co-infected with porcine reproductive and respiratory syndrome virus (PRRSV), porcine epidemic diarrhoea virus (PEDV) and Seneca virus A (SVA). It is also proving effective against enveloped viruses such as Avian Influenza (AI) and African Swine Fever (ASF).

Results of extensive trial work conducted over 3 years with North Carolina State University, USA has shown that Orego-Stim® is a cost-effective, natural solution for supporting laying hen performance and optimal egg quality. It also shows significant benefits in terms of pullet body conformation, increase in both egg size and in the number of eggs produced.

Urea formaldehyde is frequently used as a pellet binder for aquaculture feeds, especially in Asia. Aquaculture farmers are looking to replace this toxic substance with environmentally friendly alternatives and, as such, we undertook a series of university studies in Thailand to adapt our agriculture pellet binder, Mastercube®, which is now successfully used in water where pellet integrity is required for a number of hours, especially for shrimp which tend to graze throughout the day.

Some of our product development and trial activities were curtailed due to the closure of test facilities and laboratories across the industry. Although an inconvenience, we were still able to perform commercial trials with customers for some of our products. For instance, our aquaculture version of Orego-Stim® replaced a commonly used antibiotic, so increasing shrimp weight gain by 4.3 grams in one week, reducing mortality to 0% and reducing the incidence of white spot syndrome virus (WSSV) by 47%. The incremental financial benefit to the shrimp farmer was US\$500 per hectare. There are 220,000 hectares of shrimp farming in Ecuador alone.

Our Optomega® omega 3 supplement, which enhances animal fertility and egg enrichment, comprises a blend of sustainable fish oils. In addition we have recently developed an algal alternative as we recognise growing consumer demand for non-animal derived products. This new product means we can offer farmers a choice to meet changing consumer tastes.

Brexit

In anticipation of Brexit we put a number of measures in place, including building up raw material and finished stock levels and incorporating German and Irish companies. Raw material supplies, which are mostly sourced from Europe, have not experienced any disruption, and we have been able to transport products to our customers into the European Union. Our export team has been successful in resolving the challenges presented. We anticipate it taking a few months for these new arrangements to settle down. We have set up a European stockholding hub in the Netherlands using a third-party warehousing and logistics provider with specific experience in our industry. The stockholding hub will enable us to grow our direct to end-user business, facilitating our ability to offer a high level of service for smaller order sizes. From this base we expect to expand our business further in the European Union and see it as a potential opportunity.

Growth Strategy

We remain focused on organic growth through multi-channel distribution and with a strategic focus on adding value with speciality feed additives, including newly formulated products focused on new markets and broadening species segments such as aquaculture and ruminant. We aim to build on our growth momentum in United States and Latin America and the opportunities in China and Asia Pacific which are moving towards antibiotic removal. Anpario's natural and sustainable approach to animal health and intensive farming allows farmers to produce their output in a safe manner where toxic substances and threats such as antimicrobial resistance can be reduced through using our natural solutions.

In Europe we are building our reputation and resulting market share for our specialty raw material treatments and feed hygiene products. Our investment in the production plant enables us to enjoy high operational gearing. We continue to explore acquisitions opportunities to complement our current product range and enhance sales channels.

Richard Edwards

Chief Executive Officer
17 March 2021

Key performance indicators

Financial

	Note	2020 £000	2019 £000	change	% change
Revenue	3	30,522	29,046	+1,476	+5%
Gross profit		15,852	14,510	+1,342	+9%
Gross margin		51.9%	50.0%	+1.9%	
Adjusted EBITDA	6	6,604	5,680	+924	+16%
Profit before tax		5,350	4,394	+956	+22%
Diluted adjusted earnings per share	12	21.15p	18.61p	+2.54p	+14%
Total dividend for the year		9.00p*	8.00p	+1.00p	+13%
Cash and cash equivalents		15,820	13,842	+1,978	+14%
Net assets		37,505	35,554	+1,951	+5%

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

Non-financial

Health and safety – there were no major accidents reportable to the Board in the year (2019: nil).

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

Financial review

Revenue and gross profits

The Group has delivered another strong year of progress, growing revenue by 5% to £30.5m (2019: £29.0m). The Europe segment delivered the strongest growth with a sales increase of 27%. Further growth was seen in the Asia and Americas segments of 6% and 9% respectively. However, difficult conditions in the Middle-East and Africa segment saw revenue decline by 38%. Detailed commentary on the performance of the operating segments is available in the Chief Executive Officer's Statement.

Gross margins have also increased 190 basis points to 51.9%, this was attributable to several factors: operational efficiencies from the automated bottling plant investment; continued changes in sales mix to focus on higher value-added products; and an increase in the proportion of direct to end-customer sales. The revenue growth combined with increased margins led to a gross profit increase of 9% to £15.9m (2019: £14.5m).

Administrative expenses

Underling administrative expenses, which exclude foreign exchange variances, increased by 7% (£0.7m). Employment costs excluding bonuses rose by 7% (£0.4m), however £0.3m of this related to a reduction in the level of capitalised staff costs as internal R&D projects slowed due to COVID-19. There have been a number of notable sales performances within the regions, as well as good overall profit growth and accordingly incentive costs have increased by £0.8m in the year.

Industry events have appropriately been curtailed due to COVID-19 and whilst digital marketing related costs have increased, overall marketing expenditure was down 44% (£0.3m). Similarly, the suspension of most international flights and local lockdowns have led to significant travel savings with costs down 58% (£0.6m). This trend is expected to continue through the first half of 2021, and whilst there will be a normalisation of costs, it is expected that we will continue the positives

aspects of the increased use of technology such as the speed and ease of communication and cost efficiencies that it brings.

Other cost increases include legal and professional costs up £0.3m year-on-year which partly relates to setup costs to support our continued expansion to support local markets. Further, whilst we have experienced only immaterial credit losses in the year, there is £0.1m increase in the expected credit loss provision, further details of which are set out in note 18 to the financial statements. The Group primarily trades with customers backed by credit insurance, but this is not always feasible and we continue to monitor and assess our customers in relation to the difficult challenging macro-economic situation.

Foreign exchange

There has been continued volatility in foreign exchange markets through the year. The Group's primary foreign currency exchange rate risk relates to both sales and related receivables denominated in US Dollars. Foreign exchange losses in the period totalled £0.4m, however this was fully offset through the Group's continued exchange risk management strategy and fair value gains of £0.4m on hedging contracts as detailed in note 19. At the year end the Group has recognised a £1.0m (2019: £0.5m) financial asset on these hedging contracts, which protect a large portion of the currently forecasted US Dollar sales over the next three years at an average forward rate of GBP/USD 1.3018.

Profitability and earnings per share

Adjusted EBITDA for the year increased by 16% to £6.6m (2019: £5.7m) and diluted adjusted earnings per share increased by 14% to 21.15p per share (2019: 18.61p).

Profit before tax growth mirrored absolute Adjusted EBITDA growth but represented a higher percentage increase of 22% to £5.4m (2019: £4.4m). Basic earnings per share grew 14% to 20.63p (2019: 18.10p) this increase was lower than profit growth due to increased income tax charges for the year.

Taxation

The effective tax rate for the year was 21.4% (2019: 15.5%). Changes to UK corporation tax rates as part of the Finance Bill 2020 meant that rates now remain at 19%, rather than the previously planned reduction to 17%. Deferred taxes have been remeasured at

this revised rate resulting in a deferred tax charge of £0.2m in the current year. Excluding this, the effective tax rate was 18.4%, this is higher than previous years with another contributing factor being the reduction in internal research and development activity due to COVID-19, therefore reducing associated R&D tax credits in the period.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the balance sheet date it has not been used to calculate the deferred tax balances.

Cash generation

Net cash generated by operations for the year was £5.8m (2019: £4.0m). In the first half of the year, we significantly increased our working capital by £2.0m as part of our strategic response to disruption caused by COVID. This involved stocking up our subsidiaries and distributor network to ensure continuity of supply through this period and achieve a competitive advantage. Through the second half of the year these levels have started to normalise somewhat and an increase in trade payables has led to a smaller year-on-year increase of £0.6m.

Net cash used in investing activities decreased in the period to £1.2m (2019: £1.4m). Investments in the current period included amounts on plant and machinery investment for further efficiencies and continued R&D and IP protection.

During the year, a £1.0m share buyback programme was successfully completed, purchasing 297,346 ordinary shares at a volume weighted average price of 336.31p per share and resulting in net cash used in financing activities of £2.5m (2019: £1.6m).

Overall, cash and cash equivalents increased by £2.0m in the year to a balance of £15.8m (2019: £13.8m). The primary purpose of holding these resources is to fund future acquisitions and we continue to explore suitable opportunities.

Dividends

The Board is recommending a final dividend of 6.25 pence per share (2019: 5.50 pence) payable on 30 July to shareholders on the register on 16 July. In addition to the interim dividend already paid, this represents an increase to the total dividend for the year of 13% to 9.0 pence per share (2019: 8.0 pence).

Our business model and strategy

Business model

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

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

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

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

Our business model is based on:

- **Products** - high quality efficacious products presented well;
- **Channel** - control the sales channel to ensure we develop strong technical and commercial relationships with the end users of Anpario products;
- **Story** - powerful value add proposition demonstrating the financial and performance benefits of our product solutions;
- **Branding** - build an impeccable Anpario brand which global customers can trust as having innovative, high quality and effective solutions for customers;
- **Quality** - throughout supply chain and manufacturing processes; and
- **Efficiency** - efficient automated production with high operational gearing.

Strategy

Regional focus

Developing local commercial and technical relationships across the world.

Delivered through:

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

Future plans:

- » continued expansion of Anpario Direct to other suitable territories;
- » establishment of new subsidiaries for better access and support to local markets; and
- » further selective recruitment of high calibre regional resource.

Actions in 2020:

- » continued increase of Direct sales channel;
- » launch of Anpario Direct in Australia market; and
- » set up of new subsidiary operations to serve local markets.

Technical & products

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

Delivered through:

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

Future plans:

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

Actions in 2020:

- » US trials with Pipestone demonstrating positive results by including pHorce® in feed against a multitude of viruses;
- » 3 year trial work with North Carolina State University, USA has shown that Orego-Stim® is a cost-effective, natural solution for supporting laying hen performance and optimal egg quality; and
- » Adaptation of Mastercube® to successfully be used for aquaculture markets, especially Shrimp.

Acquisitions

Growth through complementary and earnings enhancing acquisitions.

Delivered through:

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

Future plans:

- » continue active search for acquisition opportunities within defined criteria.

Actions in 2020:

- » evaluated a number of acquisition opportunities.

Operations

High quality, consistent and efficient manufacturing.

Delivered through:

- » automated production facilities;
- » key industry quality accreditations; and
- » quality supply partners.

Future plans:

- » evaluating further production investment opportunities;
- » continued expansion of packaging options; and
- » developing enhanced production contingency plans.

Actions in 2020:

- » automated pallet wrapper and delivery system; and
- » increased efficiency and throughput of high volume production line.

Section 172 Statement

Introduction

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

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

How the Board fulfils its Section 172 duties

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

- review of strategic objectives and achievement thereof;
- annual budgets and review of resource allocations;
- results presentations to shareholders and staff;
- audit and risk management processes conducted through the year;
- health and safety reports;
- reviews of employee matters;
- annual performance appraisals for all staff including personal development reviews;
- consideration of these matters in relation to major decisions made within the year;
- regular meetings with customers and key suppliers; and
- other ad-hoc engagement with stakeholders.

Stakeholders and their key interests

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

Stakeholder Group and key interests	Key decisions made in the year	Further details
Shareholders		
<ul style="list-style-type: none"> » Delivering sustainable, profitable growth over the long-term. » Robust governance and appropriate controls to mitigate risk. 	<ul style="list-style-type: none"> » Increase in dividend per share proposed in light of results (see Chairman's statement). » Share buy back in the year (see Director's report) to support the growth in value of the investment in the Company. 	Chairman's statement Chief Executive Officer's statement Key performance indicators Financial review Our business model and strategy Risk Management Corporate Governance Director's report Corporate responsibility report
Customers		
<ul style="list-style-type: none"> » Innovative, high quality products that help overcome the challenges of modern-day farming with reliable delivery. 	<ul style="list-style-type: none"> » Brexit planning to ensure customers received product throughout disruption caused by Brexit (see Chief Executive Officers statement). » Extended product ranges and geographic footprint to improve customer experience (see Risk Management). 	Our business model and strategy Risk Management Corporate responsibility report
Employees		
<ul style="list-style-type: none"> » Safe working environment, with fair remuneration and the opportunity for personal growth and career progression. 	<ul style="list-style-type: none"> » Responding to COVID-19 to ensure our employees were safe (see Risk Management). 	Chairman's statement Our business model and strategy Risk Management Corporate Governance Corporate responsibility report
Community and Environment		
<ul style="list-style-type: none"> » Conducting business in an ethically and environmentally responsible manner. 	<ul style="list-style-type: none"> » Increased Board oversight of ESG matters (see Chairman's statement) » The Board did not feel it was appropriate to claim any UK government support for COVID-19 in light of the performance of the Group. » Charitable donations and volunteer work, including sourcing and distributing face masks to care homes (see Corporate responsibility report). 	Our business model and strategy Risk management Corporate governance Corporate responsibility report
Suppliers		
<ul style="list-style-type: none"> » Mutually beneficial relationships with fair business practices and prompt payment. 	<ul style="list-style-type: none"> » Engagement with suppliers that may have face disruption caused by Brexit. » Ensuring that in the current difficult economic conditions we have continued to support our supply chain by making prompt payment for supplies to ensure to ease any working capital pressure on our suppliers. 	Our business model and strategy Risk Management Corporate responsibility report

Risk management

Introduction

We have examined in detail the key risks and evaluated their likelihood and potential impact. The risks we have examined are the most significant but not necessarily the only ones associated with the Group and its businesses. In common with all businesses, we face risks of a generic nature for example failure of projects, foreign exchange, supply chain disruption and the recruitment, development and retention of employees.

COVID-19

The global and specific impacts of COVID-19 in 2020 and continuing in the future are far reaching. From March 2020 Anpario successfully implemented contingency plans with split production and operations teams, social distancing measures, remote working and technology to support our global sales teams and customers. Anpario has also built up higher raw material supplies in the UK and finished goods stocks in subsidiary warehouses globally to mitigate potential supply chain disruption.

Brexit

Sales to EU member states accounted for 10% (2019: 12%) of total sales and 36% (2019: 43%) of purchases. Brexit has remained a continuing risk since the 2016 referendum result with more certainty of our future trading relationship with Europe now enabling the planning of our EU supply chains and operations. Whilst inward supplies have been uninterrupted, we have experienced some logistical challenges in some countries although for the most part trade has continued without disruption. As part of our response plans Anpario had established Irish, German and Turkish subsidiaries in 2019 and 2020 and we have subsequently further strengthened this with warehouse facilities in the Netherlands which will be used to directly supply some EU customers.

Risk management review

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

What has been successful?

Key successes include:

- swift and effective implementation of our COVID-19 response plans including off-site working and effective global online sales and training programmes for staff;
- development of remote online sales practices;
- mitigation of Brexit impact through the establishment of a new EU subsidiary in Ireland, complimenting a German subsidiary to help meet

new regulatory requirements, ease logistics and to enable raw material and finished goods stock build up;

- successful resolution against passing off Optomega® product range;
- new product registrations and sales channels achieved in Indonesian subsidiary;
- launch of new Anpario products and applications including: anti-viral organic acids, Orego-stim® for layers and pullets for performance improvement and complimenting vaccine use, Orego-stim® application for sow performance and intestinal health, ethoxyquin free anti-oxidants and pellet binder for aquaculture feeds;
- patent application for Orego-stim®'s antimicrobial activity in calves progressed and a patent application lodged in respect of the anti-viral properties of pHorce®;
- non-animal plant product development;
- launch of Anpario Direct to access end users in EU, China and Australia in addition to UK and providing new products specifically for equine market;
- successfully implemented further phases of automated pallet delivery system and increased plant capacity;
- established new subsidiary in Mexico as a regional base for Central America;
- rolled out IT security awareness training to all staff; and
- progressed 140 product registrations worldwide.

What can be improved?

We continually endeavour to improve our key control framework and processes and improve our risk management capabilities. In response to new or emerging risks and to any improvements recommended by management, external auditors and advisors we will implement appropriate measures. For 2021 our key areas of focus include:

- actioning our Board succession plan;
- revisiting our Business Continuity Plans at head office and our subsidiaries to strengthen areas of perceived weakness and adopting learnings from 2020 implementation in response to COVID-19;
- closely monitor and review our production capacity limitations and implement appropriate actions to increase these;
- implement new processes to enable smooth logistical operations and client delivery for EU customers;
- review subsidiary internal controls and audit requirements; and
- further development and coaching for our key managers and staff.

Risk framework

1. Market Risk

Risks

- Gaining market entry for products and access to end users.
- Competition from global operators.
- M & A activity resulting in market consolidation.
- Human movement restrictions e.g. COVID-19, SARS.
- Animal diseases e.g. African Swine Fever, Avian Influenza, PEDv.
- Climate and environmental changes.
- IP theft e.g. trademark infringements.

Potential impact

- Lower sales revenue and profit.
- Reduction in customers or target customers.
- Loss of market share.
- Loss of market.


Control and mitigation

- Establishing a global marketing strategy with clearly defined product and species related goals for each region.
- Regular monitoring of sales budgets and sales prospects by the management and the Board.
- Effective disaster planning communicated on a timely basis.
- Regional and species diversity and an extensive range of products with new product development and launches.
- A clear and effective marketing strategy communicating the benefits of Anpario's sustainable solutions.
- Close customer engagement, relationships to understand and address their needs.
- Global trademark watches and pre-emptive legal action.
- Ensuring, our trade mark portfolio supports and is reflective of our marketing strategy.

Risk rating

Likelihood: **Medium**
Impact: **Medium**

Trend

Increasing 

2. Political and Economic Risk

Risks

- Brexit consequences.
- Exchange rate fluctuations.
- Geopolitical risks including political and economic instability.
- Bad debts or trade disputes.

Potential impact

- Volatility in markets. Supply chain: delays, additional costs, tariffs or lack of continuity. Regulatory changes.
- Unable to sell or transport finished goods to EU. Unable to import goods from EU.
- Border delays.
- Reduced revenue, increased costs and lower profitability.

Control and mitigation

- Increased inventory of EU sourced raw materials.
- Established a warehouse and distribution facility in the EU.
- Extended terms provided to EU distributors to ensure supply in short term.
- Limiting and hedging of foreign currency exposure.
- Wide geographic diversity reduces dependency in a single country or region.
- Rigorous customer and supplier due diligence and monitoring of regional and customer exposures.
- Use of credit insurance and letters of credit.

Risk rating

Likelihood: **Medium**
Impact: **Medium**

Trend

No change 

Risk management continued

3. Product Development Risk

Risks

- Failure to deliver new products due to lack of innovation, pipeline delays or products not meeting commercial expectations.
- Failed or aborted trials during development or customer acceptance stages.
- Lack of significant financial, R&D and other resources.

Potential impact

- Reduction in competitiveness in the market. Lost opportunities.
- A succession of trial failures could adversely affect our ability to deliver shareholder expectations.
- Our market position in key areas could be affected, resulting in reduced revenues and profits.
- Where we are unable to develop and launch a product this would result in impairment of intangible assets.
- Valuable resources may be wasted.

Control and mitigation

- Continual monitoring and review of the life-cycle and potential return from current products. Different regions have markets that are at different points in development.
- Potential new development projects are evaluated from a commercial, financial and technical perspective. The pipeline is reviewed regularly by the Board. Regular updates are provided to the Board.
- Each research project or trial is managed by qualified technical managers. Projects and trials are monitored to ensure that they are completed on time, deliver expected outcomes and provide useable data. Final review and evaluation to ensure learning.
- Multiple studies are conducted to assess the effects of the product on target species.
- In respect of all new product launches a detailed marketing plan is established and progress against that plan is regularly monitored.

Risk rating

Likelihood: **Medium**
Impact: **Medium**

Trend

Decreasing 

4. Production and Quality Risk

Risks

- Plant closures due to major accident or incident or disaster.
- Health and Safety issues.
- Reliance on 3rd party manufacturers.
- Inadequate or poor adherence to quality systems allow faulty product to reach customer.
- Sub-standard raw materials.
- Defective plant and equipment in our manufacturing facility.

Potential impact

- Loss of production for a significant period e.g. more than one month potentially leading to loss of sales.
- Accidents, fatality leading to possible closure or fine.
- Poor product quality or product contamination.
- Damage to customer relationship, reputation and financial loss.

Control and mitigation

- All products can be produced at approved toll manufacturers in the UK. Business interruption and property insurance policies arranged.
- Business Continuity Plan in place.
- Third party advisor utilised and strict management controls enforced. Employers' liability insurance arranged.
- Continued investment in automation has improved product consistency and quality.
- Supplier accreditation, UFAS and FEMAS certification, HACCP and Trading Standards compliance. Public and product liability insurance arranged.

Risk rating

Likelihood: **Low**
Impact: **Medium**

Trend

No change 

5. Systems Risk

Risks

- IT or communications failure, due to, accident or sabotage.
- Cyber-attack.
- Data breach.

Potential impact

- Unable to operate.
- Criminal attack could be aimed at stealing money, extortion, fraud, data theft etc.
- GDPR imposes heavy financial penalties, plus reputational damage.


Control and mitigation

- Regular back up of data, third party provider for storage and system support.
- Firewall, regular back up of data, crime and cyber insurance in place.
- Continual review and strengthening of processes, controls and security.
- Information Policy, Privacy Policy, Breach Notification Policy and Disaster Recovery Plan in place.
- Staff and partner awareness communication and training.

Risk rating

Likelihood **Medium**
Impact **High**

Trend

Increasing 

6. Legislation, Regulatory and Non-compliance Risk

Risks

- Changing market, legislative and regulatory needs.
- Failure to comply with export controls and sanctions.
- Failure to comply with anti-bribery and corruption legislation.
- Non-compliance with tax, legal or regulatory obligations.
- Failure to comply with regulatory requirements.

Potential impact

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

Control and mitigation

- Vigilance and monitoring of all appropriate notifications to ensure compliance and pre-emptive actions.
- Clear communicated policies and Code of Conduct issued to all employees and partners.
- Internal training and awareness communications.
- Support from external experts in all countries in which we operate.
- Reasonable due diligence is carried out on all customers and end users.
- Sanction checking processes are implemented and documented.

Risk rating

Likelihood **Medium**
Impact **Medium**

Trend

Increasing 

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

Richard Edwards

Chief Executive Officer

17 March 2021

Board of Directors | Non-Executive Directors



Peter A Lawrence, MSc, BSc, DIC, ACGI.

Non-Executive Chairman (A, N, R)

Peter joined the Board in August 2005 as a Non-Executive Director and became Non-Executive Chairman in 2017. Peter is the founder of ECO Animal Health Group plc from which he retired in March 2019 as the Non-Executive Chairman, having been an Executive Director ever since its formation in 1972. Peter is the Non-Executive Chairman of Baronsmead Venture Trust plc and Amati AIM VCT plc.



Richard K Wood, BSc, C Eng.

Senior Independent Director (A, N, R)

Richard joined the Board in November 2017 as a Senior Independent Director. Richard has considerable global animal health experience having built Genus plc from a small company privatised by the government, into a world leading animal genetics company. More recently, Richard was a senior independent non-executive director of Avon Rubber plc and was also chairman of Ocean Harvest Technology Inc., a small manufacturer of therapeutic animal feeds using seaweeds.

Richard has previously held the position of Chairman at Atlantic Pharmaceuticals plc, Innovis (a sheep genetics company) and Silent Herdsman Limited (Farming Technology) and was interim Chairman of ECO Animal Health Group plc in early 2019.



Matthew Robinson, MA, ACA.

Non-Executive Director

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



Kate Allum, BSc.

Non-Executive Director

Kate has an extensive track record of senior executive and Non-Executive leadership roles in the food supply chain and agriculture industries and also has experience in other sectors. Her previous executive roles include Head of European Supply Chain at McDonald's Restaurants, Chief Executive of First Milk, the British farmer-owned dairy co-operative and Chief Executive of Cedo Ltd, an international plastic recycling business. Kate is currently a Non-Executive Director of Cranswick plc, a leading UK food producer, Origin Enterprises plc, an international agri-services business and Stock Spirits Group plc, a leading drinks manufacturer. In addition, she is the Chair of the Court of the University of the West of Scotland and a director of UCEA (Universities and Colleges Employers Association).

Board of Directors | Executive Directors



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

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

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



Karen L Prior, BSc (Hons), FCA.
Group Finance Director

Karen joined the board in October 2009 as Group Finance Director. Previously, Karen has had roles as Finance Director of Town Centre Securities PLC, a listed property group and UK Finance Director of Q-Park, where she was instrumental in its establishment and growth in the UK.

Karen has also been Financial Controller of train builders Bombardier Transportation and spent 10 years of her early career with Ernst and Young specialising in providing audit and business services to entrepreneurial businesses.

Key

A: Audit Committee N: Nomination Committee R: Remuneration Committee

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

Corporate governance

Chairman's introduction

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

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

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

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

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

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

Principle 2: Understanding and meeting shareholder needs and expectation

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

This communication takes place in many forms to serve

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

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

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

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

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

Principal 3: Corporate social responsibilities and wider stakeholders

Anpario seeks to ensure a sustainable business, behaving with social, ethical and environmental responsibility and engaging with all of its key stakeholders, including the communities in which the Group operates, its people and the environment. Full details of the Group's approach to these matters

are included in a new Environmental and Social Responsibility Report later in this annual report.

Principle 4: Effective risk management

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

Risk management and control

Effective risk analysis is fundamental to the execution of Anpario's business strategy and objectives.

Our risk management and control processes are designed to make management of risk an integrated part of the organisation. The framework is used to identify, evaluate, mitigate and monitor significant risks; and to provide reasonable but not absolute assurance that the Group will be successful in achieving its objectives.

The focus is on significant risks that, if they materialise, could substantially and adversely affect the Group's business, viability, prospects and share price.

The requirement for an Internal Audit function is to be kept under review.

Risk management process

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

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

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

The EMB members are responsible for the risk analysis,

controls and mitigation plans for their individual section of the business.

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

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

Internal control framework

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

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

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

Management structure

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

Strategy and business planning

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

Policies and procedures

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

- Code of Conduct;
- levels of designated authorities and approvals;
- Ways of Working (WOWs);
- Anti-Bribery and Corruption Policy;

Corporate governance continued

- GDPR and Privacy Policy; and
- due diligence processes including rigorous sanctions checks.

Operational controls

Our operational control processes include:

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

Financial controls

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

- a formalised reporting structure which incorporates the setting of detailed annual budgets and key performance indicators which are updated on a regular basis to form forecasts;
- management and Board meetings where all key aspects of the business are presented, reviewed and discussed including comparison of current and historical performance as well as budgets and forecasts;
- defined authorisation levels for expenditure; the placing of orders and contracts; and signing authorities;

- transactional level controls operated on a day-to-day basis;
- daily reconciliation and monitoring of cash movements by the finance department and the Group's cash flow is monitored;
- segregation of accounting duties;
- reconciliation and review of financial statements and judgements;
- internal and external training to ensure staff are aware of the latest standards and best practice; and
- membership of professional bodies and compliance with associated code of ethics.

Principle 5: The Board

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

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

Full details and biographies of the Board are available on our website, the Board comprises of four independent Non-Executive Directors and two Executive Directors. A board succession plan has been announced and more details can be found in the Chairman's statement.

Executive Directors

Name	Role	Qualifications	Key Committees		
			Audit	Nom.	Rem.
Richard Edwards	Chief Executive Officer	<i>B Eng (Hons), C Eng, MBA.</i>	-	M	-
Karen Prior	Group Finance Director	<i>BSc (Hons), FCA.</i>	-	-	-

Independent Non-Executive Directors

Name	Role	Qualifications	Key Committees		
			Audit	Nom.	Rem.
Peter Lawrence	Non-Executive Chairman	<i>MSc, BSc, DIC, ACGI.</i>	C	C	M
Richard Wood	Senior Independent Director	<i>BSc, C Eng.</i>	M	M	C
Matthew Robinson	Non-Executive Director	<i>MA, ACA.</i>			
Kate Allum	Non-Executive Director	<i>BSc.</i>			

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

The Board considers that the Non-Executive Directors are independent. In Peter Lawrence's case the Board has specifically considered his length of service on the Board and determined that in terms of interest, perspective and judgement he remains independent.

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

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

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

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

All Directors in office at the time of the various committee meetings were in attendance for all of the meetings convened during 2020. A list of the meetings convened during the year is set out below.

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

	Number of meetings convened	Full attendance of meeting
Board meetings	5	Yes
Audit Committee meetings	2	Yes
Remuneration Committee meetings	1	Yes

Corporate governance continued

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

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

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

Principal 7: Evaluating board performance

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

When addressing overall Board performance the factors considered, include but are not limited to, underlying group financial performance, the success of new strategy implementation and the effectiveness of risk and control measures. This process further looks at the performance of each member and considers their individual successes, commitment and alignment to the overall Group strategy. As appropriate, it will also look to confirm that members have maintained their independence.

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

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

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

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

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

Principal 9: Maintaining governance structures

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

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

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

Details of the key committees are set out below, the terms of reference for each are available on our

website as part of the committee section of the AIM 26 disclosures www.anpario.com/aim-26/.

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

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

- ensure that following appointment to the Board, Directors undergo an appropriate induction programme; and
- make recommendations to the Board on membership of the Board's committees, in consultation with the chair of such committees; the reappointment of any non-executive at the conclusion of their specified term of office; the reappointment by shareholders of Directors under the Company's rotation requirements taking into account the need for progressive refreshing of the Board.

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

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

Prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interests and be required to report any future business interests that could result in a conflict of interest.

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

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

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

The most recent AGM took place on 25 June 2020, full details of which are included in the 2019 annual report available from our Website. The results of the AGM are set out below. None of the resolutions had a significant

Corporate governance continued

number of votes cast against it.

No.	Resolution	Result
1	Accept Financial Statements and Statutory Reports	Passed
2	Approve Final Dividend	Passed
3	Re-elect Karen Prior as Director	Passed
4	Re-appoint Deloitte LLP as Auditors	Passed
5	Authorise Issue of Equity with Pre-emptive rights	Passed
6	Authorise Issue of Equity without Pre-emptive rights	Passed
7	Authorise Market Purchase of Ordinary Shares	Passed

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

Corporate responsibility report

Environmental responsibility

Anpario seeks to ensure a sustainable future, conducting business in a socially, ethically and environmentally responsible manner engaging with all of our key stakeholders, including the communities in which we operate. Our people seek to meet environmental challenges with sustainability at the beating heart of Anpario. It is our responsibility to identify problems faced by producers globally and find effective sustainable solutions. As we continue to build on the strong foundations built over the past four decades, we aim to be a leading light now and in the future.

Anpario works with nature

Anpario works with nature to champion the production of safe and healthy food. Our ongoing mission is to support and supply food producers and to become a key influencer in assisting global supermarkets, farmers and food chain producers to switch to healthier and sustainable feed ingredients to benefit both animal and human health.

Through our cutting-edge products, innovations and collaborations we contribute to feeding a growing global population in a world with finite resources, helping to create good health and nutrition throughout the food supply chain and combatting animal diseases that can destroy animals, livelihoods and the world food supply.

Our innovative products work in harmony with an animals' biology to promote healthy growth and demonstrate value to the animals fed directly through all life stages, indirectly to their progeny and ultimately within the human food chain. This contributes to a more efficient use of feed ingredients to reduce the environmental footprint of food production and ensures responsibly produced food.

Anpario's sustainable objectives

Sustainable development should meet the needs of the present without compromising the ability of future generations to meet their own needs.

1. 100% sustainable products

Our bio-sciences technology has developed "eco-products" with unique features for many animals including poultry, swine, cattle and fish and also for companion animals. These improve the quality of meat, fish, eggs and milk produced, benefitting the human food chain and directly helping the animal's gut health by removing potentially harmful toxins present in animal feed and thereby reducing mortality and

sickness. The improvement in gut health contributes to a reduction in the levels of greenhouse gases and ammonia generated by food production, leads to a more efficient use of feed ingredients to reduce environmental footprints and ensures responsibly produced food.

2. Zero Finite Material

Anpario's ambition is to cease to consume materials that cannot be renewed or replenished, and to use only raw materials from common minerals and plants with plentiful natural resources.

Raw materials used in our products are primarily common minerals in high grade quality from plentiful natural resources. One of our main raw materials is 100% is natural oregano oil extracted from organically grown plants and produced in a carbon neutral factory. Fish and marine oils are sourced from farmed fish produced for the human food chain or sourced from suppliers certified for sustainable fishing.

3. Zero waste and pollutants

Our self-owned and operated production facility has established benchmark levels and is dedicated to drive continuous improvements to increase efficiency and eliminate waste. Anpario suppliers share the same ethos and hold a commitment to natural based farming solutions including circularity in production with no use of external resources except rainwater, green energy and zero use of chemical pesticides.

Our global responsibility is inherent throughout our company values and reflected in our goals which are in tune with several of the United Nations 17 Sustainable Development Goals (SDG's) Anpario's activities impact:

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

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

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

Corporate responsibility report continued

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

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

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

SDG 6: Clean water and sanitation - ensure availability and sustainable management of water and sanitation for all

Clean water is vital to both animal and human health. Our product portfolio includes a highly efficacious effervescent water-soluble tablet (Credence) that kills harmful moulds, fungi, bacteria and viruses in water as a cost effective one-step process on farm.

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

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

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

Our products help farmers to feed more nutritious diets with a lower environmental footprint to their animals which reduces negative environmental impacts such as:

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

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

Our 100% natural, aquaculture products work on the

same principles as for land animals and are effective for shrimp and other farmed fish such as salmon and tilapia. We work with aquaculture experts on new formulations for sustainable and antibiotic free fish production.

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

To achieve optimal circular sustainability means educating distribution networks, employees, partners and working with customers, our supply chain and leading global universities who share our goals to lead initiatives to replace unsustainable practices. It means leading by example and actively demonstrating how we apply and achieve sustainable objectives to our partners to inspire positive change.

Anpario's products

Anpario has a substantial portfolio of proven products that make a difference to animal and ultimately human health. Some of our key innovations and animal health programmes with significant qualitative and measurable benefits and which are working to achieve SDG's include:

Antibiotic free and pathogen control

The solution to eliminating antibiotic dependency requires programmes that are multifaceted in their approach combining biosecurity, management and nutrition. Anpario has spearheaded the 4 R's campaign globally to 'Review, Reduce and Replace antibiotics Responsibly' to help manage gut health and support healthier livestock through the use of natural products.

Anpario's gut health products have beneficial effects including: reduction of E.coli, increased levels of lactobacillus creating a favourable microbial environment and increase in levels of energy sources (propionate and butyrate), improved animal strength, body weight gain and reduction in mortality rate. This results in reduced energy costs and improved dietary utilisation, aiding animal performance and helping to ensure they are more robust and better able to resist pathogen challenges.

Anpario's phytogetic products contain natural oregano oil containing carvacrol and thymol which are natural antimicrobials. It regulates gut microbiota, has anti-inflammatory and antioxidant properties and stimulates appetite for efficient feed conversion.

Mycotoxin binders

Mycotoxins are toxic chemicals produced by moulds. Their presence in animal feed can have a detrimental effect including: reduced growth rates, lower fertility and abortions, impaired resistance and secondary

infections, kidney and liver toxicities resulting in organ failure and potentially death. Products such as Anpro® range have demonstrated efficacy when independently tested over various species and generate many positive health benefits.

Zinc oxide replacement

Traditionally, zinc oxide has been included at high levels in the diets of piglets to control E. coli infections which cause post-weaning scours but has been linked to environmental pollution and antibiotic resistance. Anpario eubiotic products can support piglet performance in the absence of therapeutic levels of zinc oxide and increase the amount of pig meat produced per year for the production unit.

Greenhouse gas emissions reduction

Following extensive research and initial studies work has commenced to develop new products and validate the use of Anpario essential oil and acid based eubiotic products to reduce greenhouse gas emissions from ruminants, pigs and poultry.

Anpario's facilities

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

- 88% of our carrier materials are supplied in bulk and directly added from silos to minimise packaging waste,
- liquid ingredients are stored in bunded storage silos;
- pre-used reconditioned and cleaned intermediate bulk containers (IBCs) used for packaging & supply of bulk liquids;
- product and material waste is collected by a waste contractor and environmentally recycled;
- our bottling plant produces liquids in 100% recyclable plastic bottles;
- packaging design is constantly reviewed resulting in improvements such as a recent reduction in sizes of boxes;
- dust extraction system minimises dust in the production area and prevents its emission into the environment;
- automated palleting system has reduced forklift movements
- new plant energy solutions being researched.

Working with our Government and the Environment

Agency, our industry trade association Agricultural Industries Confederation (AIC) has set out a road map for a sustainable food chain and an open partnership across the industry to achieve the transition to Net Zero Carbon by 2050. Anpario is aligned and starting to plan how this can be achieved and the resources required.

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

Positive environmental impact assessments are expected from any new investments.

Social responsibility

Anpario's ethics

Anpario assures safety of its products, absolute transparency and traceability of raw materials and compliance with international regulations through rigorous internal control processes and quality standards. Anpario retains key industry quality accreditations in particular UFAS and FEMAS certifications.

Anpario is committed to achieving a safe and secure working environment in all its locations adhering to high standards of health and safety procedures.

Responsible procurement policies are in place to source raw materials to high specification and rigorous quality standards. Anpario seeks to partner suppliers operating to highest standards of honesty and integrity and who comply all applicable ethical labour and, trade laws and regulations, including the requirements of the Modern Slavery Act 2015 and anti-bribery and corruption legislation contained within our Code of Conduct.

Anpario's people

Behaviour

Our mindset is inherent in solving problems from new perspectives using science and technology to evoke behavioural change. Values of transparency, integrity, teamwork, innovation, and leadership have been established by the passion and commitment of our people.

Through our initiatives and education programmes we work closely with external vets and nutritionists to help, and where possible, responsibly reduce, remove and replace antibiotics by changing animal diets to include our products. Anpario are committed to extensive field

Corporate responsibility report continued

trial work lasting several months and years to find cost effective solutions for farmers.

The Anpario 'Green Team', with representatives from all disciplines, are tasked to initiate improved, more sustainable ways of working. Going the extra mile for sustainable practice means:

- we use science, technical ability and change in our practices to lead industry innovation.
- increasing efficiencies with fewer resources and reducing our environmental impact;
- reducing waste from business operations;
- implementing direct actions to conserve, protect and enhance natural resources;
- reducing carbon emissions, and helping our stakeholders to do the same;
- naturally optimising production and feed efficiency for our partners and customers;
- supporting people and projects to influence positive social change – enhancing resilience of people, communities and ecosystems;
- protecting and improving rural livelihood, equity and social well-being;
- developing our people, supporting their personal and professional growth;
- taking a leading role in the industry to drive positive change.

Community

Anpario supports and encourages charities and the local community through donations and volunteering.

In recognition of the outstanding work undertaken by NHS staff and key workers, donations were made to Nottingham Hospitals Charity and Doncaster and Bassetlaw Teaching Hospitals (DBTH).

Anpario's international trade and logistics expertise was utilised to source medical grade face masks for donation to local care homes in the collective effort to reduce the spread of COVID-19. Alongside our customer we supported an educational scheme funding the donation of poultry to a school in Maehongsorn Province, Thailand.

Anpario staff volunteered their time to work on the Rainbow Garden Memorial at DBTH. Our 2020 Charity of the Year was bone marrow donor cause DKMS with fund raising activities complimented by staff registering as donors.

Employees

Anpario is an inclusive organisation where everyone is treated equally irrespective of gender, nationality, marital status, colour, race, ethnic origin, creed, sexual orientation or disability. Employees embody Anpario's key values of "Integrity, Teamwork, Innovation and Leadership".

Around 120 employees work for Anpario in the UK and its global operations. Employees are recruited from local communities and has built a very ethnically diverse team including 13 nationalities speaking 22 languages.

43% non-white ethnicities are in positions of manager above and females represent 3 out of 7 the Executive Management.

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

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

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

Specific training is given to all employees in respect of key policies including online training videos and in person health and safety training.

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

- has several apprentice places;
- recruits graduates and doctorates in disciplines such as biosciences, accountancy, law and HR;
- works closely with several global universities on joint scientific initiatives;
- provides ongoing professional training support, extensive coaching and management development programmes; and

- provides financial and study leave for professional and work related qualifications.

Anpario has a bonus scheme in place for its employees with targets aligned with shareholders as appropriate to their roles and responsibilities.

An analysis of Directors, managers and other employees by gender as at 31 December 2020 is as follows:

	Male	Female
Directors	3	1
Production	25	3
Administration	10	13
Sales and Technical	36	29
Total	74	46

Directors' report

The Directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2020.

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

Incorporation

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

Principal activity

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis, more detail can be found in note 2.1 of the Group financial statements.

Results and dividends

The financial results for the year ended 31 December 2020 are set out in the consolidated financial statements later in this Annual Report and summarised in the Financial Review earlier in the Annual Report. The profit for the year after tax was £4.2m (2019: £3.7m).

The Directors propose a final dividend of 6.25p per share (2019: 5.50p) making a total of 9.00p per share for the year (2019: 8.00p), amounting to a total dividend of £1.9m (2019: £1.7m).

Group research and development activities

The Group is continually researching into and

developing new products. Details of expenditure incurred and impaired or written off during the year are shown in the note 4 of the Group financial statements.

Directors

The Directors during the year under review were:

Peter Lawrence	Non-Executive Chairman
Richard Edwards	Chief Executive Officer
Karen Prior	Group Finance Director
Richard Wood	Senior Independent Director

In addition to the Directors listed above, between 31 Dec 2020 and up to the date of this report, 17 March 2021, the following Non-Executives Directors were appointed.

Matthew Robinson Non-Executive Director
(with effect from 11 January 2021)

Kate Allum Non-Executive Director
(with effect from 1 February 2021)

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

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

Indemnities

By virtue of, and subject to, Article 172 of the current Articles of Association of the Company, the Company has granted an indemnity to every Director, alternate Director, Secretary or other officer of the Company. Such provisions remain in force at the date of this report. The Group has arranged appropriate insurance cover for any legal action against the Directors and officers.

Share capital

During the year 137,918 (2019: 50,000) Ordinary shares of 23p each were issued pursuant to the exercise of share options. During the year the Company issued nil (2019: 100,000) Ordinary shares of 23p at market price to the Trustees of The Anpario plc Employees' Share Trust.

A Special Resolution will be proposed at the AGM to renew the Directors' limited authority last granted in 2020 to make market purchases of Ordinary shares in the capital of the Company.

As at 31 December 2020, the Company holds 440,388

(2019: 143,042) Ordinary shares of 23p in treasury.

On 5 February 2020, the Company announced a Share Buyback Programme. On 12 March 2020 the Company completed the Buyback Programme and in total purchased 297,346 additional Ordinary shares of 23p to be held in treasury.

Substantial shareholdings

At 28 February 2021, analysis of the share register showed the following holdings of 3 per cent or more of its issued share capital:

	Ordinary Shares (000)	% held
RBC Wealth Management	2,750	11.9
Unicorn Asset Management	2,325	10.0
Investec Wealth & Investment	2,302	9.9
Gresham House	1,399	6.0
Downing	1,109	4.8
Interactive Investor	1,017	4.4
Hargreaves Lansdown Asset Management	906	3.9
BMO Global Asset Management	898	3.9
BlackRock Investment Management	842	3.6
BGF	811	3.5

Independent auditor

Deloitte LLP ceased to hold office as the Company's auditors and BDO LLP have been appointed as the Company's auditors and a resolution that they be re-appointed will be proposed at the AGM.

Stockbrokers

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

The closing share price on 31 December 2020 was 480p per share (2019: 340p per share).

Financial risk management

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under

that law the Directors have elected to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on

Directors' report continued

the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement of disclosure to auditor

So far as the Directors are aware:

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

The Directors' report was approved by the Board of Directors on 17 March 2021 and is signed by order of the board:

Karen Prior

Company Secretary

Report of the Remuneration Committee

Introduction

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 December 2020. The Committee seeks to provide a framework that is aligned to the strategy and values of the Company and to the interests of shareholders. It recognises the need to recruit, retain and appropriately incentivise high calibre directors and managers to deliver the Company's strategy.

Overview

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

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

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

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

Composition and meetings

The Remuneration Committee comprises Richard Wood, Senior Non-Executive Director and Committee Chairman, and Peter Lawrence, Non-Executive Chairman of the Board. Executive Directors are invited to attend meetings as required if thought advantageous for consideration of a particular agenda item. The Remuneration Committee meets as

necessary to fulfil its objectives but as a minimum, at least once a year. The committee met once during the year ended 31 December 2020 with full attendance by the Committee members.

AIM requirements

As an AIM company, Anpario plc, is not required to comply with schedule 8 of the large and medium-sized companies' regulations 2008. However, it is moving towards this full level of reporting and disclosures in this report reflect this.

Directors' remuneration

In 2019 the Remuneration committee undertook a benchmarking exercise and agreed an increase in Executive salaries to market rates.

Currently Executives are incentivised to achieve a minimum 40% of gross salary up to a maximum of 100% for achievement of minimum consensus market EBITDA targets (after bonus payments). The achievement of Anpario's management and staff incentive schemes are all similarly based on revenues and profit measures.

The remuneration of the Chairman and each Director during the year ended 31 December 2020 is set out in the tables below.

	Salary 2020 £000	Pension 2020 £000	Benefits 2020 £000	Bonus* 2020 £000	Share- based payments 2020 £000	Total 2020 £000
Executive Directors						
R P Edwards	250	25	42	250	1	568
K L Prior (4 days per week)	155	15	24	155	12	361
Total	405	40	66	405	13	929

Report of the Remuneration Committee continued

The comparative figures for the year ended 31 December 2019 are shown below.

	Salary 2019 £000	Pension 2019 £000	Benefits 2019 £000	Bonus* 2019 £000	Share- based payments 2019 £000	Total 2019 £000
R P Edwards	190	19	9	-	34	252
K L Prior (4 days per week)	133	13	15	-	43	204
Total	323	32	24	-	77	456

* The bonuses to Directors are accrued in the financial year to which they relate and subsequently paid after the publication of annual results.

Non-Executive Directors	2020 £000	2019 £000
P A Lawrence	40	40
R K Wood	35	35
Total	75	75

Key activities

During the year, the Committee:

- reviewed the salary and bonus arrangements to the Executive Directors according to industry benchmarks and appropriate increases were approved for the Executive Directors;
- reviewed the salary and bonus arrangement for staff and approved cost of living increases, where appropriate;
- reviewed the allocation of issued share capital for all incentive schemes;
- reviewed proposals for the grant of share related incentive schemes; and
- approved recommended proposals for short-term bonus incentives.

Remuneration policy and advisors

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

The Committee keeps the remuneration policy, in particular the need for share ownership guidelines for

Executive Directors, regularly under review and will take action whenever deemed necessary to ensure that remuneration is aligned with the overall strategic objectives of the Company.

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

Long term incentive plans

The Executive Directors receive remuneration under three long term incentive plans: Enterprise Management Scheme (“EMI” which is now closed); Joint Share Ownership Plan (“JSOP”); and Save As You Earn Scheme (“SAYE”). With the exception of participation in SAYE scheme the Company has been unable to offer further long term incentives to the Executive Directors due to headroom limitations involving the issue of new shares. That limit is the total number of new shares over which future awards may be made, when added to the total number of shares issued and issuable under awards granted on 16 September 2016 and any awards which are outstanding as at that date shall not exceed 16.3% of the total of the number of shares in issue from time to time.

Under the Company’s EMI and SAYE Scheme the following Directors have the right to acquire Ordinary shares of 23p each as follows:

	Option Price (pence per Share)	31 Dec 2020 Number	31 Dec 2019 Number
R P Edwards	158.50	80,000	80,000
	290.00	42,400	42,400
	224.13	-	4,015
	334.00	2,694*	2,694
	322.72	5,577	-
K L Prior	158.50	80,000	80,000
	290.00	42,400	42,400
	224.13	-	4,015
	334.00	2,694*	2,694
	322.72	5,577	-

* The right to purchase these shares was exercised on 1 February 2021, and as of 17 March 2021 they have added to the respective Directors' interests as listed in relevant section below.

Joint Share Ownership Plan

The Joint Share Ownership Plan ("JSOP") and the Anpario plc Employees Shares Trust ("the Trust") were established and approved by resolution of the Non-Executive Directors on 26 September 2011. The JSOP provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of Ordinary Shares in the Company upon the terms of a Joint Ownership Agreement ("JOA").

The terms of the JOAs provide, inter alia, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating Director receives an amount equal to any growth in the market value of the jointly owned Ordinary shares above the initial market value, less a "carrying cost" (equivalent to simple interest at 4.5 per cent per annum on the initial market value) and the Trust receives the initial market value of the jointly owned shares plus the carrying cost. Jointly owned Ordinary shares will become vested if the participant remains with the Company for a minimum period of 3 years.

The Directors interests in the JSOP shares are as follows:

	31 Dec 2020 Number	31 Dec 2019 Number
R P Edwards	1,350,000	1,350,000
K L Prior	1,200,000	1,200,000

Director's interests in shares

The interests of the Directors who served during the period, as at 31 December 2020, in the Ordinary shares of 23p each in the Company were as follows: -

	31 Dec 2020 Number	31 Dec 2019 Number
P A Lawrence	57,950	63,350
R P Edwards	210,702	206,687
K L Prior	74,751	211,800

Directors' interests between 31 December 2020 and 17 March 2021 have changed, reflecting the exercise by Richard Edwards and Karen Prior of SAYE options of 334.0p per share totalling 4,015 shares each. As such at the 17 March 2021, Directors' interests are as follows, Richard Edwards 213,396 and Karen Prior 77,445.

Non-Executive Directors and Chairman

Remuneration of the Non-Executive directors is determined by the Chairman and the Chief Executive Officer. The Non-Executive Directors are not entitled to annual bonuses or employee benefits and their fees are subject to annual review.

The Chairman's remuneration is determined by Remuneration Committee in conjunction with the Chief Executive Officer. However, the Chairman is not entitled to vote on the matter.

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

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

Executive Directors

The Executive Directors remuneration is determined by the Committee. They are eligible to participate in a discretionary annual bonus scheme which is based on annual target profit measures and corporate activities including acquisitions and disposals aligned with shareholder returns.

The Executive Directors are also eligible to participate in the employee long term incentive plans as mentioned above.

Richard Edwards

Richard Edwards is engaged as Chief Executive Officer

Report of the Remuneration Committee continued

of the Company under a service agreement dated 5 November 2006. His appointment is terminable by the Company on 12 months' written notice and the Executive on 6 months' notice.

Karen Prior

Karen Prior is engaged as Group Finance Director of the Company under a service agreement dated 1 October 2009. Her appointment is terminable by the Company on 12 months' written notice and the Executive on 6 months' notice.

Richard Wood

Remuneration Committee Chairman
17 March 2021

Audit Committee report

Composition and meetings of the Audit Committee

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

During the year, following a formal tender process, BDO LLP (“BDO”) were appointed as the Company’s auditor for the financial year ending 31 December 2020. The appointment of BDO shall be confirmed in a vote of shareholders at the Company’s next Annual General Meeting.

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

The Committee met twice during the year ended 31 December 2020 with full attendance by the Committee members.

Role, responsibilities and terms of reference

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

Financial reporting

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

- the consistency of and any changes to accounting policies and practices;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Company has followed appropriate accounting standards and made appropriate

estimates and judgments, taking into account the views of the external auditor; and

- the clarity of disclosure in the Company’s financial reports and the context in which statements are made.

Internal controls and risk management

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

Compliance, whistleblowing and fraud

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

External audit

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

- recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- assessing annually the external auditor’s independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship as a whole, including the provision of any non-audit services;

Audit Committee report continued

- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner;
- assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- develop and implement a policy on the engagement of the external auditor to supply non-audit services;
- discuss with the external auditor(s) before the audit commences the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- review the findings of the audit, discussing any major issues which arose during the audit, any problems and reservations arising from the Interim and Final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary); and
- review the external auditor's management letter and management's response.

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

Independence of external auditor

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

Judgements and significant risks considered in respect to the Annual Report

Management override of controls

The Committee considered the inherent risk of management override of internal controls as defined by auditing standards. In doing so the Committee continue to review the overall robustness of the control

environment, including consideration of the Group's whistleblowing arrangements and the review by the external auditor.

Recognition and measurement of product development

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

Revenue recognition

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

Peter Lawrence

Audit Committee Chairman

17 March 2021

Independent auditors' report to the members of Anpario plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Anpario Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position and Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate for the circumstances;
- Obtaining the Directors' trading forecasts underlying the going concern assessment and challenging management on the key estimates and assumptions within the forecasts around the forecast levels of revenue, gross profit and working capital cycles, through analysis and comparison of forecasts with prior year actuals;
- Performing data verification and logic checks to confirm the mathematical accuracy of the forecast model;
- Performing 'stress tested' sensitivity analysis to assess the quantum of adverse variance against forecast that could be sustained without creating material uncertainties over the going concern assessment;

- An analysis of post year end trading results compared to forecast and current year to evaluate the accuracy and achievability of forecasts
- An evaluation of the adequacy of disclosures in relation to going concern.

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's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Key audit matter	2020 Existence and valuation of brands and developed products intangible assets and development cost intangible asset.	2019 Existence of intangible assets relating to product brands .
Materiality	<i>Group financial statements as a whole</i> £235,000 (2019: £220,000) based on 5% (2019: 5%) of Profit before tax	

An overview of the scope of our audit

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

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

The remaining 14 components were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed in accordance with the Group audit approach. The 14 components act as sales offices and all purchases are made from the Parent Company, therefore, through specific risk-focussed audit procedures over inventories and cash, along with analytical review procedures we had the evidence needed to form our opinion on the financial statements as a whole. All work was conducted by the Group engagement team, with the exception of year-end inventory count attendance procedures at locations in Brazil, China, Thailand and the United States of America. Overseas inventory count procedures were performed by other BDO network firms, operating in accordance with instructions issued by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was 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 this matter.

Independent auditors' report to the members of Anpario plc

continued

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Brands and developed products intangibles</p> <p>(accounting policies, Note 13 intangible assets – closing carrying value £3.7m (2019 - £4.0m))</p> <p>Development costs intangibles</p> <p>(accounting policies, Note 13 intangible assets – closing carrying value £0.6m (2019 - £0.9m))</p>	<p>The Group has material balances for brands acquired in business combinations and costs capitalised for internally developed products of £3.7m (2019 - £4.0m). Included within this balance is £1.5m in relation to the acquired Optivite brand, which has an indefinite useful life.</p> <p>In addition the Group has capitalised development costs of £0.6m (2019 - £0.9m) for products in development at the year-end date.</p> <p>In accordance with IAS 38 in order to capitalise development costs management is required to make certain judgements, including the stage of development, the technical feasibility of completing the product development and the commercial viability of the products.</p> <p>For developed products and acquired brands an assessment is required of the future cash flows generated by the assets and over what period of time the assets will generate returns.</p> <p>These judgements determine whether development costs are eligible for capitalisation and the period of time over which assets will be amortised. They also form the basis of the forecasts used in impairment reviews of the intangible assets.</p> <p>Owing to the magnitude of the brand and product development intangibles, and the level of estimation and judgement involved in determining both the eligibility of costs for capitalisation and recoverable amount, we determined the existence and valuation of brand and developed products and the development costs intangible assets to be a key audit matter.</p> <p>There is also a risk of fraud through manipulation in respect of the assessment made by management of which costs are eligible for capitalisation.</p>	<p>We obtained an understanding of the relevant controls relating to the assessment of the existence of these intangible assets, which include Board monitoring and approval of development costs capitalised during the year.</p> <p>We have tested, on a sample basis, that costs capitalised in the year were valid business expenses related to the development of the relevant product and that they met the eligibility criteria to be capitalised by corroborating the costs to supporting evidence. We also made enquiries of staff involved in the development of the products outside of the finance function including the technical director to gain an understanding of the development process.</p> <p>We have analysed the level of revenue and gross profits generated historically by developed products through review of trading results including those subject to audit procedures in the year and compared to the carrying value of the relevant intangible asset, in order to identify evidence of a fall in demand or other indicators of impairment. This process allowed us to challenge management's assessment of the expected future returns and the anticipated life of the products. We evidenced the continued investment in new products relating to the acquired brand to support the assessment of an indefinite useful life.</p> <p>We assessed the reasonableness of forecast future trading assumptions by reference to current year results and budgets and considered the sensitivity of the estimates of future performance to material changes in the net realisable value of each of the developed products.</p> <p>We reviewed the impairment assessment models against the requirements set out within the relevant accounting standard IAS 36 and tested the integrity of the mathematical calculations in the model.</p> <p>We consulted with our valuation experts on the appropriateness of the models for assessing the value in use for the nature of the intangible assets and the reasonableness of the discount rate applied through benchmarking.</p> <p>Key observations:</p> <p>We found the Group's accounting in respect of the brand and development intangibles to be materially correct.</p>

Our application of materiality

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

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

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

	Group financial statements	Parent company financial statements
	2020	2020
	£000	£000
Materiality	235	212
Basis for determining materiality	5% of pre-tax profit	Capped at 90% of Group materiality (3.4% of Parent Company pre-tax profit)
Rationale for the benchmark applied	Profit before tax remains the key driver of the business' value and is the underlying driver for management's key measure of performance	
Performance materiality	141	127
Basis for determining performance materiality	Set at 60% of materiality	Set at 60% of materiality

We concluded that it was appropriate to set performance materiality at 60% of materiality based upon our risk assessment and in recognition that 2020 was the first year that we had audited the Group.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £4.7k (2019: £9k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent auditors' report to the members of Anpario plc

continued

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: <ul style="list-style-type: none">• the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and• the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: <ul style="list-style-type: none">• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry

in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with the Companies Act 2006, the AIM listing rules, Animal Feed product regulatory requirements, the principles of the Quoted Companies Alliance Corporate Governance Code and accounting standards.

We focused on laws and regulations that could give rise to a material misstatement in the Group Financial Statements. Our testing included, but was not limited to:

- Enquiries of management;
- Review of minutes of Board meetings throughout the year;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reviewing journals posted to revenue to identify any outside of the normal course of business or indicative of a manipulation of the revenue figure reported;
- Identifying and testing a sample of journal entries, in particular journal entries posted with unusual account combinations; and
- Verification, on a sample basis, of costs capitalised as product development to ensure that the relevant recognition criteria had been met and costs were not being capitalised to manipulate reported earnings.

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

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

Use of our report

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

Gareth Singleton (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

17 March 2021

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

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	3	30,522	29,046
Cost of sales		(14,670)	(14,536)
Gross profit		15,852	14,510
Administrative expenses		(10,585)	(10,213)
Operating profit	4	5,267	4,297
Depreciation and amortisation		1,233	1,140
Adjusting items	6	104	243
Adjusted EBITDA	6	6,604	5,680
Net finance income	9	83	97
Profit before tax		5,350	4,394
Income tax	10	(1,145)	(679)
Profit for the year		4,205	3,715
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translating foreign operations		(65)	(121)
Cashflow hedge movements (net of deferred tax)	19	68	125
Total comprehensive income for the year		4,208	3,719
Basic earnings per share	12	20.63p	18.10p
Diluted earnings per share	12	19.89p	17.61p
Adjusted earnings per share	12	21.94p	19.13p
Diluted adjusted earnings per share	12	21.15p	18.61p

Consolidated statement of financial position

as at 31 December 2020

	Note	2020 £000	2019 £000
Intangible assets	13	11,522	11,517
Property, plant and equipment	14	4,142	4,011
Right-of-use assets	15	85	184
Deferred tax assets	16	987	744
Derivative financial instruments	19	641	362
Non-current assets		17,377	16,818
Inventories	17	4,902	4,102
Trade and other receivables	18	6,053	5,539
Derivative financial instruments	19	327	119
Cash and cash equivalents	20	15,820	13,842
Current assets		27,102	23,602
Total assets		44,479	40,420
Lease liabilities	21	(7)	(121)
Deferred tax liabilities	16	(1,662)	(1,384)
Non-current liabilities		(1,669)	(1,505)
Trade and other payables	22	(5,007)	(3,206)
Lease liabilities	21	(83)	(67)
Derivative financial instruments	19	-	(2)
Current income tax liabilities		(215)	(86)
Current liabilities		(5,305)	(3,361)
Total liabilities		(6,974)	(4,866)
Net assets		37,505	35,554
Called up share capital	23	5,426	5,394
Share premium	23	11,148	10,849
Other reserves	24	(6,506)	(5,650)
Retained earnings	25	27,437	24,961
Total equity		37,505	35,554

The financial statements were approved by the Board and authorised for issue on 17 March 2021.

Richard Edwards
Chief Executive Officer
Company Number: 03345857

Karen Prior
Group Finance Director

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2019		5,360	10,423	(5,449)	22,814	33,148
Profit for the period		-	-	-	3,715	3,715
Currency translation differences		-	-	(121)	-	(121)
Cash flow hedge reserve	19	-	-	125	-	125
Total comprehensive income for the year		-	-	4	3,715	3,719
Issue of share capital	23	34	426	-	-	460
Joint-share ownership plan	26	-	-	(320)	-	(320)
Share-based payment adjustments	26	-	-	104	-	104
Deferred tax regarding share-based payments		-	-	11	-	11
Final dividend relating to 2018		-	-	-	(1,048)	(1,048)
Interim dividend relating to 2019	11	-	-	-	(520)	(520)
Transactions with owners		34	426	(205)	(1,568)	(1,313)
Balance at 31 Dec 2019		5,394	10,849	(5,650)	24,961	35,554
Profit for the period		-	-	-	4,205	4,205
Currency translation differences		-	-	(65)	-	(65)
Cash flow hedge reserve	19	-	-	68	-	68
Total comprehensive income for the year		-	-	3	4,205	4,208
Issue of share capital	23	32	299	-	-	331
Purchase of treasury shares	23	-	-	(1,004)	-	(1,004)
Share-based payment adjustments	26	-	-	46	-	46
Deferred tax regarding share-based payments		-	-	99	-	99
Final dividend relating to 2019	11	-	-	-	(1,144)	(1,144)
Interim dividend relating to 2020	11	-	-	-	(585)	(585)
Transactions with owners		32	299	(859)	(1,729)	(2,257)
Balance at 31 Dec 2020		5,426	11,148	(6,506)	27,437	37,505

Consolidated statement of cash flows

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Operating profit for the year		5,267	4,297
Depreciation, amortisation and impairment	4	1,233	1,140
Loss on disposal of property, plant and equipment	14	3	70
Share-based payments	7	46	104
Fair value adjustment to derivatives		(406)	(332)
Operating cash flows before changes in working capital		6,143	5,279
Increase in inventories		(1,000)	(174)
Increase in trade and other receivables		(636)	(281)
Increase/(decrease) in trade and other payables		2,233	(101)
Decrease/(increase) in working capital		597	(556)
Cash generated by operations		6,740	4,723
Income tax paid		(910)	(753)
Net cash from operating activities		5,830	3,970
Purchases of property, plant and equipment	14	(593)	(894)
Proceeds from disposal of property, plant and equipment		-	147
Payments to acquire intangible assets	13	(663)	(775)
Interest received	9	88	106
Net cash used in investing activities		(1,168)	(1,416)
Purchase of treasury shares		(1,004)	-
Joint share ownership plan	26	-	(320)
Proceeds from issuance of shares		331	460
Cash payments in relation to lease liabilities		(117)	(134)
Lease interest paid		(5)	(9)
Dividend paid to Company's shareholders		(1,729)	(1,568)
Net cash used in financing activities		(2,524)	(1,571)
Net increase in cash and cash equivalents		2,138	983
Effect of exchange rate changes		(160)	(53)
Cash and cash equivalents at the beginning of the year		13,842	12,912
Cash and cash equivalents at the end of the year		15,820	13,842

Notes to the financial statements

for the year ended 31 December 2020

1. General information

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

2. Summary of significant accounting policies

2.1. Basis of preparation

The Group has presented its financial statements in accordance with International Financial Reporting Standards (“IFRSs”) in conformity with the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

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

The principal accounting policies of the Group are set out below, and have been applied

consistently in dealing with items which are considered material in relation to the Group’s financial statements.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future.

Impact of Coronavirus (COVID-19)

The Group has a strong balance sheet, with no debt and a strong cash position and has traded profitably and cash generatively through the financial year. The Group’s forecasts and projections, taking into account reasonable estimate of a possible downturn in trading performance arising from the ongoing and potential impact of COVID-19, show that the Group has sufficient financial resources, both from the Group’s robust balance sheet and its expected cash flow generation, sufficient for the going concern period. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries drawn up to 31 December 2020.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

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

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

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

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

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

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

2.3. Revenue recognition

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

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

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

2.4. Segment reporting

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

2.5. Foreign currency translation

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

Notes to the financial statements continued

for the year ended 31 December 2020

Functional and presentational currency

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

Transactions and balances

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

Group companies

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

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

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

as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.6. Intangible assets

Goodwill

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

Brands

Brands are stated at cost less accumulated amortisation and impairment. Brand names acquired in a business combination are recognised at fair value based on an expected royalty value at the acquisition date. Useful lives of brand names are estimated and amortised over 20 years on a straight-line basis and included in administrative expenses in the income statement, except where they are deemed to have an indefinite life and consequently are not amortised. Brands with an indefinite useful life are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. However, they are allocated to appropriate cash-generating units and subject to impairment testing on an annual basis. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

Customer relationships

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

Patents, trademarks and registrations

Separately acquired patents, trademarks and

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

Development costs

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

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

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

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

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

Directly attributable costs that are capitalised

as part of the product include the development employee costs and an appropriate portion of relevant overheads.

Software and licenses

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

2.7. Impairment of non-financial assets

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

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

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

2.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land is not depreciated. Depreciation is

Notes to the financial statements continued

for the year ended 31 December 2020

provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life using the straight-line method, as follows:

Buildings50 years or period of lease if shorter

Plant and machinery 3–10 years

Fixtures, fittings and equipment 3–10 years

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

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

2.9. Inventories

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

2.10. Trade receivables

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

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

for trade receivables.

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

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

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

2.11. Trade and other payables

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

2.12. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits that are readily convertible into cash.

2.13. Financial instruments

The Group's principal financial instruments

comprise derivatives and cash and cash equivalents. These financial instruments are used to manage currency exposures, funding and liquidity requirements. Other financial instruments which arise directly from the Group's operations includes trade and other receivables (note 18) and trade and other payables (note 22). The main risks arising from the Group's financial instruments and related policies are detailed in note 2.21.

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

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

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

2.14. Derivative financial instruments

The Group applies IFRS 9 'Financial Instruments'. Where qualifying for hedge accounting, derivative financial instruments are held at fair value through other comprehensive income, non-qualifying derivatives are held at fair value through profit or loss.

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

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

The Group uses derivative financial instruments

to manage certain exposures to fluctuations in foreign currency exchange rates, these have been designated as qualifying cash flow hedges.

IFRS 9 removed the requirement to demonstrate hedge effectiveness between a range of 80-125% and instead requires that you can demonstrate an economic relationship between the hedged item and hedging instrument. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

2.15. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.16. Taxation

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred

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for the year ended 31 December 2020

income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in Subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2.17. Employee benefits

Share-based payments

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

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

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

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

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

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

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

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

Pension obligations

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

2.18. Equity and reserves

Share capital

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

Share premium

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

Treasury shares

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

Joint Share Ownership Plan

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

Merger reserve

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

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative amount of gains and losses on

hedging instruments deemed effective as cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised only when the hedged transaction impacts the profit or loss.

Share-based payment reserve

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

Translation reserve

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

Retained earnings

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

2.19. Dividend distribution

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

2.20. Leases

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

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

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for the year ended 31 December 2020

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

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

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

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

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

2.21. Financial risk management

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a

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

Liquidity risk

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

Exchange rate risk

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

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2019.

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

2.22. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

Indefinite useful life Brand

One Brand asset held by the Group has been determined as having an indefinite useful life since there is no foreseeable limit to the period over which it is expected to generate net cash inflows not least because the brand has existed for decades. Indefinite life assets are not amortised, but subject to an impairment review at least once a year per the Group's accounting policy note 2.7 and is subject to the same judgements as part of this process as other intangible assets as outlined below. Goodwill is presented in note 13.

Capitalisation of development costs

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

Key sources of estimation uncertainty

Estimated impairment value of intangible assets

The Group tests annually whether intangible assets have suffered any impairment. Impairment provisions are recorded as applicable based on Directors' estimates of recoverable values. Following the assessment of the recoverable amount of goodwill and intangibles of the Group that totalled £11.4m as per note 13 of the financial statements, the Directors consider the recoverable amount of goodwill and intangibles to be supported by their value in use calculation. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been

considered and approved by the Board. Whilst the Group is able to manage aspects of costs, the revenue projections are inherently uncertain due to the short term nature of business and unstable market conditions driven by external factors. The sensitivity analysis in respect of the recoverable amount of goodwill is presented in note 13.

Deferred tax recognition

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

2.23. Impact of accounting standards and interpretations

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2020, none of which had any significant impact, and those which are relevant to these financial statements are listed below:

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is Effective 1 June 2020. The impact of which to the financial statements was immaterial. IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Notes to the financial statements continued for the year ended 31 December 2020

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

3. Operating segments

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

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

	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
for the year ended 31 Dec 2020						
Total segmental revenue	7,384	11,664	16,567	2,668	-	38,283
Inter-segment revenue	-	-	(7,761)	-	-	(7,761)
Revenue from external customers	7,384	11,664	8,806	2,668	-	30,522
Depreciation and amortisation	(3)	(63)	(3)	(4)	(1,160)	(1,233)
Net finance income	-	(1)	-	1	83	83
Profit/(loss) before income tax	1,473	4,100	3,906	828	(4,957)	5,350

	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
for the year ended 31 Dec 2019						
Total segmental revenue	6,802	11,009	12,545	4,323	-	34,679
Inter-segment revenue	-	-	(5,633)	-	-	(5,633)
Revenue from external customers	6,802	11,009	6,912	4,323	-	29,046
Depreciation and amortisation	(4)	(71)	-	(4)	(1,061)	(1,140)
Net finance income	-	(3)	-	2	98	97
Profit/(loss) before income tax	1,268	3,717	3,051	1,377	(5,019)	4,394

Included in the Europe category above is revenue from the UK of £5,239,000 (2019: £3,450,000). Revenue derived from other individual countries is not significant in the context of the group revenue and therefore has been grouped by geographic region.

Notes to the financial statements continued

for the year ended 31 December 2020

4. Operating profit

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

	Note	2020 £000	2019 £000
Cost of inventories recognised as an expense		10,267	10,932
Employment costs	7	7,278	5,785
Share-based payment charges		67	124
Amortisation of intangible assets		655	629
Depreciation of property, plant and equipment		459	375
Depreciation of right-of-use assets		119	136
Loss on disposal of tangible and intangible assets		3	70
Research and development expenditure		43	23

Our specialist technical team includes experts in poultry, swine, ruminant & aquaculture species. During the year we have capitalised internal costs of £213,000 (2019: £302,000) and expended a further £247,000 (2019: £149,000) on external trials in respect of current development projects.

5. Auditor's remuneration

During the year Deloitte LLP ceased to hold office as the Company's auditors and BDO LLP have been appointed as the Company's auditors.

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

	2020 £000	2019 £000
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements	89	61
Fees payable to Company's auditor for other services:		
Other non-audit services	5	-
The audit of Company Subsidiaries	5	9
Total fees payable to Company's auditor	99	70

6. Alternative performance measures

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

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

	2020 £000	2019 £000
Operating profit	5,267	4,297
Share-based payments	67	124
Loss on disposal of property	-	61
Foreign exchange losses	442	332
Foreign exchange hedging - Fair value movements	(405)	(274)
Total adjustments	104	243
Adjusted operating profit	5,371	4,540
Depreciation and amortisation	1,233	1,140
Adjusted EBITDA	6,604	5,680

	2020 £000	2019 £000
Adjusted operating profit	5,371	4,540
Income tax expense	(1,145)	(679)
Impact of changes in tax rates on deferred tax	158	-
Income tax impact of adjustments	88	66
Adjusted profit after tax	4,472	3,927

Notes to the financial statements continued

for the year ended 31 December 2020

7. Employment costs

	Note	2020 £000	2019 £000
Wages and salaries		6,354	4,987
Social security costs		695	586
Other pension costs		229	212
Share-based payment charges	26	67	124
Employment costs		7,345	5,909

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

8. Number of employees

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

	2020 £000	2019 £000
Directors	4	4
Production	29	28
Administration	23	20
Sales and Technical	64	62
Average headcount	120	114

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

9. Net finance income

	2020 £000	2019 £000
Interest receivable on short-term bank deposits	88	106
Finance income	88	106
Lease interest paid	(5)	(9)
Finance costs	(5)	(9)
Net finance income	83	97

10. Income tax

	Note	2020 £000	2019 £000
Current tax on profits for the year		1,026	662
Adjustment for prior years		29	(46)
Current tax		1,055	616
Origination and reversal of temporary differences		101	27
Effect of change in deferred tax rate		158	-
Adjustment for prior years		(169)	36
Deferred tax	16	90	63
Income tax expense charged to the income statement		1,145	679

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

	2020 £000	2019 £000
Profit before tax	5,350	4,394
Tax at the UK domestic rate 19% (2019: 19%)	1,017	835
Non-deductible expenses	109	66
Losses not recognised for deferred tax	156	189
Research and development tax credits	(191)	(310)
Prior year tax adjustments	18	(10)
Tax credit recognised directly in equity	83	(24)
Effect of change in deferred tax rate	158	-
Difference in overseas tax rates	(113)	(90)
Other tax adjustments	(92)	23
Tax adjustments	128	(156)
Income tax expense charged to the income statement	1,145	679

Notes to the financial statements continued

for the year ended 31 December 2020

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements which has resulted in a deferred tax charge of £158,000 in the current year.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the balance sheet date it has not been used to calculate the deferred tax balances.

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

	Note	2020 £000	2019 £000
Current tax on profits for the year		(12)	(8)
Current tax		(12)	(8)
Origination and reversal of temporary differences		(70)	23
Deferred tax	16	(70)	23
Income tax recognised in other comprehensive income		(82)	15

11. Dividends

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

	2020 per share pence	2020 total £000	2019 per share pence	2019 total £000
Interim dividend - Paid	2.75p	585	2.50p	520
Final dividend - Paid	-	-	5.50p	1,144
Final dividend - Proposed	6.25p	1,300	-	-
Final dividend	6.25p	1,300	5.50p	1,144
Total dividend	9.00p	1,885	8.00p	1,664

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

The total amount of dividend paid to shareholders in the year was £1,729,000 (2019: £1,568,000), being the final dividend for the year prior and the interim dividend for current year.

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

12. Earnings per share

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

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

	2020	2019
Profit for the year attributable to owners of the Parent (£000's)	4,205	3,715
Weighted average number of shares in issue	20,387,477	20,529,625
Number of dilutive shares	755,047	570,500
Weighted average number for diluted earnings per share	21,142,524	21,100,125
Basic earnings per share	20.63p	18.10p
Diluted earnings per share	19.89p	17.61p

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

	Note	2020	2019
Adjusted profit attributable to owners of the Parent (£000's)	6	4,472	3,927
Weighted average number of shares in issue		20,387,477	20,529,625
Number of dilutive shares		755,047	570,500
Weighted average number for diluted earnings per share		21,142,524	21,100,125
Adjusted earnings per share		21.94p	19.13p
Diluted adjusted earnings per share		21.15p	18.61p

Notes to the financial statements continued

for the year ended 31 December 2020

13. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patent Trademarks & registrations £000	Development Costs £000	Software & Licenses £000	Total £000
Cost							
As at 1 January 2019	5,960	3,432	786	1,636	2,499	688	15,001
Additions	-	-	-	323	432	20	775
Reclassifications	-	241	-	-	(242)	-	(1)
Disposals	-	-	-	(172)	(1,823)	-	(1,995)
Foreign exchange	-	-	-	(1)	-	-	(1)
As at 31 December 2019	5,960	3,673	786	1,786	866	708	13,779
Additions	-	-	-	127	460	76	663
Reclassifications	-	767	-	-	(767)	-	-
Disposals	-	-	-	(137)	-	-	(137)
Foreign exchange	-	-	-	(3)	-	-	(3)
As at 31 December 2020	5,960	4,440	786	1,773	559	784	14,302
Accumulated amortisation							
As at 1 January 2019	-	394	522	635	1,823	254	3,628
Charge for the year	-	155	78	281	-	115	629
Disposals	-	-	-	(172)	(1,823)	-	(1,995)
As at 31 December 2019	-	549	600	744	-	369	2,262
Charge for the year	-	182	61	283	-	129	655
Disposals	-	-	-	(137)	-	-	(137)
As at 31 December 2020	-	731	661	890	-	498	2,780
Net book value							
As at 1 January 2019	5,960	3,038	264	1,001	676	434	11,373
As at 31 December 2019	5,960	3,124	186	1,042	866	339	11,517
As at 31 December 2020	5,960	3,709	125	883	559	286	11,522

The reclassification to Brands and Developed Products represents newly created products from Development projects.

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

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated using estimated growth rates of 2.5% per annum (2019: 2.5%).

The discount rate used of 12% (2019: 12%) is pre-tax and reflects specific risks relating to the operating segments.

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

The Group has conducted a sensitivity analysis on the impairment test of each CGU and the group of units carrying value. A cut in the annual growth rate of 16.1 percentage points to a negative growth of minus 13.6 percentage points would cause the carrying value of goodwill to equal its recoverable amount.

Goodwill is allocated as follows:

	£000
Acquisition of Kiotechagil operations	3,552
Acquisition of Optivite operations	592
Acquisition of Meriden operations	1,346
Acquisition of Cobbett business	470
Goodwill as at 31 December 2019 and 31 December 2020	5,960

Brands primarily relate to the fair value of previously acquired brands. The Optivite brand was acquired in 2009 and has a net book value at 31 December 2020 of £1,501,000 (2019: £1,501,000). The Meriden brand was acquired in 2012 and has a net book value at 31 December 2020 of £398,000 (2019: £434,000). These are deemed to have between 20 years and an indefinite useful life due to the inherent intellectual property contained in the products, the longevity of the product lives and global market opportunities. Brands with indefinite useful lives are assessed for impairment with goodwill in the annual impairment review as described above.

14. Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 January 2019	2,181	2,137	488	554	5,360
Additions	1	187	181	525	894
Transfer of assets in construction	-	1,078	1	(1,079)	-
Disposals	(325)	(106)	(85)	-	(516)
Foreign exchange	-	-	(2)	-	(2)
As at 31 December 2019	1,857	3,296	583	-	5,736
Additions	-	61	53	479	593
Disposals	(3)	(2)	(1)	-	(6)
As at 31 December 2020	1,854	3,355	635	479	6,323
Accumulated depreciation					
As at 1 January 2019	340	973	337	-	1,650
Charge for the year	31	265	79	-	375
Disposals	(118)	(103)	(78)	-	(299)
Foreign exchange	-	-	(1)	-	(1)
As at 31 December 2019	253	1,135	337	-	1,725
Charge for the year	30	340	89	-	459
Disposals	-	(2)	(1)	-	(3)
As at 31 December 2020	283	1,473	425	-	2,181
Net book value					
As at 1 January 2019	1,841	1,164	151	554	3,710
As at 31 December 2019	1,604	2,161	246	-	4,011
As at 31 December 2020	1,571	1,882	210	479	4,142

Notes to the financial statements continued

for the year ended 31 December 2020

Held within land and buildings is an amount of £500,000 (2019: £500,000) in respect of non-depreciable land. In 2019, the Group disposed of property that had not been in use for a number of years following the closure of offices previously used by Kiotechagil. The property had a net book value of £207,000 and a loss of £61,000 has been recognised in the prior year's income statement.

15. Right-of-use assets

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
As at 1 January 2019	404	106	28	538
Additions	148	-	-	148
Modification to lease terms	(27)	5	-	(22)
Disposals	(221)	(64)	-	(285)
As at 31 December 2019	304	47	28	379
Additions	10	-	-	10
Modification to lease terms	7	1	-	8
Disposals	-	(22)	(21)	(43)
As at 31 December 2020	321	26	7	354
Accumulated depreciation				
As at 1 January 2019	236	90	16	342
Charge for the year	117	12	7	136
Disposals	(221)	(64)	-	(285)
Foreign exchange	2	-	-	2
As at 31 December 2019	134	38	23	195
Charge for the year	107	9	3	119
Modification to lease terms	(2)	-	-	(2)
Disposals	-	(22)	(21)	(43)
As at 31 December 2020	239	25	5	269
Net book value				
As at 1 January 2019	168	16	12	196
As at 31 December 2019	170	9	5	184
As at 31 December 2020	82	1	2	85

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

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

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

16. Deferred tax

	Note	2020 £000	2019 £000
As at 1 January		640	541
Income statement charge/(credit)	10	90	63
Deferred tax (credited)/charged directly to equity	10	(70)	23
Foreign exchange		15	13
As at 31 December		675	640

	Note	Acceler- ated tax allowances £000	Fair value gains £000	Cashflow hedge £000	Losses £000	Other timing differences £000	Total £000
As at 1 January 2019		633	548	1	(289)	(352)	541
Income statement credit	10	172	3	-	(61)	(51)	63
Deferred tax charged directly to equity		-	-	27	-	(4)	23
Foreign exchange		-	-	-	13	-	13
As at 31 December 2019		805	551	28	(337)	(407)	640
Income statement charge	10	142	120	-	(161)	(11)	90
Deferred tax charged directly to equity		-	-	16	-	(86)	(70)
Foreign exchange		-	-	-	15	-	15
As at 31 December 2020		947	671	44	(483)	(504)	675

	2020 £000	2019 £000
Deferred income tax asset	(987)	(744)
Deferred income tax liability	1,662	1,384
Net deferred income tax liability	675	640

Included in 'Other timing differences' above is £389,000 (2019: £307,000) that relates to the tax impact of the elimination of intercompany unrealised profit held in inventory.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements which has resulted in a deferred tax charge of £158,000 in the current year.

The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the balance sheet date it has not been used to calculate the deferred tax balances.

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

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for the year ended 31 December 2020

17. Inventories

	2020 £000	2019 £000
Raw materials and consumables	1,932	1,996
Finished goods and goods for resale	2,970	2,106
Inventory	4,902	4,102

18. Trade and other receivables

	2020 £000	2019 £000
Trade receivables - gross	5,398	5,127
Less: expected credit losses	(157)	(111)
Trade receivables - net	5,241	5,016
Taxes	198	163
Other receivables	51	46
Prepayments	563	314
Total trade and other receivables	6,053	5,539

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

	2020 £000	2019 £000
Pounds sterling	2,100	1,690
US dollars	1,366	2,021
Euros	744	435
Other currencies	1,188	981
Trade receivables - gross	5,398	5,127

No interest is charged on trade receivables if balances are paid in full and to terms, there has been no interest charged in the current or previous financial year. There is no security against outstanding balances.

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

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

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

Accordingly, the Group have segmented customers according to their credit insurance status. The following table details the risk profile of trade receivables based on the Group's provision matrix and individual assessments as at 31 December 2020. The expected loss rates are the same for the Group and Company.

	Not past due £000	1-60 days past due £000	61-120 days past due £000	>121 days past due £000	Credit impaired £000	Total £000
Specifically insured customers	3,604	499	-	-	-	4,103
Uninsured customers	996	156	13	-	-	1,165
Credit impaired	-	-	-	-	130	130
Trade receivables - gross	4,600	655	13	-	130	5,398
<i>Expected loss rates:</i>						
<i>Specifically insured customers</i>	0%	1%	-	-	-	1%
<i>Uninsured customers</i>	2%	6%	23%	-	-	3%
<i>Credit impaired</i>	-	-	-	-	79%	79%
Specifically insured customers	15	6	-	-	-	21
Uninsured customers	21	9	3	-	-	33
Credit impaired	-	-	-	-	103	103
Expected credit losses	36	15	3	-	103	157
Trade receivables - net	4,564	640	10	-	27	5,241

The comparative table below shows the Group's provision matrix and individual assessments as at 31 December 2019.

	Not past due £000	1-60 days past due £000	61-120 days past due £000	>121 days past due £000	Credit impaired £000	Total £000
Specifically insured customers	3,544	275	-	3	-	3,822
Uninsured customers	1,058	19	12	4	-	1,093
Credit impaired	-	-	-	-	212	212
Trade receivables - gross	4,602	294	12	7	212	5,127
<i>Expected loss rates:</i>						
<i>Specifically insured customers</i>	0%	0%	1%	4%	-	0%
<i>Uninsured customers</i>	0%	1%	13%	42%	-	1%
<i>Credit impaired</i>	-	-	-	-	49%	49%
Specifically insured customers	1	-	-	-	-	1
Uninsured customers	3	-	2	2	-	7
Credit impaired	-	-	-	-	103	103
Expected credit losses	4	-	2	2	103	111
Trade receivables - net	4,598	294	10	5	109	5,016

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for the year ended 31 December 2020

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

	Collectively assessed £000	Individually assessed £000	Total £000
As at 1 January 2019	-	247	247
Provisions for receivables created	8	11	19
Amounts written off as unrecoverable	-	(49)	(49)
Amounts recovered during the year	-	(100)	(100)
Foreign exchange (losses) and gains	-	(6)	(6)
As at 31 December 2019	8	103	111
Provisions for receivables created	46	45	91
Amounts written off as unrecoverable	-	(4)	(4)
Amounts recovered during the year	-	(46)	(46)
Foreign exchange (losses) and gains	-	5	5
As at 31 December 2020	54	103	157

19. Financial instruments and risk management

Carrying amount of financial instruments

As at 31 December 2020	Note	Measured at amortised cost £000	Derivatives designated as hedging instruments £000	Derivatives not designated as hedging instruments £000	Total £000
Derivative financial instruments		-	305	336	641
Non-current		-	305	336	641
Trade and other receivables	18	6,053	-	-	6,053
Derivative financial instruments		-	-	327	327
Cash and cash equivalents	20	15,820	-	-	15,820
Current		21,873	-	327	22,200
Financial assets		21,873	305	663	22,841
Lease liabilities	21	(7)	-	-	(7)
Non-current		(7)	-	-	(7)
Trade and other payables	22	(5,007)	-	-	(5,007)
Derivative financial instruments	19	-	-	-	-
Lease liabilities	21	(83)	-	-	(83)
Current		(5,090)	-	-	(5,090)
Financial liabilities		(5,097)	-	-	(5,097)

As at 31 December 2019	Note	Measured at amortised cost £000	Derivatives designated as hedging instruments £000	Derivatives not designated as hedging instruments £000	Total £000
Derivative financial instruments		-	154	208	362
Non-current		-	154	208	362
Trade and other receivables	18	5,539	-	-	5,539
Derivative financial instruments		-	-	119	119
Cash and cash equivalents	20	13,842	-	-	13,842
Current		19,381	-	119	19,500
Financial assets		19,381	154	327	19,862
Lease liabilities	21	(121)	-	-	(121)
Non-current		(121)	-	-	(121)
Trade and other payables	22	(3,206)	-	-	(3,206)
Derivative financial instruments	19	-	(2)	-	(2)
Lease liabilities	21	(67)	-	-	(67)
Current		(3,273)	(2)	-	(3,275)
Financial liabilities		(3,394)	(2)	-	(3,396)

Notes to the financial statements continued

for the year ended 31 December 2020

Hedge relationships

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

Fair values of financial instruments

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

Credit risk

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

Liquidity risk

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

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

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

Currently management consider liquidity risk to be minimal.

Exchange rate risk

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

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

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

	2020 £000	2019 £000
Change in value of cash flow hedges	84	152
Deferred tax liability	(16)	(27)
Cash flow hedge movements (net of deferred tax)	68	125

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

	2020	2019
GBP/USD spot rate at 31 December	1.3663	1.3268
Fixed forward contracts		
Weighted average forward rate	-	1.3295
Maturing in the next year (Notional amount in US dollars 000's)	-	1,200
Notional amount (US dollars 000's)	-	1,200
Participating forward contracts		
Weighted average forward rate	1.3018	1.2993
Weighted average barrier rate	1.2017	1.1839
Maturing in the next year (Notional amount in US dollars 000's)	7,548	6,348
Maturing between one and two years (Notional amount in US dollars 000's)	8,674	7,548
Maturing between two and three years (Notional amount in US dollars 000's)	6,000	3,474
Notional amount (US dollars 000's)	22,222	17,370

The hedged ratio is 1:1.

20. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by Group companies. The carrying amount of these assets approximates to their fair value.

As at 31 December 2020, the Group held £nil (2019: £388,000) of cash which was restricted in its use. The prior year restriction was temporary and was lifted on the 6 January 2020.

	2020 £000	2019 £000
Cash and cash equivalents	15,820	13,842

Notes to the financial statements continued

for the year ended 31 December 2020

21. Lease Liabilities

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

	2020 £000	2019 £000
Less than one year	83	67
Current lease liabilities	83	67
Between one and five years	7	121
Non-current lease liabilities	7	121
Lease Liabilities	90	188

22. Trade and other payables

	2020 £000	2019 £000
Trade payables	2,586	2,119
Taxes and social security costs	229	112
Other payables	75	186
Accruals	2,117	789
Trade and other payables	5,007	3,206

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

23. Share capital and share premium

The authorised share capital is made up of:

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

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

	Note	Number	Share capital £000	Share premium £000	Total £000
As at 1 January 2019		23,303,215	5,360	10,423	15,783
Exercise of share options	26	150,000	34	426	460
As at 31 December 2019		23,453,215	5,394	10,849	16,243
Exercise of share options	26	137,918	32	299	331
As at 31 December 2020		23,591,133	5,426	11,148	16,574

The company holds shares in treasury as follows:

	Number	£000
As at 1 January 2019 and 31 December 2019	143,042	185
Purchase of treasury shares	297,346	1,004
As at 31 December 2020	440,388	1,189

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

	Number
As at 1 January 2019 and 31 December 2019	2,650,000
Purchase of shares	100,000
As at 31 December 2020	2,750,000

24. Other reserves

	Note	Treasury shares £000	Joint Share Ownership Plan £000	Merger reserve £000	Share- based payment reserve £000	Cashflow hedge reserve £000	Translation reserve £000	Total £000
As at 1 January 2019		185	7,210	(228)	(1,857)	8	131	5,449
Joint-share ownership plan	23	-	320	-	-	-	-	320
Share-based payment charge	26	-	-	-	(104)	-	-	(104)
Share-based payment tax adjustments		-	-	-	(11)	-	-	(11)
Movement in fair value (net of tax)	19	-	-	-	-	(125)	-	(125)
Currency translation differences		-	-	-	-	-	121	121
As at 31 December 2019		185	7,530	(228)	(1,972)	(117)	252	5,650
Purchase of treasury shares	23	1,004	-	-	-	-	-	1,004
Share-based payment charge	26	-	-	-	(46)	-	-	(46)
Share-based payment tax adjustments		-	-	-	(99)	-	-	(99)
Movement in fair value (net of tax)	19	-	-	-	-	(68)	-	(68)
Currency translation differences		-	-	-	-	-	65	65
As at 31 December 2020		1,189	7,530	(228)	(2,117)	(185)	317	6,506

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

Notes to the financial statements continued

for the year ended 31 December 2020

25. Retained earnings

	£000
As at 1 January 2019	22,814
Profit for the year	3,715
Dividends	(1,568)
As at 31 December 2019	24,961
Profit for the year	4,205
Dividends	(1,729)
As at 31 December 2020	27,437

26. Share-based payments

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

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

	Number of options 2020	Weighted average exercise price (p) 2020	Number of options 2019	Weighted average exercise price (p) 2019
Outstanding at 1 January	641,292	241	793,033	253
Granted during the year	91,504	323	-	-
Lapsed during the year	(2,409)	224	(101,741)	327
Exercised during the year	(137,918)	240	(50,000)	262
Outstanding at 31 December	592,469	254	641,292	241
Exercisable at 31 December	383,800	219	514,127	222

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

	Number of options 2020	Weighted average exercise price (p) 2020	Number of options 2019	Weighted average exercise price (p) 2019
2020	-	-	55,327	224
2021	30,165	334	30,165	334
2023	160,000	159	160,000	159
2024	114,000	245	124,000	244
2025	84,800	290	84,800	290
2026	75,000	240	140,000	238
2027	91,504	323	10,000	343
2028	37,000	403	37,000	403
Total outstanding share options	592,469	254	641,292	241

The range of exercise prices of outstanding share options at the year end was 159p to 403p (2019: 159p to 403p) and their weighted average remaining contractual life was 4 years (2019: 5 years).

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

The charge for the year in respect of share options granted and associated expenses amounts to £67,000 (2019: £124,000) of which a charge of £21,000 (2019: £20,000) relates to professional fees.

During the year options totalling 91,504 were awarded under incentive schemes listed in the schedule below. For which, the weighted average fair value of options granted was determined based on the following assumptions using the Black-Scholes pricing model. Expected volatility was determined by management using historical data.

Plan	SAYE
Grant date	02/11/2020
Number of options granted	91,504
Grant price (p)	403.4
Exercise price (p)	322.7
Vesting period (years)	3.0
Option expiry (years)	3.5
Expected volatility of the share price	25.0%
Dividends expected on the shares	2.0%
Risk-free rate	0.5%
Fair value (p)	99.3

27. Related party transactions

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

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

28. Capital commitments

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

	2020 £000	2019 £000
Property, plant and equipment	135	41
Capital commitments	135	41

Company statement of financial position

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Intangible assets	33	10,984	10,966
Property, plant and equipment	34	4,126	3,988
Right-of-use assets		27	85
Investment in subsidiaries	35	9,586	9,598
Deferred tax assets	36	192	100
Derivative financial instruments	19	641	362
Non-current assets		25,556	25,099
Inventories	37	2,516	2,406
Trade and other receivables	38	12,167	9,954
Derivative financial instruments	19	327	119
Cash and cash equivalents		13,324	11,665
Current assets		28,334	24,144
Total assets		53,890	49,243
Lease liabilities		(1)	(20)
Deferred tax liabilities	36	(1,662)	(1,384)
Non-current liabilities		(1,663)	(1,404)
Trade and other payables	39	(8,433)	(6,909)
Lease liabilities		(27)	(67)
Derivative financial instruments	19	-	(2)
Current income tax liabilities		(172)	(117)
Current liabilities		(8,632)	(7,095)
Total liabilities		(10,295)	(8,499)
Net assets		43,595	40,744
Called up share capital	40	5,426	5,394
Share premium		11,148	10,849
Other reserves	41	(4,168)	(3,377)
Retained earnings		31,189	27,878
Total equity		43,595	40,744

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company income statement. The profit for the Parent Company for the year was £5,040,000 (2019: £4,814,000).

The financial statements were approved by the Board and authorised for issue on 17 March 2021.

Richard Edwards
Chief Executive Officer

Karen Prior
Group Finance Director

Company Number: 03345857

Company statement of of changes in equity

for the year ended 31 December 2020

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2019		5,360	10,423	(3,297)	24,632	37,118
Profit for the period		-	-	-	4,814	4,814
Cash flow hedge reserve		-	-	125	-	125
Total comprehensive income for the year		-	-	125	4,814	4,939
Issue of share capital	23	34	426	-	-	460
Joint-share ownership plan	26	-	-	(320)	-	(320)
Share-based payment adjustments	26	-	-	104	-	104
Deferred tax regarding share-based payments		-	-	11	-	11
Final dividend relating to 2018		-	-	-	(1,048)	(1,048)
Interim dividend relating to 2019	11	-	-	-	(520)	(520)
Transactions with owners		34	426	(205)	(1,568)	(1,313)
Balance at 31 Dec 2019		5,394	10,849	(3,377)	27,878	40,744
Profit for the period		-	-	-	5,040	5,040
Cash flow hedge reserve		-	-	68	-	68
Total comprehensive income for the year		-	-	68	5,040	5,108
Issue of share capital	23	32	299	-	-	331
Purchase of treasury shares		-	-	(1,004)	-	(1,004)
Share-based payment adjustments	26	-	-	46	-	46
Deferred tax regarding share-based payments		-	-	99	-	99
Final dividend relating to 2019	11	-	-	-	(1,144)	(1,144)
Interim dividend relating to 2020	11	-	-	-	(585)	(585)
Transactions with owners		32	299	(859)	(1,729)	(2,257)
Balance at 31 Dec 2020		5,426	11,148	(4,168)	31,189	43,595

Notes to the financial statements continued

for the year ended 31 December 2020

29. Significant accounting policies

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

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

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

The financial statements have been prepared on the historical cost basis. The principal accounting policies, and critical accounting judgements and key sources of estimation uncertainty adopted are the same as those set out in notes 3 and 4 to the Group financial statements except as noted below. These have been applied consistently throughout the period and the preceding period.

Investments

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

Receivables from Subsidiary undertakings

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

30. Profit for the period

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

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

31. Employment costs

	Notes	2020 £000	2019 £000
Wages and salaries		4,287	3,103
Social security costs		365	355
Other pension costs		145	154
Share-based payment charges	26	67	124
Employment costs		4,864	3,736

32. Number of employees

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

	2020 £000	2019 £000
Directors	4	4
Production	29	28
Administration	17	14
Sales and Technical	31	31
Average headcount	81	77

33. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationship £000	Patent Trademarks & registrations £000	Development Costs £000	Software & Licenses	Total £000
Cost							
As at 31 December 2019	5,490	3,584	559	1,776	866	708	12,983
Additions	-	-	-	127	460	76	663
Reclassifications	-	767	-	-	(767)	-	-
Disposals	-	-	-	(137)	-	-	(137)
As at 31 December 2020	5,490	4,351	559	1,766	559	784	13,509
Accumulated amortisation							
As at 31 December 2019	-	460	444	744	-	369	2,017
Charge for the year	-	182	51	283	-	129	645
Disposals	-	-	-	(137)	-	-	(137)
As at 31 December 2020	-	642	495	890	-	498	2,525
Net book value							
As at 1 January 2019	5,490	3,124	115	1,032	866	339	10,966
As at 31 December 2020	5,490	3,709	64	876	559	286	10,984

The reclassification to Brands represents newly generated Product Brands from Development projects.

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

Notes to the financial statements continued

for the year ended 31 December 2020

34. Property, plant and equipment

	Land & buildings £000	Plant & machinery £000	Fixtures, fittings & equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 31 December 2019	1,857	3,296	538	-	5,691
Additions	-	61	51	479	591
Disposals	(3)	(2)	(1)	-	(6)
As at 31 December 2020	1,854	3,355	588	479	6,276
Accumulated depreciation					
As at 31 December 2019	253	1,135	315	-	1,703
Charge for the year	30	340	80	-	450
Disposals	-	(2)	(1)	-	(3)
As at 31 December 2020	283	1,473	394	-	2,150
Net book value					
As at 31 December 2019	1,604	2,161	223	-	3,988
As at 31 December 2020	1,571	1,882	194	479	4,126

Held within land and buildings is an amount of £500,000 (2019: £500,000) in respect of non-depreciable land. In 2019, the Company disposed of property that had not been in use for a number of years following the closure of offices previously used by Kiotechagil. This property had been in use by a charity rent free in return for reduced business rates. The property had a net book value of £207,000 and a loss of £61,000 has been recognised in the prior year's income statement.

35. Investment in subsidiaries

	Unlisted investments £000
Cost	
As at 1 January 2019	8,009
Investment in Subsidiaries	4,205
As at 31 December 2019	12,214
Write-off of dormant subsidiary investments	(12)
As at 31 December 2020	12,202
Provisions for diminution in value	
As at 1 January 2019, 31 December 2019 and 31 December 2020	2,616
Net book value	
As at 1 January 2019	5,393
As at 31 December 2019	9,598
As at 31 December 2020	9,586

During the year, investment balances in dormant subsidiaries that no longer feature as part of the Group strategy were written off, these totalled £12,000 (2019: £nil) and relate to Optivite Animal Nutrition Private Limited and Optivite Latinoamericana SA de CV.

Total investments in Subsidiaries in the year were £nil (2019: £4,205,000). This prior year investment primarily relates to a debt-to-equity conversion totalling £3,199,000 related to the US Subsidiary, Anpario Inc. Additional investment of £977,000 was made in 2019 to Subsidiary, PT. Anpario Biotech Indonesia, to meet requirements for 100% foreign ownership. Other amounts were invested as part of the establishment of subsidiaries in Turkey, Mexico and Germany.

Full list of investments

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

	Country of registration or incorporation
Directly held	
Anpario Pty Ltd Level 17, 383 Kent Street, Sydney, NSW, 2000	Australia
Anpario Saúde e Nutrição Animal Ltda Rua Brigadeiro Henrique Fontenelle, 745 - room 4, Parque São Domingos, São Paulo, 05125-000	Brazil
Anpario (Shanghai) Biotech Co., Ltd. Room 703, No.8 Dong An Road, Xu Hui District, Shanghai	China
Anpario GmbH c/o Startplatz, IM Mediapark 5, 50670 Cologne	Germany
Anpario (Biotech) Limited 6th Floor, South Bank House, Barrow Street, Dublin 4.	Ireland
PT. Anpario Biotech Indonesia Gedung 18 Office Park lantai Mezz- unit F2, Jl., TB Simatupang Kav. 18, Jakarta 12520	Indonesia
Anpario Malaysia Sdn. Bhd. Real Time Corporate Services Sdn. Bhd. Unit C-12-4, Level 12, Block C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Malaysia
Anpario Latinoamerica SA de CV Av. Tecnológico Sur # 134 cas 4, Colonia Moderna, CP 76030, Queretaro	Mexico
Anpario (Thailand) Ltd 65/152 Chamnan Phenjati Building Floor 18, Rama 9 Road, Huaykwang Sub-district, Huaykwang District, Bangkok 10310	Thailand
Anpario Turkey Hayvan Sağlığı ve Yem Katkıları İthalat İhracat Sanayi ve Ticaret Anonim Şirketi Barbaros Mahallesi Halk Cad. Palladium Residence, (A Blok) Apt. No: 8 A/3 Ataşehir/İstanbul	Turkey

Notes to the financial statements continued

for the year ended 31 December 2020

Optivite International Limited - Company Number 0234608 *	
Agil Limited**	
Anpario UK Limited**	
Aquatice Limited**	
Kiotech Limited**	
Kiotechagil Limited**	
Meriden Animal Health Limited**	
Orego-Stim Limited**	
Optivite Limited**	
Unit 5 Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS	United Kingdom
Anpario Inc	
2 W. Washington Street, Suite 400, Greenville, SC 29601	US
Indirectly held	
Meriden (Shanghai) Animal Health Co., Ltd.	
Room 703, No.8 Dong An Road, Xu Hui District, Shanghai	China
Optivite Animal Nutrition Private Limited**	
1103-04 Windsor Apartment, T-28, Shastri Apartment, Andheri - West Mumbai Mumbai City MH 400053	India
Optivite Latinoamericana SA de CV**	
20 Boulevard de la Industria, Cuautitlan-Izcalli, 54716	Mexico
Optivite SA (Proprietary) Limited	
PO Box 578, Cape Town 8000	South Africa

The Group has no associates or joint-ventures.

* Companies where the Directors have taken advantage of the exemption from having an audit of the entities' individual financial statements for the year ended 31 December 2020 in accordance with Section 479A of The Companies Act 2006.

** Dormant companies.

36. Deferred tax

	2020 £000	2019 £000
As at 1 January	1,284	1,083
Income statement credit	256	178
Deferred tax (credited)/charged directly to equity	(70)	23
As at 31 December	1,470	1,284

	Accelerated tax allowances £000	Fair value gains £000	Cashflow hedge £000	Other timing differences £000	Total £000
As at 1 January 2019	633	548	1	(99)	1,083
Income statement credit	172	3	-	3	178
Deferred tax charged directly to equity	-	-	27	(4)	23
As at 31 December 2019	805	551	28	(100)	1,284
Income statement credit	142	120	-	(6)	256
Deferred tax charged directly to equity	-	-	16	(86)	(70)
As at 31 December 2020	947	671	44	(192)	1,470

	2020 £000	2019 £000
Deferred income tax asset	(192)	(100)
Deferred income tax liability	1,662	1,384
Net deferred income tax liability	1,470	1,284

37. Inventories

	2020 £000	2019 £000
Raw materials and consumables	1,932	1,996
Finished goods and goods for resale	584	410
Inventory	2,516	2,406

Notes to the financial statements continued

for the year ended 31 December 2020

38. Trade and other receivables

	2020 £000	2019 £000
Trade receivables - gross	3,975	3,896
Less: expected credit losses	(65)	(17)
Trade receivables - net	3,910	3,879
Receivables from Subsidiary undertakings	7,720	5,744
Taxes	-	59
Other receivables	12	18
Prepayments	525	254
Total trade and other receivables	12,167	9,954

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

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

Credit risk related to receivables from subsidiary undertakings are individually assessed and there was no impairment provision as at 31 Dec 2020 (2019: £nil).

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

	Collectively assessed £000	Individually assessed £000	Total £000
As at 1 January 2019	-	37	37
Provisions for receivables created	6	11	17
Amounts written off as unrecoverable	-	(38)	(38)
Amounts recovered during the year	-	1	1
As at 31 December 2019	6	11	17
Provisions for receivables created	26	38	64
Amounts written off as unrecoverable	-	(4)	(4)
Amounts recovered during the year	-	(13)	(13)
Foreign exchange (losses) and gains	-	1	1
As at 31 December 2020	32	33	65

39. Trade and other payables

	2020 £000	2019 £000
Trade payables	2,540	2,013
Amounts due to subsidiary undertakings	4,110	4,093
Taxes and social security costs	172	95
Other payables	47	57
Accruals and deferred income	1,564	651
Trade and other payables	8,433	6,909

There is no interest payable on trade payables or amounts due to subsidiary undertakings and no security against outstanding balances.

40. Share capital

The movements in share capital are disclosed in note 23 to the Group financial statements.

41. Other reserves

	2020 £000	2019 £000
Treasury shares	1,189	185
Joint Share Ownership Plan	7,530	7,530
Merger reserve	(228)	(228)
Unrealised reserve	(2,021)	(2,021)
Share-based payment reserve	(2,117)	(1,972)
Cash flow hedge	(185)	(117)
Other reserves	4,168	3,377

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

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

42. Related party transactions

Transactions between the Company and its subsidiaries are on an arm's length basis or in accordance with local transfer pricing regulations.

The following amounts were outstanding at the reporting date:

	Note	2020 £000	2019 £000
Amounts owed by Subsidiaries	38	7,720	5,744
Amounts owed to Subsidiaries	39	4,110	4,093

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Company information

Website

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

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

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

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

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

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

Registrar

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

Share Registrars Limited

The Courtyard

17 West Street

Farnham

Surrey

GU9 7DR

England

Telephone: 01252 821390

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

Payment of dividends

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

Shareholder security

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

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

Company number

Registered in England and Wales 03345857

Registered office and head office

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

Board

Executive Directors

Richard Edwards – Chief Executive Officer
Karen Prior – Group Finance Director

Non-executive Directors

Peter Lawrence – Non-Executive Chairman
Matthew Robinson – Senior Independent Director
Kate Allum – Non-Executive Director
Ian Hamilton – Non-Executive Director

Company secretary

Karen L Prior

Stock exchange

London
Code: ANP

Auditor

BDO LLP

Regent House
Clinton Avenue
Nottingham
NG5 1AZ
England

Nominated adviser and broker

Peel Hunt LLP

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

Registrar

Share Registrars Limited

The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR
England
Telephone: 01252 821390
Website: <https://www.shareregistrars.uk.com/>

AGM

Anpario has published its Notice of AGM, which has been sent to shareholders who have elected to receive them and is available on the Company's website: www.anpario.com/investor/shareholder-notices/

The Board plans to hold the AGM at 11.00 am on Thursday 17 June 2021 at Hodsock Priory, Blyth, Worksop S81 0TY.

Our preference had been to welcome shareholders in person to the AGM, however at the time of writing, to comply with the UK Government's Covid-19 restrictions, we strongly recommend that shareholders (or their proxies) do not attend the AGM in person (unless prior to the AGM, the measures have been relaxed further or are no longer in force). The Board would like to thank shareholders for their understanding in these exceptional times.

We therefore strongly encourage shareholders to vote on all resolutions by completing a proxy appointment form appointing the Chairman of the meeting as your proxy, to register any questions in advance, by emailing agmquestions@anpario.com, and not to attend the meeting in person. Details of how to appoint the Chairman of the meeting as proxy are set out in the Notes to the Notice of AGM below.

The Board will keep the situation under review and may need to make further changes to the arrangements relating to the meeting, including how it is conducted. In particular, shareholders should note that further legislation may come into force before the AGM which will have an impact on it. Shareholders should therefore continue to monitor the Company's website and announcements for any updates.

Global Leaders. Local Experts.

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



Anpario's Product Portfolio



Health & Performance

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

Feed Quality

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

Toxin Management

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

Hygiene & Insect Control

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

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