Anpario

Anpario plc Interim Report 2024

THE KING'S AWARDS FOR ENTERPRISE
SUSTAINABLE DEVELOPMENT
2023

Anpario plc
(“Anpario”, the “Group”
or the “Company”)

Interim results

Anpario plc (AIM:ANP), the independent manufacturer of natural sustainable animal feed additives for animal health, nutrition and biosecurity is pleased to announce its unaudited interim results for the six months to 30 June 2024 (“H1 2024”).

Highlights

Financial highlights

- 11% increase in sales to £17.0m (H1 2023: £15.3m).
- 20% increase in gross profit to £8.1m (H1 2023: £6.7m).
- Increase in gross margins to 47.5% (H1 2023: 43.9%).
- 41% increase in adjusted EBITDA[1] to £2.7m (H1 2023: £1.9m).
- 53% increase in profit before tax to £2.1m (H1 2023: £1.4m).
- 84% increase in diluted adjusted earnings per share to 10.39p (H1 2023: 5.66p).
- 2% increase in interim dividend to 3.25p (H1 2023: 3.20p) per share.
- Cash balances, including short-term investments, of £13.5m at 30 June 2024 (31 December 2023: £10.6m).

Operational highlights

- Strong sales growth in most regions especially the Middle East, tempered by a pull-back in the United States.
- Strong performance from Orego-Stim® and a return to volume growth in our acid-based eubiotics and pellet binder ranges.
- 20% volume increase contributed to significant gross margin improvement due to recovery of fixed production overheads.
- First sales of Orego-Stim® Forte a water-soluble phytogenic for both aquaculture and agriculture applications.
- Orego-Stim® approved for use in organic livestock production in Europe by Research Institute of Organic Agriculture FiBL.

Outlook

- Strong start to the second half of the year with an acceleration in sales and volume growth.
- Recovery in volumes expected to continue in H2 which should lead to further improvement in profitability.
- Specific challenges related to shipping schedules and logistics and a potential US dockers strike will require navigating, but the Group is experienced in managing such situations.
- The Group’s leading position in natural and sustainable feed additive solutions with its leading brands including Orego-Stim®, pHorce® and Mastercube® gives the Board confidence in the long-term profitable development of the Company.

Matthew Robinson, Chairman, commented:
The Board is delighted to report a strong first half performance in terms of improved sales, margins and profitability. This reflects both management's initiatives, commenced last year, in sales promotion, cost reduction and margin improvement as well as the broader industry-wide recovery.

Group sales increased by 11% to £17.0m compared to the prior year period of £15.3m, as the global agriculture environment improved, and our specific business development initiatives bore fruit. Meat protein producers are still under pressure, especially in the United States and China swine markets, as high feed and overhead costs and weak consumption impact producer margins. We expect these headwinds to alleviate in the coming months with a corresponding increase in the demand for our specialty feed additives.

Recovery in volumes, as well as sensitive price increases, delivered a significant improvement in gross margins of 3.6% points to 47.5%.

Within improved Group sales, there was notable regional diversity. Our biggest region, Asia including China, delivered sales growth of 15% compared to the same period last year, Middle East and Africa segment delivered an outstanding sales growth of 94%, but the United States was disappointing with a 46% decrease in sales, reflecting on-going difficulties in the swine market and decisions by some customers to reduce or stop using some of our products. We are implementing initiatives to replace this lost business, with improvement expected towards the end of this year and into the next. Our geographic diversity helped to compensate for territories currently experiencing a more challenging environment.

Adjusted EBITDA[1] increased by 41% to £2.7m compared to the same period last year of £1.9m. The significant 84% increase in diluted earnings per share to 10.39p (H1 2023: 5.66p) is after the return of £9m in cash to shareholders by way of the tender offer in July 2023 and the cancellation of shares held in treasury which reduced the shares in issue by 17%. Even after this corporate action, the strong cash generation from operations delivered cash balances, including short-term investments, of £13.5m at the 30 June 2024; together with the Group's strong balance sheet this enables us to invest in innovative natural feed additive solutions, expand our sales and distribution channels and pursue complementary acquisition opportunities which may arise. The Board has approved an interim dividend of 3.25 pence per share (H1 2023: 3.20 pence per share), an increase of 2% to the prior period.

The strong first half performance would not have been possible without the efforts of our staff across the globe who have seen their hard work and diligence repaid with sales success across the product range. There is more to achieve, and the team remains focused on implementing the strategy to deliver strong organic growth by offering sustainable and environmentally friendly products which help customers improve their business performance. The Group has made a strong start to the second half, and we are confident of building on this momentum and maintaining it into next year.

Matthew Robinson, Chairman

[1] Adjusted EBITDA represents operating profit for the period of £2.682m (H1 2023: £1.195m) adjusted for: share based payments and associated costs £0.165m (H1 2023: £0.120m); and depreciation and amortisation charges of £0.573m (H1 2023: £0.590m).

Chief Executive Officer’s statement

Overview

Group sales for the six months to 30 June 2024 increased by 11% to £17.0m (H1 2023: £15.3m), delivering the best ever first half-year revenue performance for the Group. This strong performance was due to the general improvement in the environment for global agriculture, some of our business development initiatives coming to fruition and a recovery in volumes of our more price sensitive product groups, such as acid-based eubiotics delivering volume growth of 17% and helped reduce the under-recovery of production overheads experienced in the same period last year.

Asia, Europe and the Middle East and Africa (MEA) segments delivered strong sales growth of 15%, 6% and 94% respectively, with almost all territories in MEA segment showing growth including six not sold to in the same period last year. A good performance in Asia, which accounts for 36% of Group sales, also helped to drive overall performance. Sales in the Americas segment decreased by 19% due to a disappointing performance from the United States (US) with a decrease in sales of 46%, but for this, the rest of the Americas grew its sales and volumes by 6% and 16% respectively.

The recovery in our lower value-add price sensitive products was very welcome as it contributed to increasing gross margins from 43.9% to 47.5%, demonstrating that some of the decline in these product groups was temporary. With our gross margins moving closer to normal levels, gross profit increased by 20% to £8.1m (H1 2023: £6.7m) for the six months to 30 June 2024 compared to the same period last year. Product brands which delivered strong sales performances include Orego-Stim®, Salgard®, Mastercube® and Neutox® delivering sales growth of 15%, 107%, 49% and 55% compared to the same period last year. pHorce® delivered a 27% decrease in sales due to the challenges experienced in the US swine market.

Group product volumes increased by 20% helped by the recovery in lower value-add price sensitive products. This change in product mix meant average selling price per tonne declined by 7%, but average gross profit per tonne remained at the same level, illustrating the extent to which we have been able to retain selling price increases implemented during the past two years to recover raw material price inflation.

The versatility of our Orego-Stim® range continues to drive growth across several species, including in milk replacer products for calves. Our water-soluble version, Orego-Stim Forte®, achieved first commercial sales in aquaculture following proven trials for a range of applications which subsequently led to productivity and performance gains for the farmer. Similarly, our natural pellet binder, Mastercube®, which accounts for 6% of Group sales is increasingly used for several applications from aquaculture through to pet food and is being trialled in a number of new markets, which if successful could present significant growth opportunities.

The resumption in growth in our acid-based eubiotic range which, although tend to be viewed as lower value-add, offer significant benefits and differentiation from competitor products through our unique formulations. The 41% increase in Adjusted EBITDA[1] to £2.7m compared to the same period last year (H1 2023: £1.9m) reflects the difficult decisions taken over the last 24 months to pass on raw material price inflation in selling prices and to reduce our overheads.

The strong start to the second half is very encouraging. We expect shipping and logistics issues to challenge us, and individual territory performance will be variable, affected by local factors. However, our geographic diversity and business development initiatives offer several opportunities to accelerate organic growth in the coming year.

Operational review

Americas

Overall, sales and volumes in this segment declined by 19% and 2% respectively, almost wholly due to a 46% decrease in sales to the United States (US) compared to the same period last year. Margin pressures on US pork producers combined with some customers deciding to reduce purchases of pHorce® led to sales being down by £0.5m for the product. pHorce® continues to receive positive feedback as an anti-viral feed mitigant, especially in relation to porcine reproductive and respiratory syndrome (PRRS). Where used, pHorce® has managed to protect farms from outbreaks of the virus and by supporting the animal’s gut microbiome is viewed as being a highly effective preventative product compared to other solutions. We are working with a large veterinary group who intend to recommend pHorce® to their clients and so we are hopeful of recovering some of the lost volume.

Orego-Stim® also suffered with a similar decline in sales in the US due to a number of customers reducing their orders and, in some cases, switching back to use cheaper antibiotics, which in the long run is not sustainable given the serious consequences of antimicrobial resistance to the world’s population. Orego-Stim® is, however, making solid progress in the young cattle market with several new customers trialling the product supported by local university trials looking at the effect of Orego-Stim® on cryptosporidia and coccidiosis in pre and post weaned calves. The ruminant market in the United States is a significant opportunity for the Group, and we intend to expand our sales resource and network to take advantage.

The rest of the Americas segment delivered sales and volume growth of 6% and 16% respectively compared to the same period last year, with Venezuela being a new territory since the second half of last year, contributing sales of £0.3m during the period. Colombia also delivered a strong performance with sales growth of 45%, helped by continued demand for Optomega® Algae.

Brazil delivered a flat performance during the period due to tough local market conditions in the layer market where oversupply has meant egg producers have lost significant income, resulting in reduced demand for specialty feed additives. The species sector currently performing well in Brazil is swine due to the export deal with China, which has helped to support our business there.

Asia
The segment, which includes Asia Pacific, Australasia and China is our biggest region and delivered sales growth of 15% compared to the same period last year. Asia Pacific performed well growing sales by 26% with strong performances from Malaysia and South Korea with sales growth of 110% and 45% respectively. The agricultural environment has improved in the region with the decline in feed costs leading to better economics for producers compared to the previous two years. This improvement led to strong growth for Orego-Stim®, Mastercube® and our range of acid-based eubiotics, which came under pressure from cheaper locally produced products but are now growing as customers have worked through their high inventory levels from a year ago. Other territories such as the Philippines, Indonesia and Japan experienced modest sales declines due to phasing of orders and a slower recovery from the difficult period last year.

Commercial trials of Orego-Stim® Forte have been successful for a range of applications which have specifically been shown to inhibit the growth of Vibrio species, an aquatic borne bacteria, in the absence of antibiotics. We have achieved initial sales in the region during the period and received strong interest from large aquaculture groups. Sales of our Mastercube® pellet binder increased by 130% as demand for natural and environmentally friendly pellet binders grew for aquafeed purposes where certain export markets restrict the use of harmful alternatives, such as urea formaldehyde, in the food chain.

China sales and volumes grew by 8% and 25% respectively, helped by a good recovery in mycotoxin binder products and a modest increase in sales of Orego-Stim®. Commercial trials are underway with our Optomega® Algae product which, if successful, would commence first sales before the year end. There are clear signs that the pig market is improving in China, which should lead to a positive effect for specialty feed additives as the pressure to remove additives wanes.

Australia, which accounts for around 3% of Group sales, experienced a decrease in sales of 13% and although partly due to phasing of orders, the market is experiencing tougher conditions. We also gained registration approval in New Zealand for Anpro®, our broad-spectrum mycotoxin binder product.

The Middle East, Africa and India
This segment delivered a very strong increase in sales of 94%, with most territories experiencing growth compared to the same period last year. Saudi Arabia grew seven-fold with strong demand for Mastercube® and our mycotoxin binder products. India, Iraq and Turkey increased sales by 42%, 38% and 89% respectively, as focused business development initiatives and the signing of the Indian partnership agreement began to deliver. There were also initial sales to new territories during the period including Algeria and Uzbekistan.

In addition to our phytogenics and pellet and mycotoxin binder range, acid-based eubiotics also recovered with sales growth of 51%. Governments in the Middle East are focused on food security and therefore are supporting local producers with investment to ensure self-sufficiency in the future. The main territory to show a reduction in sales was the United Arab Emirates with sales decreasing 44% following a strong performance for the same period last year.

Europe
Europe delivered sales growth of 6% on flat volumes driven by growth of Orego-Stim®, Mastercube® and Anpro® our mycotoxin binder range. The biggest pullback was in Optomega® Algae, where an increase in the price of the raw material made it uneconomic for use in the end food product. There were strong territory performances from Austria, Czech Republic, Italy and Serbia with sales growth of 99%, 101%, 78% and 139% respectively. Spain suffered with a sales decrease of 31% due to tough conditions experienced by pork producers and a competitive local market for specialty feed additives. We expect overall pork production for 2024 to decline across Europe as forecast by the European Commission.

Our business development activities are helping to broaden our species mix with Mastercube® being used in pet food applications and being tested for wood pellet manufacturing. Increasing our presence in ruminant and aquaculture markets will help our resilience to monogastric markets but will require developing our sales channels to reach the smaller ruminant farmer, which is typical in Northern European countries, where the herd size is much smaller.

The United Kingdom, which accounts for 10% of Group sales, delivered a sales decrease of 3%, primarily due to losing a customer buying one of our acid-based eubiotic products. However, the business was competitively priced and so the impact on overall gross profit is small and was also offset by strong sales growth in Orego-Stim® of 36% in the territory.

The growth in the Europe segment is due to an 8% increase in weighted average selling prices from a combination of product mix and necessary selling price increases implemented last year. Orego-Stim® Plus was also approved for use in organic livestock production by the Research Institute of Organic Agriculture FiBL Germany and Demeter International. Satisfying the rigorous certification process to ensure compliance with EU regulation, the complementary feedstuff is now available for organic producers to help support optimal production. Organic production across Europe continues to grow at 5-8% per year and fast approaching half a million organic producers.

Innovation and development

It is 25 years since Orego-Stim® was developed to help manage intestinal health and support gut integrity for optimum animal performance and is widely acknowledged as the leading phytogenic solution for livestock and aquaculture producers. Its extensive number of natural essential oil compounds means it is effective for numerous applications, some of which we have yet to discover. In recent developments, our approach has been to use the Orego-Stim® oil as the platform to which other plant extracts are combined to target a specific problem. This approach is what enabled our research teams to develop a water-soluble version, Orego-Stim® Forte, which is having significant success for a range of issues in both aquaculture and agriculture applications.

Outlook

The second half has started well with an acceleration in sales and volume growth driven by continued demand for our premium product brands and a recovery in volume in our more price sensitive products as the global agriculture environment improves. As a result, we expect the improvement in profitability to continue. The more positive outlook for producers is stimulating them to increase their use of specialty feed additives and, as our more immediate business development initiatives start to pay off, we look forward to our other initiatives with longer gestation periods contributing to future organic growth.

There are still some challenges to navigate, not least shipping and logistics disruption due to the ongoing Red Sea issues and the potential of a US dock workers strike from the beginning of October. Such actions can have knock-on effects which last longer, but we are making contingency plans and with our geographic diversity and ability to work through such issues we do not currently expect a significant impact on the Group’s performance.

There are three key strands to our strategy: expand and strengthen our global sales channels to be closer to the end customer, grow in other species segments including ruminants, aquaculture and pet to smooth out any disruption affecting monogastric species, and acquire or develop other proven product technology to complement our current range.

The use of antibiotics in the food supply chain must be reduced if we are to curb the spread of drug-resistant ‘superbugs’. Orego-Stim® and other products are already being used to help reduce antibiotic use by controlling enteropathogens and supporting gut health. We therefore believe well researched specialty feed additives will play a crucial role in weaning the world off the overuse of antibiotics. The Group is well placed and has the balance sheet to benefit from this crucial trend both organically and supplemented with complementary corporate opportunities.

Richard Edwards
Chief Executive Officer
11 September 2024

Key performance indicators

Financial

	Note	H1 2024 £000	H1 2023 £000	change	% change
Revenue	3	16,993	15,273	+1,720	+11%
Gross profit		8,071	6,699	+1,372	+20%
Gross margin		47.5%	43.9%	+3.6%	
Adjusted EBITDA	4	2,682	1,905	+777	+41%
Profit before tax		2,084	1,364	+720	+53%
Diluted adjusted earnings per share	6	10.39p	5.66p	+4.73p	+84%
Interim dividend		3.25p	3.20p	+0.05p	+2%
Cash and cash equivalents		13,465	7,298	+6,167	+85%
Net assets		35,449	43,059	-7,610	-18%

Financial review

Revenue and gross profits

Revenue for the period was the highest ever in first-half of the year by the Group, increasing by 11% to £17.0m (H1 2023: £15.3m). The performance was particularly strong in MEA, with revenue up 94% over the prior period. Growth was also seen in the Asia and European segments. Comparatively, the regions that were demonstrating good growth last year, USA and Australasia, are now experiencing weaker performance. This continues to show the importance of our wide-ranging geographic diversity for overall performance of the Group. Detailed commentary on the performance of the operating segments is available in the Chief Executive Officer's Statement.

Volumes increased by 20% in the period, with growth seen across almost all product classes in the Group's portfolio of feed additives. Orego-stim® continued to be the largest contributor to increased revenue. In addition to which, there was also a good recovery across a range of higher-volume product classes that had suffered last year such as pellet binders and acid-based eubiotics.

The recovery in some of the higher-volume, though lower-sales contribution, product classes led to a reduction in the average selling price per tonne of 7%, however, the gross profit per tonne remained the same as last year. The higher sales volumes, combined with a continued focus on efficiency across the largely fixed and semi-fixed cost of production, enabled a reduction in the manufacturing cost per tonne.

Raw material costs were lower compared with the prior period as purchase prices have reduced through H2 2023 and into the start of 2024. There are still several inputs which remain at historically elevated prices, and there are several materials that have experienced spikes in cost, due to various factors including higher shipping costs. However, the overall cost base has generally stabilised. We continue to closely monitor raw material price increases and our selling price strategy.

Combined, the production efficiencies from higher volumes, lower input costs and some selective selling price increases, have led to an improvement in gross margins to 47.5% (H1 2023: 43.9%).

Administrative expenses

Administrative expenses were 11% higher at £6.1m (H1 2023: £5.5m). This highlights the importance of the redundancy and restructuring exercise conducted last year to right-size the operations of the Group for the current levels of performance. As a result, we were able to reduce establishment costs across the group by 12%. This process also unfortunately required a reduction in headcount, which reduced employment costs by 10%.

Certain costs have increased over last year, such as legal and professional expenses and marketing. The increase in marketing costs, focused on a number of H1 2024 initiatives and specific-projects to both stimulate sales growth and a continued launch of new products and applications such as Orego-Stim® Forte and Mastercube®. This has proven to be successful as we have seen a broad recovery in performance across the product range and notable growth in those key marketing focus areas.

Other factors increasing administrative expenses, included a higher level of foreign exchange loss for the period and a lower level of staff capitalisation related to R&D projects. Anpario continues to work on several new product and product-application initiatives, but these are at a lower levels than in prior periods, reducing the credit to administrative costs.

Taxation

The effective tax rate for the period was 17.9% (H1 2023: 10.6%). Last year's charge was lower due to a beneficial deferred tax movement, excluding which the effective tax rate was principally the same across both periods. Anpario benefits from R&D tax allowances due to the development work related to new products and applications. As well as the application of the Patent Box scheme which allows companies to apply a lower rate of corporation tax to profits attributable to qualifying patents.

Tender offer

In July 2023, Anpario completed a £9.0m Tender Offer to purchase its own shares at a price of 225p per ordinary share. Following the conclusion of the Tender Offer, the 4,000,000 shares repurchased, together with a further 440,388 shares that were already held in Treasury were subsequently cancelled.

The lower time-weighted average shares in issue resulting from the tender offer only affected the second half of 2023, and no impact on the first half, whereas the current year has the full-benefit of the reduction in shares for the earnings per share calculation.

Profitability and earnings per share

Adjusted EBITDA[1] for the period increased by 41% to £2.7m (H1 2023: £1.9m) and profit before tax increased by 53% to £2.1m (H1 2023: £1.4m).

Benefitting from the reduced number of shares as a result of the tender offer, the increased profit performance and, despite the higher tax charge for the period, basic earnings per share increased by 74% to 10.27p (H1 2023: 5.91p) and diluted adjusted earnings per share increased by 84% to 10.39p (H1 2023: 5.66p).

Cash flow

Operating cash flows before changes in working capital were 59% higher in the period at £2.6m (H1 2023: £1.6m), principally as a result of the increased level of operating profit at £1.9m (H1 2023: £1.2m). There was a further release of working capital in the period of £0.5m (H1 2023: £0.9m). This was mainly due to a reduction in raw material inventory holdings of £0.7m. Trade and other payables increased by £0.2m. Offsetting these movements was an increase in trade and other receivables of £0.4m, due to the increased level of sales. Combined, these factors led to an increase in cash generated by operations of 22% during the period to £3.1m (H1 2023: £2.6m).

Capital expenditure in the period was £0.2m (H1 2023: £0.5m), with a fall in both tangible and intangible asset purchases. As previously highlighted, the plant automation programme that began in 2016 has largely concluded, reducing the current required level of plant and machinery investment.

Net cash from financing activities reduced from an outflow of £9.1m in H1 2023 to a nominal amount in the current period. The prior period outflow relates to the transfer of funds into escrow in June 2023 for the Tender Offer.

Overall, total cash, cash equivalents and short-term investments increased by £2.8m to £13.5m (31 December 2023: £10.6m).

Dividend

The Board has approved an interim dividend of 3.25 pence per share (H1 2023: 3.20 pence per share), an increase of 2% compared to the prior period. This dividend, payable on 29 November 2024 to shareholders on the register on 15 November 2024 (ex-dividend date is 14 November 2024), reflects the Board's continued confidence in the Group and its ability to generate cash.

Marc Wilson
Group Finance Director
11 September 2024

Consolidated statement of comprehensive income

for the six months ended 30 June 2024

	Note	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Revenue	3	**16,993**	**15,273**	**30,998**
Cost of sales		(8,922)	(8,574)	(17,040)
Gross profit		**8,071**	**6,699**	**13,958**
Administrative expenses		(6,127)	(5,504)	(11,435)
Operating profit		**1,944**	**1,195**	**2,523**
Depreciation and amortisation		573	590	1,237
Adjusting items	4	165	120	703
Adjusted EBITDA	4	**2,682**	**1,905**	**4,463**
Net finance income	5	140	169	230
Profit before tax		**2,084**	**1,364**	**2,753**
Income tax		(372)	(144)	(225)
Profit for the period		**1,712**	**1,220**	**2,528**
Items that may be subsequently reclassified to profit or loss:				
Exchange difference on translating foreign operations		(146)	(185)	(221)
Cashflow hedge movements (net of deferred tax)		93	477	722
Total comprehensive income for the period		**1,659**	**1,512**	**3,029**
Basic earnings per share	6	10.27p	5.91p	13.51p
Diluted earnings per share	6	10.21p	5.88p	13.45p
Adjusted earnings per share	6	10.46p	5.68p	15.37p
Diluted adjusted earnings per share	6	10.39p	5.66p	15.31p

Consolidated statement of financial position

As at 30 June 2024

	Note	as at 30 June 2024 £000	as at 30 June 2023 £000	as at 31 December 2023 £000
Intangible assets	7	10,485	11,390	10,637
Property, plant and equipment	8	4,439	4,827	4,626
Right of use assets	9	70	107	76
Deferred tax assets		513	736	537
Derivative financial instruments		189	233	253
Non-current assets		**15,696**	**17,293**	**16,129**
Inventories	10	5,536	7,535	6,348
Trade and other receivables	11	7,056	7,042	6,815
Tender offer funds held in escrow		-	9,144	-
Derivative financial instruments		71	5	67
Current income tax assets		-	-	186
Short-term investments		-	143	110
Cash and cash equivalents		13,465	7,155	10,539
Cash, cash equivalents and short-term investments		13,465	7,298	10,649
Current assets		**26,128**	**31,024**	**24,065**
Total assets		**41,824**	**48,317**	**40,194**
Lease liabilities		(40)	(75)	(46)
Derivative financial instruments		(49)	(562)	(46)
Deferred tax liabilities		(2,035)	(1,701)	(1,762)
Non-current liabilities		**(2,124)**	**(2,338)**	**(1,854)**
Trade and other payables	12	(4,022)	(2,683)	(4,046)
Lease liabilities		(34)	(34)	(33)
Derivative financial instruments		(156)	(102)	(377)
Current income tax liabilities		(39)	(101)	(235)
Current liabilities		**(4,251)**	**(2,920)**	**(4,691)**
Total liabilities		**(6,375)**	**(5,258)**	**(6,545)**
Net assets		**35,449**	**43,059**	**33,649**
Share capital		4,672	5,636	4,615
Share premium		15,646	15,040	15,047
Capital redemption reserve		1,021	-	1,021
Other reserves		(9,145)	(10,051)	(8,577)
Retained earnings		23,255	32,434	21,543
Total equity		**35,449**	**43,059**	**33,649**

Consolidated statement of changes in equity

for the six months ended 30 June 2024

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 Jan 2023	**5,624**	**14,934**	**-**	**(10,461)**	**31,214**	**41,311**
Profit for the period	-	-	-	-	1,220	1,220
Currency translation differences	-	-	-	(185)	-	(185)
Cash flow hedge reserve	-	-	-	477	-	477
Total comprehensive income for the period	-	-	-	292	1,220	1,512
Issue of share capital	12	106	-	-	-	118
Share-based payment adjustments	-	-	-	110	-	110
Deferred tax regarding share–based payments	-	-	-	8	-	8
Transactions with owners	12	106	-	118	-	236
Balance at 30 Jun 2023	**5,636**	**15,040**	**-**	**(10,051)**	**32,434**	**43,059**
Profit for the period	-	-	-	-	1,308	1,308
Currency translation differences	-	-	-	(36)	-	(36)
Cash flow hedge reserve	-	-	-	245	-	245
Total comprehensive income for the period	-	-	-	209	1,308	1,517
Issue of share capital	-	7	-	-	-	7
Purchase and Cancellation of Tender Offer shares	(920)	-	920	-	(9,248)	(9,248)
Cancellation of treasury shares	(101)	-	101	1,189	(1,189)	-
Share-based payment adjustments	-	-	-	174	-	174
Deferred tax regarding share–based payments	-	-	-	(98)	-	(98)
Final dividend relating to 2022	-	-	-	-	(1,228)	(1,228)
Interim dividend relating to 2023	-	-	-	-	(534)	(534)
Transactions with owners	(1,021)	7	1,021	1,265	(12,199)	(10,927)
Balance at 31 Dec 2023	**4,615**	**15,047**	**1,021**	**(8,577)**	**21,543**	**33,649**
Profit for the period	-	-	-	-	1,712	1,712
Currency translation differences	-	-	-	(146)	-	(146)
Cash flow hedge reserve	-	-	-	93	-	93
Total comprehensive income for the year	-	-	-	(53)	1,712	1,659
Issue of share capital	57	599	-	-	-	656
Joint-share ownership plan	-	-	-	(656)	-	(656)
Share-based payment adjustments	-	-	-	141	-	141
Transactions with owners	57	599	-	(515)	-	141
Balance at 30 Jun 2024	**4,672**	**15,646**	**1,021**	**(9,145)**	**23,255**	**35,449**

Consolidated statement of cash flows

for the six months ended 30 June 2023

	Note	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Operating profit for the period		1,944	1,195	2,523
Depreciation, amortisation and impairment	4	573	590	1,237
Loss on disposal of intangible assets	7	-	-	541
Loss on disposal of property, plant and equipment	8	1	-	11
Share-based payments		141	110	284
Fair value adjustment to derivatives		(33)	(246)	(243)
Operating cash flows before changes in working capital		**2,625**	**1,649**	**4,353**
Decrease/(increase) in inventories		669	2,098	3,277
(Increase)/decrease in trade and other receivables		(384)	(193)	163
Increase/(decrease) in trade and other payables		232	(969)	267
Changes in working capital		**517**	**936**	**3,707**
Cash generated by operations		**3,142**	**2,585**	**8,060**
Income tax (paid)/refunded		(107)	688	635
Net cash from operating activities		**3,035**	**3,273**	**8,695**
Purchases of property, plant and equipment	8	(68)	(220)	(277)
Payments to acquire intangible assets	7	(135)	(313)	(466)
Interest received	5	142	172	236
Movement in short-term investments		110	1,685	1,718
Net cash used in investing activities		**49**	**1,324**	**1,211**
Funds placed in escrow for tender offer		-	(9,144)	-
Purchase of shares through Tender Offer		-	-	(9,248)
Joint share ownership plan		(656)	-	-
Proceeds from issuance of shares		656	118	125
Cash payments in relation to lease liabilities		(33)	(35)	(69)
Operating lease interest paid	5	(2)	(3)	(6)
Dividend paid to Company's shareholders		-	-	(1,762)
Net cash from financing activities		**(35)**	**(9,064)**	**(10,960)**
Net (decrease)/increase in cash and cash equivalents		**3,049**	**(4,467)**	**(1,054)**
Effect of exchange rate changes		(123)	(117)	(146)
Cash and cash equivalents at the beginning of the period		10,539	11,739	11,739
Cash and cash equivalents at the end of the period		**13,465**	**7,155**	**10,539**

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.

2. Basis of preparation

The unaudited consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 30 June 2024.

The Group has presented its financial statements in accordance with UK adopted International Financial Reporting Standards ("IFRSs").

Full details on the basis of the accounting policies used are set out in the Group's financial statements for the year ended 31 December 2023, which are available on the Company's website at www.anpario.com. There are not expected to be any changes to the accounting policies and the same policies are expected to be applicable for the year ended 31 December 2024.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors on 20 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated interim financial information for the period ended 30 June 2024 is neither audited nor reviewed.

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. Inter-segment revenue is charged at prevailing market prices or in accordance with local transfer pricing regulations.

for the six months ended 30 Jun 2024	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
Total segmental revenue	3,837	6,134	7,563	3,330	-	20,864
Inter-segment revenue	-	-	(3,871)	-	-	(3,871)
Revenue from external customers	**3,837**	**6,134**	**3,692**	**3,330**	**-**	**16,993**
Depreciation and amortisation	(2)	(24)	(5)	(2)	(540)	(573)
Net finance income	-	1	-	-	139	140
Profit before tax	**760**	**1,316**	**1,374**	**1,235**	**(2,601)**	**2,084**

for the six months ended 30 Jun 2023	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
Total segmental revenue	4,709	5,356	7,126	1,713	-	18,904
Inter-segment revenue	-	-	(3,631)	-	-	(3,631)
Revenue from external customers	4,709	5,356	3,495	1,713	-	15,273
Depreciation and amortisation	(2)	(25)	(7)	(2)	(554)	(590)
Net finance income	-	-	-	-	169	169
Profit before tax	1,226	1,323	1,136	514	(2,835)	1,364

for the year ended 31 Dec 2023	Americas £000	Asia £000	Europe £000	MEA £000	Head Office £000	Total £000
Total segmental revenue	9,057	11,367	13,832	3,872	-	38,128
Inter-segment revenue	-	-	(7,130)	-	-	(7,130)
Revenue from external customers	9,057	11,367	6,702	3,872	-	30,998
Depreciation and amortisation	(3)	(75)	(13)	(4)	(1,142)	(1,237)
Net finance income	-	(2)	-	1	231	230
Profit before tax	1,763	2,788	2,263	1,359	(5,420)	2,753

4. 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.

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Operating profit	**1,944**	**1,195**	**2,523**
R&D Impairment	-	-	399
Share-based payments	165	120	304
Total adjustments	**165**	**120**	**703**
Adjusted operating profit	**2,109**	**1,315**	**3,226**
Depreciation and amortisation	573	590	1,237
Adjusted EBITDA	**2,682**	**1,905**	**4,463**

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Adjusted operating profit	**2,109**	**1,315**	**3,226**
Income tax expense	(372)	(144)	(225)
Income tax impact of adjustments	6	2	5
Impact of prior year Patent Box tax reduction	-	-	(130)
Adjusted profit after tax	**1,743**	**1,173**	**2,876**

5. Net finance income

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Interest receivable on short-term bank deposits	142	172	236
Finance income	**142**	**172**	**236**
Lease interest paid	(2)	(3)	(6)
Finance costs	**(2)**	**(3)**	**(6)**
Net finance income	**140**	**169**	**230**

6. 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 earnings per share is based on the following data:

	Note	six months to 30 June 2024	six months to 30 June 2023	year ended 31 December 2023
Basic weighted average number of shares		**16,663,131**	**20,648,766**	**18,716,282**
Number of dilutive potential shares		105,039	90,890	73,034
Diluted weighted average number of shares		**16,768,170**	**20,739,656**	**18,789,316**
Profit for the period attributable to owners of the Parent (£000's)		1,712	1,220	2,528
Basic earnings per share		**10.27p**	**5.91p**	**13.51p**
Diluted earnings per share		**10.21p**	**5.88p**	**13.45p**
Adjusted profit for the period attributable to owners of the Parent (£000's)	4	1,743	1,173	2,876
Adjusted earnings per share		**10.46p**	**5.68p**	**15.37p**
Diluted adjusted earnings per share		**10.39p**	**5.66p**	**15.31p**

7. Intangible assets

	Goodwill £000	Brands and developed products £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Software and Licenses £000	Total £000
Cost							
As at 1 January 2024	5,960	5,345	786	1,026	485	925	14,527
Additions	-	-	-	26	97	12	135
Disposals	-	-	-	(84)	-	(6)	(90)
Foreign exchange	-	-	-	(1)	-	-	(1)
As at 30 June 2024	**5,960**	**5,345**	**786**	**967**	**582**	**931**	**14,571**
Accumulated amortisation							
As at 1 January 2024	-	1,680	755	581	-	874	3,890
Charge for the year	-	183	4	77	-	22	286
Disposals	-	-	-	(84)	-	(6)	(90)
As at 30 June 2024	**-**	**1,863**	**759**	**574**	**-**	**890**	**4,086**
Net book value							
As at 1 January 2024	5,960	3,665	31	445	485	51	10,637
As at 30 June 2024	**5,960**	**3,482**	**27**	**393**	**582**	**41**	**10,485**

8. Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 January 2024	2,253	5,243	375	7,871
Additions	-	32	36	68
Disposals	-	-	(16)	(16)
Foreign exchange	-	-	(2)	(2)
As at 30 June 2024	**2,253**	**5,275**	**393**	**7,921**
Accumulated depreciation				
As at 1 January 2024	401	2,536	308	3,245
Charge for the year	25	213	16	254
Disposals	-	-	(15)	(15)
Foreign exchange	-	-	(2)	(2)
As at 30 June 2024	**426**	**2,749**	**307**	**3,482**
Net book value				
As at 1 January 2024	1,852	2,707	67	4,626
As at 30 June 2024	**1,827**	**2,526**	**86**	**4,439**

9. Right-of-use assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1 January 2024	364	34	3	401
Modification to lease terms	28	-	-	28
Foreign exchange	(10)	-	-	(10)
As at 30 June 2024	**382**	**34**	**3**	**419**
Accumulated depreciation				
As at 1 January 2024	314	8	3	325
Charge for the year	30	3	-	33
Foreign exchange	(9)	-	-	(9)
As at 30 June 2024	**335**	**11**	**3**	**349**
Net book value				
As at 1 January 2024	50	26	-	76
As at 30 June 2024	**47**	**23**	**-**	**70**

10. Inventories

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Raw materials and consumables	2,346	3,476	3,064
Finished goods and goods for resale	3,190	4,059	3,284
Inventory	**5,536**	**7,535**	**6,348**

11. Trade and other receivables

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Trade receivables - gross	**6,444**	**6,585**	**5,973**
Less: expected credit losses	(385)	(260)	(357)
Trade receivables - net	**6,059**	**6,325**	**5,616**
Taxes	595	362	475
Other receivables	49	73	74
Prepayments	353	282	650
Total trade and other receivables	**7,056**	**7,042**	**6,815**

12. Trade and other payables

	six months to 30 June 2024 £000	six months to 30 June 2023 £000	year ended 31 December 2023 £000
Trade payables	1,848	1,274	2,033
Taxes and social security costs	89	148	132
Other payables	87	104	104
Accruals	1,998	1,157	1,777
Trade and other payables	**4,022**	**2,683**	**4,046**

13. Interim results

Copies of this notice are available to the public from the registered office at Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS, and on the Company's website at www.anpario.com.