

## Strategic Report

Dechra is a global specialist veterinary pharmaceuticals and related products business. Our expertise is in the development, manufacture and sales of high quality products for veterinarians worldwide. Our Purpose is the sustainable improvement of global animal health and welfare.

Dechra Topco Limited (the Company) is an investment holding company incorporated on the 9 May 2023 initially as Freya Topco Limited (renamed on 13 March 2024). The Company was incorporated as part of the structuring for the acquisition of the Dechra Pharmaceuticals Limited Group (previously Dechra Pharmaceuticals PLC).

On 16 January 2024, Dechra Pharmaceuticals Holdings Limited a subsidiary of Dechra Topco Limited, acquired the Dechra Pharmaceuticals Limited Group for £4,436.6 million.

The Dechra Topco Limited Group continues to operate with the same strategy, business model and reporting segments previously adopted by the Dechra Pharmaceuticals PLC Group. The Annual Report and Financial Statements reflects the performance of the Group from 9 May 2023 to 30 June 2024, including the acquired Dechra Pharmaceuticals Limited Group for the period 16 January 2024 to 30 June 2024. The performance figures in the S172 Statement, Climate-Related Disclosure and Streamlined Energy and Carbon Reporting (SECR) disclosures provided for the Dechra Topco Limited Group cover the period 1 July 2023 to 30 June 2024 for ease of comparison and calculation.

### Principal Activities

As of 30 June 2024, we had eight manufacturing sites, our own sales and marketing teams in 27 countries and market our products in 62 other countries through distributors. Post year end, we closed the manufacturing facility in Melbourne, Florida.

### Our Structure

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#### Support Functions

##### Corporate

##### Number of Employees 97

81% of Corporate employees are located in the UK, with the majority in the Northwich office. Corporate includes Group Finance, Company Secretarial, Compliance and Legal, Group HR, Sustainability, Group IT and Digital.

##### Product Development and Regulatory Affairs (PDRA)

##### Number of Employees 258

Develops Dechra's own branded veterinary product portfolio of novel, generic and generic plus pharmaceuticals. It obtains licences for our products, manages post approval adverse event reporting, periodic product renewals and other activities required to maintain the product licences in every country that we operate.

Laboratories are located in UK, Netherlands and Croatia with teams also located in Australia, Brazil and US.

##### Dechra Manufacturing and Supply (DM&S)

##### Number of Employees 981

Manufactures and supplies Dechra's product range efficiently and to the highest quality standards maintaining a reliable supply chain. Approximately 50% of Dechra's pharmaceuticals are produced within our eight manufacturing sites with the remaining 50% managed through external supply relationships.

In Europe, our manufacturing sites are located in Skipton, UK, Bladel, the Netherlands and Zagreb, Croatia. We also have three sites in the United States with facilities in Fort Worth, Melbourne and Pomona, and a further two sites located in Brazil and Australia.

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## Revenue Generating Divisions

Dechra Europe	Dechra International	Dechra NA
<b>46.6% of Revenue</b>	<b>11.7% of Revenue</b>	<b>41.7% of Revenue</b>
<b>Number of Employees 596</b>	<b>Number of Employees 421</b>	<b>Number of Employees 316</b>
Markets and sells Dechra's products in 19 countries via our own legal entities and via two distributors. It has sales teams in Austria, Belgium, Bosnia-Herzegovina, Croatia, Denmark, Finland, France, Ireland, Italy, Germany, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, UK.	Markets and sells Dechra's veterinary products in Australia, New Zealand, Serbia, South Korea and Brazil through our own legal entities and via distributors to 66 countries worldwide (including Eastern Europe). Dechra ANZ manufactures, markets and sells branded non-proprietary prescription and other related companion animal products. Dechra Brazil predominately manufactures, markets and sells vaccines in Brazil, other South American markets and some Asian countries.	Markets and sells Dechra's veterinary products in Canada, Mexico and the US via our own legal entities and via six distributors to other countries in Central America.
Products are sold across all key categories of CAP, Equine and FAP. Dechra EU also markets a range of specialist, therapeutic pet diets, branded Specific®.	The products sold by Dechra International vary significantly by country, largely due to the different rates at which the CAP market is developing in each territory.	Dechra US predominantly markets CAP and Equine medicines. Following the acquisition of Med-Pharmex in August 2022, it also now sells a small range of FAP products. Dechra Canada and Dechra Mexico both market CAP and Equine medicines, whilst the latter also sells FAP and exports to Central America countries.
The major geographies are France, Germany, the Netherlands and UK.	The major geographies are Australia, New Zealand, Brazil and South Korea.	The major geographies are Canada, Mexico and US.

We have a broad range of products that treat a selection of animals:

**Companion Animals:** Our broad portfolio serves specialist therapy areas and is predominantly prescription only medicines rather than 'blockbuster' vaccines or regular healthcare treatments. As such, our portfolio is largely non-discretionary in nature and benefits from a high degree of novelty. Our focus therapeutic areas are Anaesthesia and Analgesia, Dermatology, Endocrinology, Internal Medicine and Cardiovascular.

We offer a specialist range of pet food for dogs and cats under our Specific® brand, providing high quality nutrition to support many of the therapeutic conditions treated by our pharmaceuticals.

**Food Producing Animals:** Our focus is on water soluble antibiotics and vaccines, both of which help to maintain productivity of food producing animals globally in the face of a rising world population. We also play a prominent role in looking to develop products aimed at improving animal welfare and husbandry.

**Equine:** The equine market is relatively small and serviced by very few animal health companies. Dechra's specialism in lameness and pain management for horses and ponies allows us to be a leading brand within equine pharmaceuticals and we offer a range of highly efficacious products to support the equine veterinarian.

### Market Overview

The core animal health market, covering pharmaceuticals, vaccines and diagnostics, was estimated by Stonehaven Consulting Group to be worth approximately \$39.5bn in 2023. Within this overall market, there is a weighting of approximately 54% relating to companion animals (dogs, cats and horses), with the remaining 46% represented by farm animals (cattle, sheep & goats, pigs and poultry).

Geographically, the United States is the largest animal health market in the world, representing almost 40%. Both the US and Europe have well developed farm and companion animal markets, while there is a large and diverse international market comprised of countries with varying degrees of maturity.

Over the past 25 years, the global animal health market has seen a series of 'mega mergers', with the top four companies now representing over half of the market. Beyond this concentration of large players the market is fragmented, with a long tail of smaller sized companies typically operating in specific product segments, countries and/or species. Dechra is positioned within the top ten animal health companies, without any 'blockbuster' products but with a strong expertise in certain therapeutic areas.

The growth of the companion animal segment is forecast to outpace that of farm animals due to factors such as increasing pet populations, humanisation of pets among owners, improved diagnosis and treatment by veterinarians and greater innovation leading to increased choice of treatment.

## Business Model

### We Operate Across the Entire Animal Health Value Chain

Our objectives are to innovate, develop, register, manufacture, supply and market high quality products to the veterinary profession worldwide. We also offer high levels of service, technical support and educational training to promote the Dechra brand and to develop a strong relationship with, and be recognised as an important partner to, veterinarians worldwide.

### Our Key Activities

Innovate, Develop and Register	Manufacture and Supply	Route to Market
<p><b>Our development pipeline is spread across novel entities, differentiated generics, generics and lifecycle management projects in all species.</b></p> <p><b>How Ideas are Generated:</b></p> <ul style="list-style-type: none"> <li>regular cross functional meetings where all senior staff are encouraged to bring new ideas from their experience in the marketplace.</li> <li>networking with key opinion leaders, especially in our focus therapeutic areas, to identify and develop ideas.</li> <li>our talented veterinary scientists extensively screen scientific papers looking for new human medicine-related technologies that might have an application in animal health.</li> </ul> <p><b>Innovative Products that Treat a Range of Conditions</b></p> <p>A number of our key products are novel or have clear advantages over competitor products. This allows veterinarians to offer a high standard of care to animals that they treat and positions Dechra as a market leader within our chosen therapeutic areas.</p> <p><b>In-house Product Development vs External Partnership</b></p> <p>Our R&amp;D laboratories are located at our manufacturing sites, allowing us to emulate the manufacturing processes and making the in-house R&amp;D cycle more effective. In addition, we also pursue opportunities to partner with select third parties to develop new products in areas where we do not necessarily have the required expertise.</p> <p><b>Global Registration Process</b></p> <p>Once all the studies are concluded, if the product reaches the required safety, efficacy and stable chemical formula, regulatory dossiers are prepared for registration and filing with the relevant regulatory authorities. This is an ongoing process in territories where we already hold marketing authorisations and also new international markets we are looking to enter.</p>	<p><b>The principal objective of our Manufacturing &amp; Supply division is to deliver safe, efficacious, cost effective, high quality products on time and in full every time. Batch runs for veterinary medicines are often relatively small compared to human medicines, making manufacturing a key competency of the Group and an important barrier to entry.</b></p> <p><b>Our Range of Competencies</b></p> <p>We have a wide range of competencies across our eight manufacturing sites including tablets, creams, liquids, ointments, powders, vaccines and sterile injections that can be packed in a multitude of different presentations.</p> <p><b>In-house vs Third Party Manufacturing</b></p> <p>We currently manufacture around 50% of our products in-house. To complement our in-house production, we also have a network of third party Contract Manufacturing Organisations (CMOs). This network is utilised where there are competencies and dosage forms that we do not have, or where we have long term agreements that prevent in-house manufacturing of some products, making it an important part of our business model.</p> <p><b>An International Supply Chain</b></p> <p>Our European and International markets are serviced from our own logistics facilities based in Uldum, Denmark, and Somersby, Australia. North America and Brazil are supplied out of third party logistics providers.</p>	<p><b>Our products are distributed from our major logistics sites via wholesalers, distributors or direct supply.</b></p> <p><b>Specialised Veterinary Wholesalers</b></p> <p>The majority of veterinary practices worldwide are supplied through specialised veterinary wholesalers that operate as one-stop shops. They stock the majority of items veterinary practices need such as pharmaceuticals, equipment and consumables, and offer high levels of service, often with a next day delivery. These wholesalers are generally passive in selling product; they predominantly supply to demand where the demand is driven by Dechra's own sales activities within veterinary practices. As such, although our customer is the veterinarian, in most major markets it is the wholesaler who we actually generate direct revenue from.</p> <p><b>International Distribution Partners</b></p> <p>We have a presence in 62 countries where we do not have our own sales and marketing organisation and instead sell through international distribution partners. This network provides a valuable entry point to emerging markets where we look to establish a presence.</p> <p><b>Country Specific Exceptions</b></p> <p>There are a few markets, such as Germany and the Netherlands, that are not fully supported by veterinary wholesalers and where we therefore offer direct supply. There are also some instances where legislation enforces all pharmaceuticals to be sold through pharmacies, such as Denmark, Italy, Norway and Sweden.</p> <p><b>Online Retail</b></p> <p>There is an increasing trend of pet owners purchasing pharmaceuticals online. In response to this, we have recently made some of our products available to purchase online via Amazon and continue to explore future ecommerce opportunities.</p>

## Our Key Activities

Customers	Sales and Marketing		
<p><b>Our customers are veterinary professionals operating in veterinary practices and major farming units. Our products and sales and marketing activities are mainly targeted at veterinary professionals and is why the Dechra brand is deliberately positioned as ‘The Veterinary Perspective’.</b></p>	<p><b>Our relationship with veterinarians is crucial and, to this end, we provide added value services to complement our broad product portfolio. Our customer channels involve our telephone sales representatives, field based representatives, educational programmes and technical support programmes.</b></p>		
<p>The majority of veterinarians prescribe and dispense pharmaceuticals, although there are a few territories in the world where the veterinarian writes a prescription, and the drugs are purchased by the animal owner at a pharmacy.</p> <p>The majority of our products are prescription only medicines (POMs). Our product range includes novel, generic-plus (or differentiated generic) and generic products in key therapeutic areas, in particular endocrinology, dermatology and anaesthesia and analgesia. We also have a range of complementary non-prescription products.</p> <p>Most veterinary practices tend to specialise in either companion animals or food producing animals; however, there are numerous practices that are classified as mixed and service all species. There is also an increasing number of specialist equine practices and referral hospitals.</p> <p>The veterinary profession continues to see a degree of consolidation as large corporate groups are increasing their share of companion animal practices. This has been a well-established trend within the UK but is also being seen in other developed markets such as the US and Western Europe, albeit from a relatively fragmented starting position. As such, our relationships with these corporate groups are becoming increasingly important and we continue to increase our focus through experienced key account managers and technical support services.</p>	<table border="0"> <tr> <td data-bbox="606 414 1069 862"> <p><b>Sales Representatives</b></p> <p>Dechra operates its own sales force and provides in-house marketing and technical support in 27 countries, predominantly in Europe, North America, Brazil and ANZ. In all of these countries we have highly skilled field based representatives who make regular calls to all major veterinary practices. The representatives’ brief is to sell the product on a technical basis, outlining the beneficial aspects of our products and to provide educational support on how best to treat animals in our key therapeutic areas.</p> <p><b>Customer Support</b></p> <p>We also provide high levels of technical support and pharmacovigilance through helplines in every country in which we operate. These helplines provide veterinarians with support on how to best use our products and free advice on any difficult or complex cases that may be encountered.</p> </td><td data-bbox="1069 414 1489 1556"> <p><b>Educational and Training Programmes</b></p> <p>We offer high level educational programmes focused on the diagnosis and treatment of conditions in our key therapeutic areas. We deliver this education through many channels, including major conferences, regional groups, individual practices and increasingly through digital channels.</p> <p>We help to improve the knowledge and education of veterinarians. These programmes are certified to offer veterinarians and veterinary nurses the continuing professional development hours they require to maintain their professional qualification.</p> </td></tr> </table>	<p><b>Sales Representatives</b></p> <p>Dechra operates its own sales force and provides in-house marketing and technical support in 27 countries, predominantly in Europe, North America, Brazil and ANZ. In all of these countries we have highly skilled field based representatives who make regular calls to all major veterinary practices. The representatives’ brief is to sell the product on a technical basis, outlining the beneficial aspects of our products and to provide educational support on how best to treat animals in our key therapeutic areas.</p> <p><b>Customer Support</b></p> <p>We also provide high levels of technical support and pharmacovigilance through helplines in every country in which we operate. These helplines provide veterinarians with support on how to best use our products and free advice on any difficult or complex cases that may be encountered.</p>	<p><b>Educational and Training Programmes</b></p> <p>We offer high level educational programmes focused on the diagnosis and treatment of conditions in our key therapeutic areas. We deliver this education through many channels, including major conferences, regional groups, individual practices and increasingly through digital channels.</p> <p>We help to improve the knowledge and education of veterinarians. These programmes are certified to offer veterinarians and veterinary nurses the continuing professional development hours they require to maintain their professional qualification.</p>
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## Business Review

### Introduction

The business delivered a robust performance in light of challenging macroeconomic factors such as high inflation and cost of living pressures, and unpredictable trading patterns within animal health. It continues to make long term investments to support future growth. In the following commentary, no comparative information is disclosed given this in the first period of consolidated financial statements.

### European Pharmaceuticals

Revenue in the European (EU) Pharmaceutical segment was £172.1 million, representing 46.6% of Group revenue in the period. Performance in key markets such as UK, Germany and France was robust, whilst smaller markets such as Italy and Poland performed strongly. At category level, sales continue to be driven by Companion Animal Products (CAP), although Food producing animal Products (FAP), Equine and Nutrition all contributed to varying extents in different countries based on local market dynamics.

### North American Pharmaceuticals

The North American (NA) segment, including the US, Canada and Mexico, reported revenue in the period of £154.0 million or 41.7% of Group revenue. Performance in the core US market was challenging, with novel products in the portfolio performing well but a number of generic products seeing strong competition from private label competitors. At category level, sales in NA are heavily weighted towards CAP.

### International Pharmaceuticals

The International division is smaller than EU and NA, being 11.7% of Group revenue at £43.0 million. Dechra has its own sales and marketing entity in Australia, New Zealand, Brazil and South Korea, with these four countries representing 68% of International revenue. The remaining revenue is derived from a large number of smaller countries, served via local distribution partners. Although revenue in the International division is still slightly weighted towards CAP, there is a far stronger contribution from FAP compared to EU and NA.

### Product category

At Group level, CAP remains the most significant part of the business, representing 73.7% of revenue in the period. FAP represented 10.8%, while Equine and Nutrition are smaller parts of the business contributing 8.5% and 6.1% respectively. There is also a very small contribution from third party contract manufacturing revenue generated from the facility in Zagreb.

### Strategic growth drivers

*Portfolio focus:* Dechra has a very broad portfolio covering CAP, FAP, Equine and Nutrition, providing veterinarians with novel, differentiated generic and generic products. The product mix differs considerably between the various countries in which we operate as a consequence of the maturity of our operations and the underlying market dynamics, such as the pace at which the companion animal market is developing.

*Geographical expansion:* By the financial year end, Dechra had sold into a total of 89 countries, 27 of which were via our own sales and marketing entities. On an ongoing basis, the business evaluates opportunities to expand into new countries, register new products in countries where we already have a presence, or transition a particular country from a distributor-based model to our own in-house team.

*Pipeline delivery:* In the period under review, the business invested £30.8 million into R&D, representing 8.3% of Group revenue. The pipeline of projects being worked on by the product development teams around the world continue to be monitored and prioritised based on detailed review processes. As of 30 June 2024, there were a total of 34 projects in the pipeline, with 8 in feasibility, 7 having entered the research phase, 10 in development and 9 going through the registration process.

*Acquisition:* In April 2024, Dechra completed the acquisition of STEM Animal Health, a business dedicated to treating dental biofilm-related diseases in animals. This acquisition secured the Vetrudent range of products in North America, plus ownership of the bluestem™ product line, a leading dental pet retail brand in Canada, sold via e-commerce and retail platforms.

On 3 September 2024, post year end, Dechra completed the acquisition of 100% of the issued share capital of Invetx, Inc, a leading innovative veterinary therapeutics company, focused on biopharmaceuticals that bring the best of human biotechnology to animal health.

### Strategic enablers

*Manufacturing and supply chain:* The business benefits from a wide range of manufacturing competencies. Sites such as Zagreb and Bladel, have performed particularly well and helped to offset challenges seen in Pomona where some products remain out of production. During the period, it was announced that the Cephazone facility at Pomona and the Melbourne site in Florida would be closed as part of an ongoing strategic review of the manufacturing footprint. To support our own in-house manufacturing capability, we continue to foster strong relationships with our external Contract Manufacturing Organisation (CMO) network as we look to develop long term strategic partnerships.

*Technology:* Building a reliable and scalable IT platform is a crucial enabler for the business to operate efficiently and pursue further growth in the future. There are a number of initiatives underway looking at the best areas of IT and digital capability to invest in as the business seeks to become more sophisticated and mature.

**People:** At the end of the financial year, Dechra employed a total of 2,669 people worldwide across commercial, manufacturing & supply, product development & regulatory affairs, and corporate support functions. Each one of these employees contributes to making Dechra the special place it is to work. The period was significant from a leadership perspective, with Ian Page retiring as Chief Executive Officer on 10 June 2024 after over 23 years' service, and Jesper Nordengaard joining the Group as his successor.

### Sustainability

Sustainability is well embedded within the business and is integrated into strategic decision making. The highlight of the period was receiving validation from the Science Based Targets initiative (SBTi) on 28 May 2024 of our ambitious greenhouse gas emissions reduction targets. The approved targets are to:

- reach net-zero greenhouse gas emissions in line with climate science across the value chain by 2050;
- reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year and scope 3 GHG emissions 51.6% per GBP value added within the same timeframe; and
- reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2021 base year and scope 3 GHG emissions 97% per GBP value added within the same timeframe.

As part of a commitment to remain transparent about our sustainability performance, Dechra Pharmaceuticals Limited is continuing to publish a standalone annual Sustainability Report. This contains further information with regards to the Group's approach to sustainability and its approach to SBT can be found on [www.dechra.com](http://www.dechra.com).

### Financial Review

#### Company performance

The Company is an investment holding company whose functional currency is USD, as the Company acts as an extension of its subsidiaries, it therefore has the same functional currency as those subsidiaries.

During the year, USD 4,858.5 million was invested in the Company by its immediate parent, Freya Poolco S.á.r.l. This funding was then invested in Dechra Midco Limited to form part of the funding for the acquisition of the Dechra Pharmaceuticals Limited Group.

#### Group performance

On 16 January 2024, Dechra Pharmaceuticals Holdings Limited (an indirect subsidiary of Dechra Topco Limited) acquired the Dechra Pharmaceuticals Limited Group for GBP 4,436.6 million. On 12 April 2024, the Group undertook the acquisition of STEM Animal Health Inc. for £10.6 million (\$USD 13.2 million). Further details of these acquisitions are included within note 26. The consolidated performance therefore reflects the contribution of these two acquisitions in the period.

The key financial performance indicators are as follows, noting that the absolute value has been disclosed as there are no comparators given this in the first period of consolidated financial statements.

	2024 (£m)
<b>Existing Revenue</b>	
Existing revenue includes the impact of previous acquisitions where there is a comparator period, and therefore growth rates in future years will be stated on a like-for-like basis using constant exchange rates.	369.1
<b>Underlying EBITDA</b>	
EBITDA includes the impact of previous acquisitions where there is a comparator period, and therefore growth rates in future years will be stated on a like-for-like basis using constant exchange rates.	76.4
<b>Cash conversion</b>	
Cash generated from operations before non-underlying items, tax and interest payments as a percentage of underlying operating profit.	72.5%

Consolidated revenue of £369.1 million represents a contribution of £368.8 million from the acquisition of the Dechra Pharmaceuticals Limited Group, and £0.3 million from the acquisition of STEM Animal Health Inc.

Underlying gross profit margin of 55.8% largely reflects a strong margin performance of our novel CAP portfolio.

Pharmaceuticals Research and Development expenses amounted to £30.8 million or 8.3% of revenue. This is driven by ongoing investment in the pipeline acquired as part of the acquisition of Dechra Pharmaceuticals Limited which includes 26 candidates.

Non-underlying items incurred in the period are fully described in note 5 within the financial statements. In summary they relate to the following:

- amortisation of acquired intangibles and depreciation of property, plant and equipment of fair values recognised on acquisition (£52.7 million);
- unwind of a non-cash inventory adjustment of £179.1 million arising through a fair value increase in the valuation of acquisition inventory of Dechra Pharmaceuticals Limited in line with IFRS 3 ‘Business Combinations’;
- impairment of assets of £8.5 million relates to an acquired intangible of one of the candidates in the Dechra Pharmaceuticals Limited product pipeline;
- cloud computing arrangement costs of £4.2 million relating to the costs of the programme to implement the Manufacturing and Supply function’s new ERP and Electronic Quality Management systems;
- expenses relating to acquisitions and subsequent integration activities represent costs incurred during the acquisition of the Dechra Pharmaceuticals Limited Group of £86.3 million, and Invetx Inc. (£5.3 million);
- rationalisation of the manufacturing organisation relates to site closure costs in relation to the closure of the Melbourne, Florida site (£6.8 million) and the Cephalone site in Pomona (£5.3 million);
- finance charge of £21.4 million represents the charge arising on the unwind of the discount relating to the contingent consideration liability of £7.0 million, and the loss on extinguishment of debt of £14.4 million; and
- taxation credit of £68.7 million represents the tax impact of the above items.

Reported operating loss of £282.1 million reflects the non-underlying items of £351.1 million. Underlying operating profit is £69.0 million.

#### *Financing*

The Group is principally funded by external borrowings, equity funding and various leasing arrangements. On 30 January 2024, the Group repaid the Private Placement debt and Revolving Credit Facility (GBP 491.5 million), which were identified as part of the acquisition of the Dechra Pharmaceuticals Limited Group.

On 24 January 2024, the Group entered a new Senior Facilities Arrangement (“SFA”) which includes two term loans for GBP 625.0 million each, redenominated into USD and EUR respectively at the point of drawdown. Interest is charged on both term loans using Risk Free Reference (RFR) rates, with the relevant RFR rates being SOFR (borrowings in USD), and EURIBOR (borrowings in EUR). The interest rate charged is the relevant RFR plus the Margin, which is currently 6.25% for both loans. At 30 June 2024, £1,251.5 million was drawn against the £1.744 billion facility. All covenants were met during the period to 30 June 2024.

#### *Non-financial key performance indicators*

The two non-financial KPIs which the Group Board consider key in assessing the performance of our business relate to our health and safety performance and employee turnover and these are explained in more detail below.

Whilst the Group Board takes all issues in relation to the environment and the community seriously, it does not, given the current strategy of the business, consider the information it monitors in these areas to be key measurement indicators as to how well the business is performing in line with the established strategy.

	<b>2024</b>
Lost time accident frequency rate	0.22
Employee turnover	7.0%

The lost time accident frequency rate is per 100,000 hours worked.

## Principal Risks

The Senior Executive Team has identified and agreed Dechra's key risks with the Audit Committee. Of these, a number are deemed to be generic risks facing every business including failure to comply with financial reporting regulation, foreign exchange and non-compliance with legislation.

The risk profile below therefore details the ten principal risks that are specific to our business and provides information on:

- their prioritisation;
- how they link to Group strategy;
- their potential impact on the business; and
- what controls are in place to mitigate them.

## Understanding Our Key Risks

Risk	Potential Impact	Control and Mitigating Actions	Link to Strategic Growth Driver and Enabler	Trends
<b>Market Risk:</b>  The growth of veterinary buying groups and corporate customers impacts the distribution landscape.  We sell and promote primarily to veterinary practices and distribute our products through wholesaler and distributor networks in most markets.  In a number of mature markets, veterinarians have established buying groups to consolidate their purchasing, and corporate customers are continuing to expand.	The growth of corporate customers and buying groups represents an opportunity to increase sales volumes and revenue but may result in reduced margins.  Costs may increase due to defensive marketing activity.	We manage and monitor our national and European pricing policies to deliver equitable pricing for each customer group.  Our relationships with larger customers are managed by key account managers.  Our marketing strategy is designed to support veterinarians in retaining customers by promoting the benefits of our product portfolio in our major therapeutic areas.	Portfolio Focus	No Change
<b>Competitor Risk:</b>  Competitor products launched against one of our leading brands (e.g. generics or a superior product profile).  We depend on data exclusivity periods or patents to have exclusive marketing rights for some of our products.  Although we maintain a broad portfolio of products, our unique products like <i>Vetoryl</i> and <i>Zycortal</i> have built a market which continues to be attractive to competitors.	Revenues and margins may be adversely affected should competitors launch a novel or generic product that competes with one of our unique products upon the expiry or early loss of patents.  Costs may increase due to defensive marketing activity.	We focus on lifecycle management strategies for our key products such that they can fulfil evolving customer requirements.  Product patents are monitored, and defensive strategies are developed towards the end of the patent life or the data exclusivity period.  We monitor market activity prior to competitor products being launched and develop a marketing response strategy to mitigate competitor impact.	Pipeline Delivery  Portfolio Focus  Geographical Expansion	No Change



Risk	Potential Impact	Control and Mitigating Actions	Link to Strategic Growth Driver and Enabler	Trends
<p><b>Product Development and Launch Risk:</b></p> <p>Failure to deliver major products either due to pipeline delays or newly launched products not meeting revenue expectations.</p> <p>The development of pharmaceutical products is a complex, risky and lengthy process involving significant financial, R&amp;D and other resources.</p> <p>Products that initially appear promising may be delayed or fail to meet expected clinical or commercial expectations or face delays in regulatory approval.</p> <p>It can also be difficult to predict whether newly launched products will meet commercial expectations.</p> <p>The Product Development risk has increased due to the rationalisation of the pipeline to focus on a smaller number of complex novel products that require significant investment.</p>	<p>A succession of clinical trial failures could adversely affect our ability to deliver on expectations and could also damage our reputation and relationship with veterinarians.</p> <p>Our market position in key therapeutic areas could be affected, resulting in reduced revenues and profits.</p> <p>Where we are unable to recoup the costs incurred in developing and launching a product this would result in impairment of any intangible assets recognised.</p>	<p>Potential new development opportunities are assessed from a commercial, financial and scientific perspective by a multi-functional team to allow senior management to make decisions as to which ones to progress.</p> <p>The pipeline is discussed regularly by senior management, including the Chief Executive Officer and Chief Financial Officer. Regular updates are also provided to the Advisory Committee.</p> <p>Each development project is managed by project leaders who chair project team meetings.</p> <p>Before costly pivotal studies are initiated, smaller proof of concept pilot studies are conducted to assess the effects of the drug on target species and for the target indication.</p> <p>In respect of all new product launches a detailed marketing plan is established and progress against that plan is regularly monitored by a new product launch team.</p> <p>The Group has detailed market knowledge and retains close contact with customers through its management and sales teams which are trained to a high standard.</p>	Pipeline Delivery	Increased Risk
<p><b>Acquisition Risk:</b></p> <p>Identification of acquisition opportunities and their potential integration.</p> <p>Identification of suitable opportunities and securing a successful approach involves a high degree of uncertainty.</p> <p>Acquired products or businesses may fail to deliver expected returns due to overvaluation or integration challenges.</p>	<p>Failure to identify or secure suitable targets could slow the pace at which we can expand into new markets or grow our portfolio.</p> <p>Acquisitions could deliver lower profits than expected or result in intangible assets impairment.</p>	<p>We have defined criteria for screening acquisition targets, and we conduct commercial, clinical, financial, environmental and legal due diligence.</p> <p>The Advisory Committee reviews acquisition plans and progress regularly and approves all potential transactions.</p> <p>The SET manages post-acquisition integration and monitors the delivery of benefits and returns through a defined process.</p>	Acquisition	Increased Risk

Risk	Potential Impact	Control and Mitigating Actions	Link to Strategic Growth Driver and Enabler	Trends
<b>Supply Chain Risk:</b> Inability to maintain supply of key products due to manufacturing, quality or product supply problems in our own facilities or those of third party suppliers.  We rely on third parties for the supply of all raw materials for products that we manufacture in-house. We also purchase many of our finished products from third party manufacturers.	Raw material supply failures may cause: <ul style="list-style-type: none"> <li>• increased product costs due to difficulties in obtaining scarce materials on commercially acceptable terms;</li> <li>• product shortages due to manufacturing delays; or</li> <li>• delays in clinical trials due to shortage of trial products.</li> </ul> Shortages in manufactured products and third party supply failures on finished products may result in lost sales.	We monitor the performance of our key suppliers and act promptly to source from alternative suppliers where potential issues are identified. The Group's top products are regularly reviewed in order to identify the key suppliers of materials or finished products.  A dedicated external network team exists to manage and support our CMOs to deliver quality products to our regulatory specifications. Demand forecasting and supply planning processes are in place, with monthly reviews of demand and production forecasts, inventory levels, and remediation plans for products that are out of supply.  Processes are in place to monitor and improve product robustness, including quality and technical analyses of key products and engagement with internal and external regulatory stakeholders. Business continuity plans are in place at our key manufacturing sites.  Measures are in place to improve supplier performance, and we are pursuing a second source strategy.	Pipeline Delivery  Portfolio Focus  Manufacturing & Supply Chain	No Change
<b>Climate:</b> Severe weather patterns caused by climate change or natural disaster cause damage to manufacturing or distribution facilities impacting our ability to meet customer demand. In addition, the business will face transition risk, such as carbon pricing, change in raw material pricing and movement to renewable energy sources.	Damage to our facilities as a result of climate change could impact our abilities both to manufacture and supply product, which may weaken customer confidence and impact performance, both over a shorter and longer term. Natural disaster could impact on local employability and the communities in which our sites are based.	Dechra is committed to reducing Scope 1, 2 and 3 carbon emissions in line with climate science through the Science Based Targets initiative (SBTi). Our near term targets for reducing greenhouse gas (GHG) emissions were approved by the SBTi in October 2023. Our long term and net-zero targets were approved in June 2024.  Scenario planning has been conducted for both physical and transition risks to enable us to mitigate climate related risks.  Dechra has implemented an internal shadow carbon price to bring clarity and to identify climate related opportunities and the best areas to reduce emissions.  Renewable electricity is generated from an existing solar plant at our Zagreb site. We are investigating other renewable energy sources across the Group.  Site based ESG committees have been established to manage sustainability, including energy efficiency, renewables and effluent.	Pipeline Delivery  Portfolio Focus  People	No Change

Risk	Potential Impact	Control and Mitigating Actions	Link to Strategic Growth Driver and Enabler	Trends
<p><b>Regulatory Risk:</b></p> <p>Failure to meet regulatory requirements.</p> <p>We conduct our business in a highly regulated environment, which is designed to ensure the safety, efficacy, quality, and ethical promotion of pharmaceutical products.</p> <p>Failure to adhere to regulatory standards or to implement changes in those standards could affect our ability to register, manufacture or promote our products.</p>	<p>Delays in regulatory reviews and approvals could impact the timing of a product launch and have a material effect on sales and margins.</p> <p>Any changes made to the manufacturing, distribution, marketing and safety surveillance processes of our products may require additional regulatory approvals, resulting in additional costs and/or delays.</p> <p>Non-compliance with regulatory requirements may result in delays to production or lost sales.</p> <p>Regulatory risk is high due to the increasing regulatory burden, including compliance with the European Medicines Agency's (EMA) Union Product Database (UPD).</p>	<p>The Group strives to exceed regulatory requirements and ensure that its employees have detailed experience and knowledge of the regulations.</p> <p>Manufacturing and Regulatory teams have established quality systems and standard operating procedures in place.</p> <p>A dedicated External Network Quality Director supports our CMOs in complying with our regulatory specifications.</p> <p>Regular contact is maintained with all relevant regulatory bodies in order to build and strengthen relationships and facilitate good communication lines.</p> <p>The Regulatory and Quality teams update their knowledge of regulatory developments and implement changes in business procedures to comply with new requirements.</p> <p>Where changes are identified which could affect our ability to market and sell any of our products, a response team is created in order to mitigate the risk.</p> <p>External consultants are used to audit our manufacturing quality systems.</p> <p>Our Regulatory team operates a robust Pharmacovigilance (PV) process to report any adverse reactions and product complaints related to the use of our products.</p>	<p>Pipeline Delivery</p> <p>Portfolio Focus</p> <p>Geographical Expansion</p>	<p>No Change</p>
<p><b>Antimicrobials Regulatory Risk:</b></p> <p>Continuing pressure on reducing antimicrobial use.</p> <p>The issue of the potential transfer of antibacterial resistance from animals to humans is subject to regulatory discussions globally.</p> <p>Whilst EU regulations restricting antimicrobial use in animals were not implemented in 2022, there remains continuing pressure on reducing antibiotic risk. This is driven by market &amp; cultural trends.</p>	<p>Reduction in sales of our antimicrobial product range.</p> <p>Our reputation could be adversely impacted if we do not respond appropriately to government regulations and recommendations.</p>	<p>Regular contact is maintained with relevant veterinary authorities to enable us to have a comprehensive understanding of regulatory changes.</p> <p>We strive to develop new products and minimise antimicrobial resistance concerns.</p> <p>We communicate appropriate antimicrobial use in line with best practice.</p>	<p>Portfolio Focus</p> <p>Geographical Expansion</p>	<p>No Change</p>

Risk	Potential Impact	Control and Mitigating Actions	Link to Strategic Growth Driver and Enabler	Trends
<p><b>People Risk:</b></p> <p>Failure to resource the business to achieve our strategic ambitions, particularly on geographical expansion and acquisition.</p> <p>As Dechra expands into new markets and acquires new businesses or science, we recognise that we may need additional people with different skills, experience and cultural knowledge to execute our strategy successfully in those markets and business areas.</p> <p>Our growth plans and future success are also dependent on retaining knowledgeable and experienced senior managers and key staff. Increased competition in the market, particularly in specialist roles, challenges the recruitment and retention of key talent and skills.</p>	<p>Failure to recruit, develop and retain quality people could result in:</p> <ul style="list-style-type: none"> <li>• overstretched resources;</li> <li>• weakened succession planning;</li> <li>• capability gaps in new markets; or</li> <li>• challenges in integrating new acquisitions.</li> </ul> <p>This could lead to erosion of our competitive advantage, and delay implementation of our strategy.</p> <p>Rising cost of living challenges and ongoing wage inflation have the potential to impact workforce stability.</p>	<p>The Chief People Officer reviews the organisational structure with the SET to confirm that the organisation is fit for purpose and to assess the resourcing implications of planned changes or strategic imperatives.</p> <p>A development programme is in place to identify opportunities to recruit new talent and develop existing potential. A talent acquisition team and applicant tracking software are in place.</p> <p>Succession plans are in place for the SET together with development plans for key senior managers.</p> <p>Remuneration packages are reviewed on an annual basis in order to help ensure that the Group can continue to retain, incentivise and motivate its employees.</p>	<p>Geographical Expansion</p> <p>Acquisition People</p>	<p>No Change</p>
<p><b>Cybersecurity and IT Failure Risk</b></p> <p>Information security breach or significant disruption to our IT systems, resulting from a cyber-attack or failure of key IT software or infrastructure.</p>	<p>Failure to prevent or adequately respond to a data breach or cyberattack could result in business disruption, fines, loss of personal data or loss of intellectual property/ commercially sensitive information. Software or infrastructure failure could result in significant disruption to operations and management decision making.</p>	<p>Key systems, including Email and ERP, have been migrated to cloud based hosting. Remaining on-premise systems are replicated across dual servers and backed-up.</p> <p>Disaster and data recovery plans are in place and tested regularly.</p> <p>Data encryption and multi-factor authentication is employed on mobile devices.</p> <p>Endpoint protection and intrusion prevention / detection is in place.</p> <p>Regular information security and data protection training for employees.</p> <p>Business interruption and cyber insurance is in place.</p>	<p>Technology</p>	<p>No Change</p>

## Non-Financial and Sustainability Information Statement

This section of the Strategic Report constitutes the Group's Non-Financial and Sustainability Information Statement, produced to comply with Sections 414 CA and 414 CB of the UK Companies Act 2006. The information is incorporated by cross-reference.

Reporting Requirement	Where to read more	Policies and Handbook
<b>Environmental matters (including the impact of the Company's business on the environment)*</b>	<p>Climate-related Financial Disclosures <b>dechra.com/sustainability</b></p> <p>Streamlined Energy and Carbon Reporting Disclosures Pages 23 to 25</p> <p>Understanding Our Key Risks Pages 9 to 13</p> <p>Section 172 Statement Pages 15 to 19</p> <p>Sustainability Report <b>dechra.com/sustainability</b></p>	<p>Our Group <b>Code of Conduct</b> confirms the Groups commitment to adopting responsible environmental practices and compliance with the applicable legislation.</p> <p>Our Group <b>Third Party Code of Conduct</b> outlines what is expected of those we work with to minimise the impact of our operations on the environment.</p> <p>Our Group <b>Environmental Policy</b> applies to all Dechra employees, Directors, temporary staff, agency workers, contractors and other persons acting on behalf of the Group.</p>
<b>Employees*</b>	<p>Business Review Pages 6 to 7</p> <p>Stakeholders: Employees Pages 16 to 17</p> <p>Section 172 Statement Pages 15 to 19</p> <p>Understanding Our Key Risks Pages 9 to 13</p> <p>Sustainability Report <b>dechra.com/sustainability</b></p>	<p>Our Group <b>Diversity Policy</b> recognises that the diversity of our team and an inclusive culture is beneficial for our business, its processes, and its performance.</p> <p>Our Group <b>How to Raise a Concern</b> handbook encourages individuals to report genuine concerns.</p> <p>Our external audit of our Culture with Employee Perception Survey.</p> <p>Our Group <b>Code of Conduct</b> outlines what is expected of our employees during the course of our business.</p> <p>Our <b>Dignity at Work Policy</b> outlines how we treat people fairly and do not tolerate bullying and harassment. We do not discriminate for reasons such as age, gender, sexual orientation, marital status, race, colour, ethnicity, disability, religion, political affiliation or union membership.</p> <p>Our <b>Health &amp; Safety Policy</b> sets out our requirements for all aspects of our business to be conducted in compliance with the applicable Health and Safety laws, regulations, Company policies, standards and best practices to ensure the Health and Safety of our employees, contractors and visitors.</p>
<b>Social matters*</b>	<p>Stakeholders: Communities Page 18</p> <p>Section 172 Statement Pages 15 to 19</p> <p>Sustainability Report <b>dechra.com/sustainability</b></p>	<p>Our Group <b>Human Rights Policy</b> confirms our commitment to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which we operate, whilst supporting the dignity, wellbeing and human rights of our employees.</p> <p>Our Group <b>Third Party Code of Conduct</b> outlines what is expected of the third parties we engage with.</p> <p>Our Group <b>Donations Policy</b> promotes engagement between our employees and the community and in particular the support of local community groups and charities</p> <p>Our <b>Volunteer Service Toolkits for Large and Small Events</b> provides guidance on how to develop and manage volunteer service events.</p> <p>Our Group <b>Data Protection Policy</b> outlines how our people protect suppliers and customers data.</p>

<b>Respect for human rights*</b>	Stakeholders: Suppliers Pages 17 to 18  Sustainability Report <a href="https://dechra.com/sustainability">dechra.com/sustainability</a>	Our Group <b>Human Rights Policy</b> confirms our commitment to acting responsibly and with integrity, respecting the laws, regulations, traditions and cultures of the countries within which we operate, whilst supporting the dignity, wellbeing and human rights of our employees.  Our <b>Modern Slavery Statement</b> confirms our commitment to ethical behaviour and sourcing products from suppliers who share this value.
<b>Anti-Bribery and Anti-Corruption*</b>	Stakeholders: Suppliers Pages 17 to 18  Corporate Governance  Sustainability Report <a href="https://dechra.com/sustainability">dechra.com/sustainability</a>	Our Group <b>Third Party Code of Conduct</b> outlines our commitment to conducting business in a way that is honest and fair. It confirms that we are committed to preventing bribery and corruption and outlines how third parties should act in respect of this commitment.  Our Group <b>Anti Bribery and Corruption (ABC) Policy</b> provides guidance on business practices that are acceptable and those that are not. The policy applies to officers, employees and consultants of the Group.  Our Group <b>Code of Conduct</b> confirms we do not give or receive bribes or participate in corruption.  Our Group <b>How to Raise a Concern</b> handbook encourages individuals to report genuine concerns.
<b>Business Model</b>	Our Business Model Pages 4 to 5  Stakeholders: Veterinary Professionals & Suppliers Pages 17 to 18	
<b>Description of Principal Risks and Impact of Business Activity</b>	How the Business Manages Risk Pages 9 to 13  Understand Our Key Risks Pages 9 to 13  Our Business Model Pages 4 to 5	
<b>Non-Financial Key Performance Indicators</b>	Key Performance Indicators Page 8  Strategic Report Pages 2 to 19	

\* References to our policies, due diligence processes and information on how we are performing on various measures in these areas are contained throughout the Strategic Report.

## Section 172 Statement and Stakeholder Engagement

The Directors are responsible under section 172 of the Companies Act 2006 for promoting the long term success of the Company for the benefit of its shareholders and acknowledges that its decisions have a long term impact on other stakeholders, the environment and the Company's reputation for high standards of business conduct. The following sets out how the Directors of Dechra Topco Limited complied with the requirements of section 172 of the Company Act 2006 and how the Company engages with stakeholders.

We believe that our success is based upon providing our stakeholders with a clear strategic plan that is aligned with our Purpose. We then deliver this strategy by focusing on three strategic enablers, all of which are underpinned by our Sustainability strategy.

The Directors appreciate that wider engagement with stakeholders is an important component of long term sustainability and success and believes that by engaging with all important stakeholders, the business is made stronger and more resilient. The Directors have identified six key stakeholder groups that it believes are important to engage with regularly to continue to make Dechra successful: employees; veterinary professionals; suppliers; communities; shareholders and regulatory authorities.

Our business model sets out the impact and the value we generate for stakeholders on pages 4 to 5. The section on understanding our key risks includes an overview of the potential impacts, controls and mitigating actions in connections with our key stakeholders. Our Sustainability strategy is centred around the four pillars of Business, Environment, People and Community, and we believe that effective engagement drives sustainable value for all stakeholders. Details on our Group's Sustainability strategy can be found in our Sustainability Report.

The Group has a Delegation of Authority Policy, which defines who is authorised to make decisions on behalf of the Group and their authority limits for both monetary and non-monetary decisions. Therefore, a lot of decisions relating to the business and stakeholder engagement are carried out below Board level. The principal decisions taken by the Directors in the financial year were the acquisitions of Invetx Inc and the intellectual property relating to the Akston pipeline product from Akston Biosciences LLC, which both completed post year end. These acquisitions secured a product development pipeline in line with our strategic growth drivers pipeline deliver and acquisition. Invetx provided the Group with access to a pipeline of companion animal therapeutics and to a species-specific half-life extension platform, which is designed to extend duration of drug activity and enable longer intervals between treatments. While the Akston intellectual property acquisition gives Dechra direct control over the development programme. The Directors agree that both acquisitions have the potential to:

- enhance Dechra's presence and provide a unique offering to veterinarians;
- deliver increased shareholder returns;
- broaden the portfolio of products; and
- improve animal healthcare.

### **Stakeholder Engagement**

The acquisition of the Dechra Pharmaceuticals PLC Group by Freya Bidco Limited (now known as Dechra Pharmaceuticals Holdings Limited) took a number of months to complete. The first public confirmation that discussions regarding a potential offer were taking place occurred on 13 April 2023, but shareholders of Dechra Pharmaceuticals PLC only voted in favour on 20 July 2023. A further six months then passed before the Dechra Pharmaceuticals PLC Group transferred to private ownership on 16 January 2024. When the acquisition completed, we were proactive in sending a consistent message to suppliers, customers, partners and other stakeholders to acknowledge the valuable relationships we have with them and provide assurance that, in the near term, it would very much be business as usual whilst we formulated our more detailed long term strategic plans. The information described in the Performance section of each stakeholder is for the period 1 July 2023 to 30 June 2024, therefore includes that of the predecessor group. Further information as to how we engaged with our Employees during this period of change is outlined below.

### **Employees**

We employ 2,669 employees in 27 countries in manufacturing, logistics, laboratories, offices as well as mobile working. At Dechra, we acknowledge that our people are our greatest asset and know that an inclusive culture is beneficial for our business performance. Our ongoing objective is to make Dechra a great and safe place to work by attracting, retaining and developing talent.

### **How We Engage**

Informing and engaging our employees through internal channels of communication is of utmost importance to the Group. We have multiple channels of communication to provide both formal and informal updates including news items on the intranet, and management and team meetings at the business units. These keep our employees informed of the financial performance of the Group, as well as the sharing of updates which are relevant to all Group employees such as management and team changes, progress in relation to strategic objectives and updates on our Sustainability strategy. Wherever possible, we seek to engage our employees in change projects. We also have a small number of Works Councils, in Croatia, France, Netherlands, Spain and Skipton, the UK, who we regularly meet with. Our intranet, OneDechra, includes two way communication encouraging comments, sharing and community participation.

In July 2023, Dechra Manufacturing and Supply (DM&S) launched a newsletter to share news and updates internally (within the division) and externally across the rest of Dechra. This initiative is a testament to our commitment to communication and collaboration. We understand the importance of accessibility and convenience. In October 2023 we rolled out a digital version of the DM&S Newsletter, accessible via OneDechra, allowing engagement with the content anytime, anywhere. While we embrace digitalisation, we ensure the content is in reach of our many non-desk-based colleagues, we therefore continue to provide a poster version which is displayed across our manufacturing sites. Also in October 2023, all employees at the Skipton site were invited to attend a Town Hall event, held on-site in the newly refurbished Building 3. It was a great opportunity to try out the new Collaboration Space. The Group Manufacturing and Supply Director and Head of Global Project Portfolio Management & Innovation Strategy both attended and presented on the day. The employees were split into five groups and rotated around a number of interactive sessions. The employees learnt about the new products coming to site, new equipment to support our Solid Dose strategy, and how our products help the animals that they treat, all from The Veterinary Perspective. Employees also learnt about the One Dechra Production System and how it links to day to day roles, received an update on the site People Plan and how the site is building a great place to work. Overall feedback on the event has been incredibly positive and we will be looking at ways we can host similar engagement events in the future now we have use of the Collaboration Space.

In March 2024, we undertook a pulse check to help us to better understand how our employees feel about change, and more specifically regarding the recent acquisition of Dechra by EQT. A cross-section of Dechra employees, across a number of our functional areas within the US, Canada, the UK, and the senior management team across the Dechra Europe division, were asked to participate in the pilot. We felt that this cross section of employees provided us with enough coverage for the pilot, considering employee numbers, divisional, geographical, and functional representation. This pulse check enabled us to better understand how our employees feel about change, and more specifically regarding the recent acquisition of Dechra by EQT. The overall view was that the employees felt that we had kept them informed as to how the acquisition were progressing, and it had allayed any immediate concerns that they may have had. We engaged with employees in a very honest, transparent way through a combination of global

announcements from our Chief Executive Officer when certain milestones were reached, supplemented by more informal conversations held at divisional or regional levels to reinforce the key messages. A dedicated email Inbox was also set up and monitored, allowing employees to submit any specific questions they had. We also maintained regular global internal communications, introducing the new Advisory Committee and keeping employees informed through a combination of written updates and short video messages direct from the Chief Executive Officer.

Dechra is committed to enhancing the skills of our workforce, planning for a successful future and creating a sustainable talent pipeline. We provide training via Delta, our dedicated digital learning platform, leadership training, and on the job training. The second Future Facing Leaders programme was launched in October 2023, and the current group are working on two of the workstreams to support our ongoing strategic planning.

### **Performance**

19,480 total training hours, equating to an average 7.3 hours per person

### **Veterinary Professionals**

Our relationship with veterinarians is key to our business and therefore we are committed to the following focus areas:

- the development and promotion of products to improve animal health and welfare;
- the provision of high levels of technical support and pharmacovigilance; and
- maintaining and improving the knowledge and skills of veterinarians who prescribe and use our products.

### **How We Engage**

Our products are all targeted at providing veterinary professionals with solutions for their customer needs. Our portfolio, particularly within CAP, has a high degree of novelty and addresses conditions in relatively niche therapeutic areas. This makes Dechra the partner of choice for many veterinarians when it comes to certain conditions and allows our sales teams to engage with them on products that can help grow their own practice rather than just price or the role of generic alternatives. The fact that a large proportion of our sales representatives are qualified veterinarians in their own right only adds to the credible and differentiated nature of our portfolio.

Dechra collaborates with veterinary professionals, academic institutions and industry experts to enhance our understanding of animal health and develop innovative solutions. Through this collaboration we foster knowledge exchange and develop products and services that address emerging healthcare challenges and meet the evolving needs of the veterinary professional as strongly as ever and has an increasing focus on bringing novel CAP products to market over the coming years.

Veterinarians across the globe can email technical services or call the telephone support lines provided in all the countries where Dechra operates. Veterinarians call Dechra to discuss diagnosis, treatment options, and the ongoing monitoring and management of conditions, particularly those that are lifelong. Our aim is to help veterinarians optimise the case management of each individual patient, and some veterinarians will call a number of times for support and advice on more complex cases. In addition, the larger markets also have field based veterinarians providing technical support and continuing professional development events.

We deliver education through many channels, including conferences and our online digital e-learning environment, the Dechra Academy, helps veterinary professionals across the globe to upskill and keep up-to-date with the latest thinking through completely free, modern learning experiences. With over ten years of experience of educating veterinary professionals, we are passionate and proud to provide reputable learning resources which help veterinary professionals continuously evolve their knowledge. We differentiate ourselves from our competitors by focusing on challenging and interactive educational experiences. Each Dechra market has its own tailored Academy with courses that are relevant to their veterinary professionals. Where possible our educational resources are accredited by local professional/regulatory bodies. The Dechra Academy is an internationally recognised accredited Learning Provider by the Learning and Performance Institute.

### **Performance**

- 17,424 Academy training hours
- 68,441 CPD/CE hours
- 22,543 Technical calls

### **Suppliers**

We are committed to acting responsibly and with integrity. We comply with all applicable laws and regulations and respect the traditions and cultures of the countries in which we operate. The Code of Conduct, Third Party Code of Conduct, ABC Policy, Sanctions Policy, the How to Raise a Concern Procedure, Human Rights and Modern Slavery Statements are all reviewed annually.

### **How We Engage**

We expect our third parties to trade with honesty and integrity, and to support this we have a Third Party Code of Conduct. This communicates what we expect from our trading partners in relation to health, safety and environmental standards, intentionally accepted standards of workers' rights, use of child and forced labour, ethical standards, anti-bribery and anti-corruption, and compliance with relevant laws and regulations.



Dependent on the risk level associated with a vendor, they will be assessed on annual, triennial or every five year basis via our Third Party Risk Management (TPRM) Platform, which is integral to our risk management programme. The TPRM Platform, has been designed to manage the full third party risk management life cycle, from initial entity creation, profiling, tiering and risk assessing, followed by due diligence, ongoing monitoring and potential offboarding. The TPRM Platform provides a Group-wide consistent approach to risk management, as well traceability of decisions, risk rejection or risk mitigation and acceptance. The TRPM Platform covers risk assessments and screening on areas of Anti-Bribery and Anti-Corruption, Sanctions, Data Privacy, IT, Modern Slavery, ESG and Health and Safety.

We also undertake quality audits of our CMO network, the work is mainly performed by a specific division of our Quality team.

Our employees and third parties have access to the independent externally provided hotline to report any situations that they feel violate any of the standards detailed in the Third Party Code of Conduct, which includes ABC and Modern Slavery. No concerns have been raised during the 2024 financial period.

### **Performance**

During the financial year:

- we have risk assessed 564 suppliers; and
- provided 24 ABC Courses.

### **Communities**

We believe that it is important to give back to the communities in which we live and operate. Our community ethos is aligned with our Purpose and Values, in particular, our Relationships and Enjoyment Values. Our Community pillar focuses on Community Activities and Donations.

### **How We Engage**

We encourage our employees to engage in community activities, in particular, in the fields of animal welfare, human service and environmental stewardship.

We have a partnership with Not One More Vet (NOMV), a US based charitable organisation whose mission is to transform the status of mental wellbeing within the profession so veterinary professionals can survive and thrive through education, resources, and support. We partner with NOMV to raise awareness of this topic and the resources that are available to veterinary professionals. During the year we encouraged our employees globally to participate in NOMV's Race Around the World, to help raise funds and awareness. In addition, eight PDRA employees volunteered over 50 hours, translating NOMV's marketing collateral to help support NOMV's efforts to further expand their international reach.

The Dechra Topco Limited Group have operated a Group Donations scheme for 14 years, and in the last three years we have empowered our employee community by setting up decentralised regional giving committees. A budget of £319,700 was allocated across the countries based on the number of employees as at 30 June 2023. Each country has a regional giving committee which consists of volunteer employees who have agreed to be members of their respective committee for two years. All employees are given the opportunity to nominate non-profit organisations meaningful to them and the community in which they live, and donations are awarded after the committee's due diligence on the organisations is conducted. In many instances, the nominator and the committee member visit the organisation to make the donation in person. In addition to the regional giving committees, each business unit has the discretion to allocate funds and/or products to local community, environmental and/or animal welfare charities.

### **Performance**

During the financial year the Group:

- dedicated a total of 5,321.8 hours across our global operations to community activities; and
- made £313,021 in cash donations and £78,302 in product donations.

### **Shareholders**

On 20 July 2023, the shareholders of Dechra Pharmaceuticals PLC voted to accept the offer of £38.75 per share from Freya Bidco Limited, a newly formed company to be indirectly owned by (i) EQT X EUR SCSp and EQT X USD SCSp, each represented by its manager (gérant) EQT Fund Management S.à r.l. (collectively referred to as EQT) and (ii) Luxinva S.A. The acquisition completed on 16 January 2024 and the ultimate UK parent company of Dechra Pharmaceuticals PLC became Freya Topco Limited, which was subsequently renamed as Dechra Topco Limited.

### **How We Engage**

Although the Dechra Topco Limited Group is now privately owned by the shareholders of Dechra Topco Limited, it continues to operate many of the same principles previously adopted by Dechra Pharmaceuticals PLC in terms of engaging with shareholders. This includes, but is not limited to, fostering a mutual understanding of performance, strategy and objectives through regular, transparent communication and reporting. In particular, significant changes have already been made to the way in which monthly performance is reported, and this continues to be refined in the context of the ongoing strategic review.

### **Regulatory Authorities**

It is vital to our business that our products meet the appropriate standards for quality, safety and efficacy. This ensures safety for our customers, animals, the environment and the food chain.

### **How We Engage**

We engage with our Regulators through formal channels and through more informal connections. At the initiation of a new product development programme, communication is key to opening a two way dialogue with the Regulators to build a productive partnership to bring innovation to the market. Communication is then maintained through update meetings and exchanges of information throughout the development of the product and the scientific review of the marketing authorisation application.

Our manufacturing sites are regularly inspected by authorities as required under Good Manufacturing Practice (GMP), and our distribution centres under Good Distribution Practice (GDP). This is a collaborative process whereby our teams and inspectors identify and implement best practices to ensure product quality and robust supply.

Work with Regulatory Agencies continues throughout the life of all products, as we provide updates to manufacturing processes, availability, sales data and changes to the registrations. Dechra is required to provide full adverse event reports for all of our products through regular signal detection analyses and periodic Drug Experience Reports (DERs). We have developed signal detection processes which analyse trends in adverse events to identify emerging issues early so that we can inform our Regulators and take appropriate action pro-actively. We have an obligation to notify our Regulators of any new evidence which emerges which may alter the benefit: risk assessment of any of our products, and the Global Safety Council is key to providing cross functional input into this process.

We participate in Industry Associations and Agency led consultations providing scientific and technical input into drafting of new legislation and guidance documents, helping to shape the regulatory landscape that we operate in.

All employees receive pharmacovigilance (PV) training within one month of joining Dechra. This is then verified by the PV e-learning module on Delta or in person training on an annual basis. The PV training outlines the procedure that should be followed by all Dechra personnel if they become aware of a product complaint or defect. All suspect adverse reactions are reported to the appropriate regulatory authorities who also perform data analysis across groups of products with similar ingredients and indications to look for signals that require further investigation.

### **Performance**

- 6,512 market authorisations
- 4 manufacturing facility inspections

The Strategic Report covering pages 2 to 19 respectively of the Annual Report and Financial Statements 2024, has been approved by the Board of Directors in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

*M.J. Hall*

**Melanie Hall**

Director

28 January 2025

## Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited Group financial statements for the period ended 30 June 2024. Certain disclosure requirements, which form part of the Directors' Report, are included elsewhere in this Annual Report as permitted by section 414C of the Companies Act 2006. They are incorporated by reference into this Directors' Report as follows:

<b>Disclosure</b>	<b>Section of the Annual Report</b>
Charitable Donations	Strategic Report
Details of acquisitions and disposals during the year	Strategic Report
Company Employees	Stakeholder Engagement
Social, community and human rights issues	Stakeholder Engagement
Corporate Governance Statement	Governance Report
Financial risk management (including the exposure to price, credit and liquidity risk)	Financial Statements
Post-balance sheet events	Financial Statements

### Directors

Anthony Santospirito (Appointed 15 January 2024, Resigned 29 February 2024)

Ian Page (Appointed 29 February 2024, Resigned 10 June 2024)

Melanie Hall (Appointed 10 June 2024)

Paul Sandland (Appointed 29 February 2024)

Jesper Nordengaard (Appointed 19 September 2024)

Peter Balslev (Appointed 9 May 2023, Resigned 15 January 2024)

Sara Yasmeen Hudia (Appointed 9 May 2023, Resigned 29 February 2024)

Thomas Edward Spicer (Appointed 9 May 2023, Resigned 29 February 2024)

With regard to the appointment of Directors, the Company is governed by the Articles of Association. The Articles of Association state that a Director may be appointed by an ordinary resolution of the shareholders or by the Directors. The Articles of Association also state that the Board of Directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's Articles of Association. The powers of the Directors set out in the Articles of Association include those in relation to the issue and buy-back of shares.

### Results and Dividends

The results for the year and financial position at 30 June 2024 are shown in the Consolidated Income Statement on page 37 and Consolidated Statement of Financial Position on page 39. There was no dividend declared in the year.

### Research and Development

The Group has a structured development programme with the aim of identifying and bringing to market new pharmaceutical products. Investment in development is seen as key to strengthen further the Group's competitive position.

Whilst retaining an opportunistic and entrepreneurial approach, Dechra employs a structured development process consisting of six phases, defined as: Evaluation, Feasibility, Research, Development, Registration and Launch. Focus is given to the Group's key therapeutic sectors, and new development and in-licence opportunities are evaluated for strategic fit within these sectors. Therapies outside the key areas are considered for inclusion in the pipeline if they are novel and address medical needs in the veterinary market.

A product's return on investment can vary; innovative products tend to have medium to long term realisation with attractive high value returns, whilst generic developments generally have shorter timescales with returns dependent upon the number of other entrants and speed to market relative to competition.

The underlying expense on this activity for the period ended 30 June 2024 was £30.8 million and a further £1.0 million was capitalised as development costs.

### Future Developments

As outlined in the Scheme Document relating to the acquisition of Dechra Pharmaceuticals PLC by Freya Bidco Limited, dated 26 June 2023, the Shareholders of the Company believe they are well positioned to support Dechra's next phase of growth by virtue of their insights and understanding developed from existing and former investments across the animal health value chain.

In particular, the Shareholders believe they can support Dechra's strong management team in accelerating its long term growth potential, and that it can provide, where needed, access to additional capital, expertise and resource to accelerate the longer term potential of the business. This will enable further investment in its innovative pipeline and execution on its global expansion potential, including via inorganic opportunities.

Since the acquisition became effective, the Company has been undertaking an in-depth strategic review of the business, assessing opportunities to accelerate potential investment that will support Dechra's growth ambitions and overall strategy, particularly in Dechra's innovative pipeline, manufacturing footprint, sales and marketing functions and potential for further geographical expansion. This review remains ongoing.

### Events Since Balance Sheet Date

The Group completed two acquisitions, and a refinance post 30 June 2024:

- on 13 July 2024, certain assets including patents, a master cell bank, records and data, and certain existing drug substance with respect to (the development of) long acting insulin products with veterinary applications from Akston Biosciences Corporation for total consideration of \$15.3 million;
- on 3 September 2024 the acquisition of Invetx, Inc, a leading innovative veterinary therapeutics company, focused on biopharmaceuticals that bring the best of human biotechnology to animal health. The Group paid cash consideration of \$411.5 million in cash, with gross contingent consideration of \$120.0 million payable on the achievement of certain product development achievement and registration milestones, up to December 2032; and
- on 20 December 2024, the Group executed a new Senior Facilities Arrangement ("SFA") in order to refinance the existing SFA. The new SFA includes two term loans amounting to GBP1.325 billion, denominated into USD (USD 840 million) and EUR (EUR 800 million) at the point of drawdown on 27 January 2025, at which point all liabilities under the existing SFA were repaid. The maturity period on both term loans is 7 years, expiring on 27 January 2032. Interest is charged on both term loans using Risk Free Reference (RFR) rates, with the relevant RFR rates being SOFR (borrowings in USD), and EURIBOR (borrowings in EUR). The interest rate charged is the relevant RFR plus the Margin, which is 3.25% (borrowings in USD) and 3.50% (borrowings in EUR). The SFA provides the Group access to a Multicurrency Revolving Credit Facility ("RCF") amounting to £215.0 million. The interest rate charged on the RCF is the relevant RFR, plus a margin of between 2.5%-3.75%. No drawdown has been made on the RCF.

### Overseas Branches

The Company, through its subsidiary Genera d.d., has an established branch in Bosnia-Herzegovina.

### Director Insurance and Indemnities

The Company maintains an appropriate level of Directors' and Officers' insurance in respect of legal action against Directors as permitted under the Company's Articles of Association and the Companies Act 2006. The Company also indemnifies the Directors under an indemnity deed with each Director in respect of legal action to the extent allowed under the Company's Articles of Association and the Companies Act 2006. During the financial year and as at the date of this report, qualifying third party indemnity provisions are in force.

### Going Concern

The Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future and will continue to be able to meet its liabilities as they fall due, within 12 months of the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing these financial statements. In reaching this conclusion, the Directors have given due regard to the following:

- The Group's business activities, together with factors likely to impact future growth and operating performance including the principal risks and uncertainties;
- The current and projected future financial position of the Group, its cash flows, available cash resources and committed debt facilities and compliance with the financial covenants associated with the Group's borrowings, which are described in the financial statements; and
- Subsequent events (see note 31).

### Political Donations and Expenditure

No political donations were made during the year ended 30 June 2024. The Group has a policy of not making any donations to political organisations nor independent election candidates nor incurring political expenditure anywhere in the world as defined in the Political Parties, Elections and Referendums Act 2000.

### **Diversity and Inclusion**

It is the Group's policy to recruit and promote people on the basis of their personal ability, contribution and potential, regardless of age, gender, sexual orientation, marital status, race, colour, ethnicity, disability, religion, political affiliation or union membership. We are committed to seeing that everywhere across our Group we promote, support and maintain a culture of fairness, respect and equal opportunity for all. The Group gives full consideration to applications from disabled people, where they adequately fulfil the requirements of the role. Where existing employees become disabled, it is the Group's policy, whenever practicable, to provide continuing employment under the Group's terms and conditions and to provide training and career development whenever appropriate.

We firmly believe that our Dechra Values support the culturally diverse business that we have become and, although we are separated by time zones, geographically and by language, we share common goals and ways of working that are underpinned by our Values. We believe that our position on diversity and inclusion is key to providing a place of work that is free from bullying and harassment, and which is characterised by respect, collaboration, openness, safety and equality. One of our aims is to promote a climate in which employees feel able to raise complaints of harassment, bullying or discrimination without fear of victimisation. The Group does not tolerate bullying, harassment or discrimination.

### **Audit Information**

Each of the Directors who held office at the date of the approval of the Directors' Report confirms that, so far as he or she is aware, there is no relevant audit information of which the external auditor is unaware, and each Director has taken all steps that he or she ought to have undertaken as a Director to make himself or herself aware of any relevant audit information and to establish that the external auditor is aware of that information.

### **Auditor**

A resolution to re-appoint PricewaterhouseCoopers LLP as external auditor will be proposed to the Shareholder of the Company.

**Streamlined Energy and Carbon Reporting (SECR) disclosures**

We are committed to minimising the impact of our operations on the environment by adopting responsible and sustainable environmental practices and complying with applicable environmental legislation. The Dechra Topco Limited Group key focus areas, and our Science Based Targets are disclosed in our Sustainability Report along with how the Dechra Pharmaceutical Group of Companies performed during the 2024 financial year. This section of the Annual Report will focus mainly on the Companies Act requirements in relation to Greenhouse Gas (GHG) emissions.

**Climate Financial Disclosures**

This statement has been prepared in accordance with our regulatory obligation to report climate information pursuant to the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The below provides an explanation of where in this Report (or other relevant document or location in respect of supplementary information) the various CFD recommended disclosures can be found:

		<b>Current Status</b>	<b>Links to More Information</b>
A.	Description of the governance arrangements in relation to assessing and managing climate-related risks and opportunities	<p>Our Board and SET are supported by well established groups including a global cross functional ESG Committee and associated sub committees to monitor the execution of our sustainability strategy, agree targets and review the progress towards those strategies.</p> <p>Our Chief Financial Officer is responsible to the Board for the development and performance of our climate strategy and related risks and opportunities, as part of his overall responsibilities.</p> <p>The ESG committee coordinates management of physical and transitional risks and opportunities.</p>	Governance
B.	Description of how the Company identifies, assesses and manages climate-related risks and opportunities	<p>Climate assessments integrated into overall Group risk management inform the Group of specific risks and opportunities posed by climate change and/or the transition to a low carbon economy.</p> <p>Identified risks are owned by the responsible SET member and addressed in local site continuity plans or by technical mitigation in site master plans. Short, mid and long term financial planning includes required investments.</p> <p>Our Sustainability strategy includes initiatives aimed at reducing our GHG footprint, mitigating some physical and transition risks and making our business more resilient to climate change.</p>	Strategy & Risk Management
C.	Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process	Identified risks are managed locally and escalated to the SET member responsible if material.	Risk Management
D.	Description of: (ii) the principal climate-related risks and opportunities in connection with operations; and (ii) the time periods by reference to which those risks and opportunities are assessed	<p>Physical risks from climate change are primarily disruption or delays to manufacturing or distribution and increased liability insurance premiums and reputational damage.</p> <p>Transition risks and opportunities are primarily regulatory and market changes, and/or pressure and ability to reduce product carbon footprints and decarbonise our value chain. We have reviewed these over short, medium and long term.</p>	Risk Management
E.	Description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy	Damage to our facilities as a result of climate change could impact our abilities both to manufacture and supply product, which may weaken customer confidence and impact performance, both over a shorter and longer term. Natural disaster could impact on local employability and the communities in which our sites are based.	Risk Management and Principal Risks

F.	An analysis of the resilience of the business model and strategy taking into consideration of different climate-related scenarios	We are building resilience against a worst case scenario (RCP 7.5) in our supply chain by investing in at risk sites, supply chain design and inventory levels to manage interruption risks. No material business impact from short term events is foreseen.  Value chain decarbonisation, with net zero targets aligned to a 1.5°C scenario, will secure low carbon business resilience with the opportunity to continue to add scale.	Scenario Analysis
G.	Description of the targets to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Relevant metrics and KPI's disclosed in our Sustainability Report reflect the extent of decarbonisation and thereby reduced exposure to transition risks as well as showing future opportunities. We have also disclosed our proposed pathway to net zero.  We disclose our GHG emissions relating to emissions arising from sources over which we have operational control and those arising from upstream and downstream activities. For the purposes of tracking progress against our validated science-based targets relating to Scope 1, 2 and 3 emissions, these are currently reported on a calendar year basis. The related risks can be found in this disclosure and in the Principal Risk section of this Report.	Metrics and Targets
H.	The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and of performance against those targets	Our GHG footprint for the full value chain (Scopes 1, 2 and 3) for our base year (calendar year 2021) are disclosed in our Annual Report and Accounts and separately in our Sustainability Report. Scope 3 includes 15 categories, of which 11 categories are material to Dechra. Our Scope 2 emissions have been calculated on a market based approach.	Metrics and Targets

#### Governance

Climate change presents various economic, business and social risks which will affect our business over the short, medium and longer term. Given its importance, climate change is overseen at the highest level of the Company and integrated into business processes wherever possible.

The Advisory Committee of our shareholders established a number of sub-committees, one of which is an ESG Sub-Committee. The ESG Sub-Committee is responsible for overseeing the development of the Group's Sustainability strategy, advise on objectives and targets for the Group's ESG activities and oversee the measurement and reporting of performance against these targets. The Company has replaced its own ESG Committee with a Sustainability Committee, which is responsible for overseeing the development and implementation of the Group's Sustainability strategy, establish Sustainability strategic goals, short and long term science-based target and key Sustainability metrics and overseeing the measurement and reporting of performance against these targets. The members of the Sustainability Committee are predominantly members of the SET. A number of sub-committees have been formed to implement actions in relation to our new Sustainability strategy and report into the Sustainability Committee.

Ultimate responsibility for delivering these objectives remains with the Chief Financial Officer, with day-to-day execution of related initiatives led by the Group Sustainability Director and the Group HSE Director. Please see the Governance Structure Post Acquisition in our Sustainability Report for further details.

The outcomes from the Sustainability Committee and its sub-committees were reported directly to the ESG Sub-Committee at meetings in July and November 2024. The ESG Sub-Committee also discussed and approved the CFD disclosures for 2024 in November 2024 and the Audit Sub-Committee discussed the climate risk, which continues to be identified as a principal risk to the Group, in November 2024.

#### Strategy

##### **Climate Change and Our Strategy for Physical Risks**

Understanding the potential impact of future climate scenarios, together with proactive mitigation, intervention plans and targeted investment, will help future proof our business and build resilience to protect our long term financial sustainability and continued supply of products to customers.

It is critical to understand the physical hazards from climate change (e.g. extreme heat, floods and storm damage) and the risks to our value chain, which includes our workforce, local communities, suppliers, partners and customers as well as our physical assets.

Working in a preventative way, we will implement planned response strategies and minimise interruptions from extreme weather events across our operations and value chain.

### ***Climate Change and Our Strategy for Transition Risks and Opportunities***

The nature of the risks and opportunities we face is not solely driven by the physical aspects of climate change. Regulatory, technical, and commercial changes in the markets in which we operate are already resulting in pressures to reduce the greenhouse gas (GHG) footprint of specific pharmaceutical products.

To respond to the identified climate risks and opportunities, we are taking action across the Group, and are committed to:

- achieving science-based net zero GHG emissions by maximising our energy efficiency, shifting to renewable energy sources, and investing in beyond value chain mitigation activities to support the global objective to halve emissions by 2030 and achieve science-based net zero by 2050 at the latest; and
- building resilience by managing the physical and transitional risks and opportunities from climate change in the value chain, through adaptation and business continuity planning.

### **Scenario Analysis**

We adopted the Dechra Pharmaceuticals Limited scenario analysis which was undertaken during the 2022 financial year. The scenario analysis assessed the impact of climate risk to our business using the Intergovernmental Panel on Climate Change (IPCC) data under two transition scenarios and two physical scenarios over a 30 year time horizon.

The first two modelled a positive scenario – Representative Concentration Pathway (RCP 1.9) indicating a 1.5°C temperature rise in accordance with the Paris Agreement and the second two (RCP 7.5) a 4°C temperature rise deemed to be a worst case scenario, which assumes that there will be no significant change in people's attitudes and priorities, or no major changes in technology, economics, or policies, so that normal circumstances are expected to continue unchanged. Using these assessments we have screened climate impacts across our own business critical operations and identified that all were potentially exposed to some form of risk, with three sites warranting further assessment.

Dechra Pharmaceuticals Limited, during the 2023 financial year, undertook a more detailed review using WWF Risk Filter Suite, an online tool designed to assess water related risks and evaluates risks like physical, regulatory, and reputational ones tied to water resources. In order to assess the water stress a "Water Risk Assessment" was initiated. This is a systematic evaluation of the potential risks related to water availability, quality, and usage associated with the facilities. This aims to identify and understand the water related challenges that the sites might face and help develop strategies to manage and mitigate risk. As part of this work, we have identified four sites (Pomona, Fort Worth, Bladel and Somersby) in water stress areas and we are conducting detailed water efficiency assessments at all sites and implemented water efficiency projects such as rain water harvesting.

Following the closure during the year of our manufacturing site in Melbourne, Florida, this has reduced slightly our exposure to certain physical risks previously identified.

Moving forwards, we intend to develop a more sophisticated approach when appraising strategic partners with a critical role in our value chain that are most exposed to climate-related hazards, to understand their resilience to climate change and to work collaboratively across the animal health industry. This will include, but not be limited to, Contract Manufacturing Organisations (CMO's), Active Pharmaceutical Ingredient (API) producers, packaging suppliers and transport and distribution service providers.



## Risk Management

To inform the wider Group risk management process of any specific risks and opportunities posed by climate change, and/or the transition to a low carbon economy, we have integrated climate assessments into the overall Group risk management process.

As a Company with a global footprint and with operations across the entire animal health value chain, from research and development through to after-sales support, we are potentially exposed to a number of varied factors.

Risk or Opportunity	Time Horizon			Potential Impact	How it is Managed
	Short (1 to 2 years)	Mid (2 to 5 years)	Long (5 to 25 years)		
Key Physical Risks					
Increased frequency of extreme weather and climate related natural disasters	Medium Risk	Medium Risk	Medium Risk	<p>Detailed manufacturing site-level climate risk assessments have been completed.</p> <p>Outcomes indicate potential for:</p> <ul style="list-style-type: none"><li>Increased exposure to extreme heat events. This risk has the potential to impact our manufacturing and logistic sites in North America, Croatia and Australia; and</li><li>Heavy rainfall causing local flooding. This risk has the potential to impact our manufacturing and logistics sites in the UK, Netherlands and Australia.</li></ul> <p>Risks relate primarily to disruption or delays at a site, along with potential for higher energy consumption and cost for cooling to maintain GMP compliance, delays and/or losses in distribution and damage to site infrastructure resulting in increased insurance premiums and reputational damage. We do not foresee a material business impact arising from these short term events.</p>	<p>Identified risks have been addressed in site continuity plans and/or incorporated into the site master plans. Any investments required are integrated into our financial planning process. For example to improve business resilience we are continuing to invest at our sites to mitigate reliance on third party energy suppliers via increased on-site use of solar panels complemented by emergency generators.</p> <p>During the financial year, solar panels were installed at our site in Australia and now generates approximately 13% of its electricity requirement. This complements the existing solar power capability at our sites in Skipton and Zagreb.</p> <p>We also aim to mitigate risk by reducing the number of contract manufacturers we engage with to develop more strategic partnerships, while also transferring the manufacture of products in-house wherever possible.</p> <p>We have a broad portfolio and therefore are not overly reliant on a small number of individual products. For those more important products, we look to dual source from CMOs or to manufacture at two different in-house locations insofar as is possible.</p>

Risk or Opportunity	Time Horizon			Potential Impact	How it is Managed
	Short (1 to 2 years)	Mid (2 to 5 years)	Long (5 to 25 years)		
Transition Risks and Opportunities					
Increased demand for low carbon products	Low Risk	Low Risk	Opportunity	<p>Our customers will increasingly look to select suppliers based on their GHG footprint to reduce their own Scope 3 footprint, as part of their net zero targets.</p> <p>Future revenue from our generic portfolio could be at risk should substitution to low carbon products become widespread before we are able to transition.</p> <p>We have an opportunity to gain market share if we can transition in the short term. The risks are currently deemed to be low and more likely to occur in a medium term timeframe on products which are 'me too' in nature.</p>	<p>We have committed to reach net zero emissions by no later than 2050, backed by science based targets. All new products brought to market for the first time now include a sustainability review pre-launch. This review will focus on utilising sustainable packaging, but also consider using sustainable active pharmaceutical ingredients where possible.</p> <p>In 2024 we have continued the project to screen the carbon footprint of our existing product range utilising an IT system to review the GHG footprint to help assess and manage risks and target interventions to reduce the environmental footprint of our products (initiated in 2022).</p>
Carbon pricing and future environmental taxation	Low	Mid	Opportunity	<p>There is uncertainty over the future environmental policy and fiscal landscape of many countries in which we operate. We anticipate increased regulation and other developments related to carbon pricing and broader environmental taxation over the medium to long term.</p> <p>Increased carbon pricing based on the International Energy Agency Net-Zero Emissions by 2050 scenario forecast which follows the 1.5°C warming pathway (\$140/tCO2 by 2030). We do not foresee a material impact.</p>	<p>Our Sustainability strategy and associated net zero commitment will help to mitigate some exposure to future carbon pricing and environmental taxation for our operations and our wider value chain. Managed correctly, this may actually present a commercial opportunity where peers have yet to establish a path to decarbonisation and net zero.</p>

Risk or Opportunity	Time Horizon			Potential Impact	How it is Managed
	Short (1 to 2 years)	Mid (2 to 5 years)	Long (5 to 25 years)		
<b>Supply-demand of renewable energy (power and heat)</b>	Low	Mid	Opportunity	<p>Competition for renewable energy due to increased demand.</p> <p>Security of renewable energy supply due to impact of climate change.</p> <p>Access to clean heat alternatives to natural gas, such as biomethane, generally requires higher investment.</p> <p>Opportunity to adopt energy efficiency measures to reduce operating costs and exposure to future fossil fuel price/carbon price increases. We do not foresee a material impact.</p>	<p>Energy efficiency reviews are conducted across our sites and incorporated into our capital expenditure and financial planning processes and are a primary metric alongside return on investment.</p> <p>Our management team at Zagreb holds the ISO 50001 accreditation, the international standard for Energy Management and have obtained planning permission to explore the potential viability of geothermal energy at the site as well as increasing the utilisation of solar energy.</p> <p>Transition to renewable power at all sites as quickly as possible including exploring the viability of solar panel utilisation at manufacturing sites beyond our existing installation at the Zagreb and Skipton sites and newly installed panels at our Somersby site.</p> <p>Our manufacturing facilities at Fort Worth, Skipton, Londrina and Zagreb, plus our main distribution centre in Uldum, are all now on sustainable energy tariffs.</p>
<b>Change in raw material or sourcing cost</b>	Low	Mid	Opportunity	<p>Costs and availability associated with low carbon products from core sectors, particularly in areas such as raw materials and packaging.</p> <p>There could be a significant risk associated with increased costs for using high carbon transport modes.</p> <p>Use of lower emission sources of energy will reduce costs and will reduce exposure to fossil fuel and carbon price changes.</p> <p>Use of more efficient production and distribution processes will reduce operational and logistical costs.</p> <p>We do not believe the net impact to be material as we envisage being able to pass on any increased costs to customers.</p>	<p>We have identified four key industries that are crucial to Dechra's value chain; chemicals/plastic, aluminium, pulp, and paper and glass.</p> <p>Risk assessments have been performed to the extent possible and during the year we have expanded our knowledge of possible mitigations and opportunities by leveraging the expertise of third party specialists.</p> <p>Commencing engagement with upstream and downstream partners to recognise sustainable performance during contract renewal processes. Many of the risks associated with incremental cost exposure are not unique to Dechra.</p> <p>They will also be faced by our peers and the wider animal health sector, which should encourage collaboration. Exploring positive recognition for our level of ambition with regards to sustainability during competitive tenders with customers.</p>

**Metrics and Targets**

We have disclosed the following KPI's in our Sustainability Report:

Sustainability Topic	Target	Performance in the 2024 Financial Year
Integrated Climate Strategy	Reduce Scope 1, 2 and 3 carbon emissions in line with climate science and achieve net zero by 2050	An increase of 2% in scope 2 and a reduction of 26% in scope 1 and 23.3% in scope 3 intensity ratio
	100% FSC paper & wood by June 2024	87% FSC paper & wood
Waste Management	Zero to landfill by June 2025	Waste sent to landfill increased from 5% to 11%
Plastic Leakage	Review full product range by June 2025	Project remains on track

We also report our GHG emissions and kWh under Streamlined Energy and Carbon Reporting (SECR) as disclosed and these are reported on a financial year basis compared to our SBT which are reported on a calendar year basis.

On 28 May 2024, we received validation of our long term and net zero targets from the Science Based Targets initiative (SBTi) and on 17 October 2023 we received validation of our near term targets.

**Near Term Targets**

- Reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year; and
- Reduce Scope 3 GHG emissions 51.6% per GBP value added within the same time frame.

**Long Term Targets**

- Reduce absolute Scope 1 and 2 GHG emissions 90% by 2050 from a 2021 base year; and
- Reduce Scope 3 GHG emissions 97% per GBP value added within the same time frame.

We recognise that cross-sector collaboration and supplier engagement are essential to decarbonise pharmaceutical supply chains. In particular, we acknowledge that to reduce our Scope 3 emissions, we will need to engage our suppliers across our entire value chain.

As referred to in our 2024 Sustainability Report, during the 2024 financial year the methodology for data collation was optimised and calculation of carbon was transitioned to an auditable carbon calculation system. This has resulted in a variance from the previously published calculations, due to a change in carbon emission factors used and improvements to data collection methodology. During this process, we revealed that our baseline carbon footprint had increased by more than 5%, therefore we have taken the decision to resubmit our baseline and review our targets with SBTi. At this time, we will also transition to financial year reporting, in order to align with future CSRD reporting requirements. We have summarised the variance between our original baseline and recalculated baseline in our 2024 Sustainability Report and a detailed description of how calculations have been made can be found on our website. For further details on SBTi and our progress, please see our 2024 Sustainability Report.

**Our Emissions****Group Greenhouse Gas Emissions**

This is the first year that Dechra Topco Limited has collated and reported on its Greenhouse Gas Emissions.

In order to determine our carbon emissions, we use the GHG Protocol Corporate Accounting and Reporting Standard, and we report on emissions arising from those sources over which we have operational control under the location-based method. Any acquisitions during the year are included from the first full month that they become part of the Dechra Topco Limited Group. As this is the first year Dechra has reported on Greenhouse Gas Emissions there is no prior year's data to compare. The disclosures below encompass:

- **Scope 1:** includes emissions from combustion of fuel and operation of facilities;
- **Scope 2:** includes emissions from purchased electricity, heat, steam and cooling; and
- **Scope 3:** includes only emissions from vehicles, flights, purchased electricity (which are not included in Scope 2), water and waste.

The GHG emissions are in relation to the period 16 January 2024 to 30 June 2024, which is different to this report, which covers the period from 9 May 2023 to 30 June 2024.

	2024	% relates to UK
Scope 1 (tonnes)	2,785	5.82%
Scope 2 (tonnes)	2,001	13.7%
Scope 3 (tonnes)	1,309	19.7%
Total Carbon Footprint (tonnes of CO <sub>2</sub> e)	6,095	
Intensity Ratio (tonnes of CO <sub>2</sub> e per £m revenue)	16.5	

The predominate source of Scope 1 emissions is Natural Gas.

#### Kilowatt-Hour (kWh)

This is the first year that Dechra Topco Limited has collated and reported on its kWh. The kWh figures in the table below are the quantities of energy from activities for which the Group is responsible worldwide and the annual quantity of energy consumed resulting from the purchase of electricity, heat, steam or cooling and vehicle fuel by the Group for its own use and arising from those sources over which we have operational control. As this is the first year Dechra has reported on Greenhouse Gas Emissions there is no prior year's data to compare. The kWh are in relation to the period 16 January 2024 to 30 June 2024, which is different to this report, which covers the period from 9 May 2023 to 30 June 2024:

	2024	% relates to energy consumed in UK
Scope 1	13,672,622	6.4%
Scope 2	11,722,478	11.8%
Scope 3	3,693,577	7.1%
Total kWh	29,043,676	8.7%

#### Corporate Governance

Under the Companies (Miscellaneous Reporting Regulations) 2018 the Company is required to provide a report on its Corporate Governance arrangements. The Company recognises the importance of having strong values, purpose and an approach to corporate governance that will support and enhance its strategic objectives. As the Company is the parent of Dechra Pharmaceuticals Limited (previously Dechra Pharmaceuticals PLC) it continues with the Purpose, Values, Code of Conduct, Policies, and Internal Controls of Dechra Pharmaceuticals Limited.

The Company will review in the forthcoming year whether to apply the Wates Corporate Governance Code or continue with its own corporate governance framework.

#### Purpose and Board Leadership

Our purpose is the sustainable improvement of global animal health and welfare.

#### How We Make a Difference

We believe that our success is based upon providing our stakeholders with a clear strategic plan that is aligned with our Purpose. We then deliver this strategy by focusing on three strategic enablers, all of which are underpinned by our Sustainability strategy.

#### Our Culture and Values

Everything we do is underpinned by our Culture and Values. They are important to us and have helped drive the Group's success. Our Values, entrepreneurial attitude and agile approach to the way we do things are the backbone of our Culture. We expect our people to make a difference by collaborating with each other and support them by providing clear guidance on expectations

We believe that our Values encapsulate our business ethics and set out the standards that we wish to achieve and ultimately exceed. They outline the type of people we are, the services we provide and the way we aim to do business. We deliver high quality products and services to veterinarians worldwide through our employees and a network of third parties with the aim of sustainably improving global animal health and welfare.

Our Values are a consistent part of how we lead the Dechra business. From recruitment through to investment in the development and growth of our employees we use our Values to describe what matters at Dechra. To maintain that integrity our employees are encouraged to contribute new items or blogs which demonstrate how our Values are being lived every day.

As the Dechra business grows through acquisition, we have recognised the importance of onboarding new employees into the Dechra way and enabling them to share and build on our Values as a route to unlocking value and success.

Further information on our Culture and Values can be found in our S172 Statement.

### **Workforce Policies and Practices**

The Senior Executive Team or the relevant Committee reviews all key policies/handbooks on an annual basis; these include the Code of Conduct, Dignity at Work Policy, Health and Safety Policy, Travel and Entertainment Policy and How to Raise a Concern Procedure. These reviews concluded that all policies/handbooks were operating effectively, remain consistent with our Values and support the long term sustainable success of the Company.

Our internal Code of Conduct includes a set of simple one page policy documents, which are summaries of the main Group policies. A Code of Conduct e-learning course is a global mandatory course completed on an annual basis.

The Dechra Health, Safety and Wellbeing (HSW) Committee remit is to reinforce our culture of zero harm across the entire business, which involves employees being engaged in the design and ownership of health, safety and wellbeing programmes and providing them with the confidence to challenge unsafe behaviours. The HSW Committee has continued to develop the wellbeing strategy, THRIVE, by launching a new Global Employee Assistance Programme (EAP) in Belgium, Finland, Netherlands, Norway, Poland, Serbia, Slovenia, Portugal, Spain, South Korea, Sweden. The service provides both emotional support and an enhanced legal and financial offering. This has resulted in 86% of all employees having access to an EAP service.

### **How to Raise a Concern**

The Directors and SET committed to the highest possible standards of openness, integrity and accountability and encourages any individual who has genuine concerns about any form of malpractice, including any breaches of the Values, within Dechra (or in relation to its business) to raise those concerns at an early stage via its How to Raise a Concern procedure.

There are five reporting channels for concerns to be raised: Line Manager; the Senior Management Team; Group Management Team; a mailbox accessed only by the Company Secretary; and a confidential hotline. Every effort is made to protect confidentiality to encourage reporting. We fully investigate reports and take appropriate actions to address these. A summary of any reported concern is provided to the Directors and Audit Sub-Committee of the Advisory Committee. There were 11 reports of which seven were deemed to be HR Grievances and the remaining were four against our Code of Conduct.

### **Leadership**

The Senior Executive Team (SET) leads the development and implementation of the business strategy. The SET is led by the Chief Executive Officer and is comprised of the Business Directors responsible for leading each of the Group's key functions. The SET is scheduled to meet formally twelve times a year to discuss the implementation of the strategy, share best practice and provide updates on their business or function as well as sharing market trends which impact the business.

The SET consists of:

Jesper Nordengaard (Chief Executive Officer)

Paul Sandland (Chief Financial Officer)

Melanie Hall (Company Secretary)

Jamie Adams (Chief Information Officer)

Giles Coley (Dechra International Group Director)

Katy Clough (Chief People Officer)

Juergen Horn (CEO of Invetx by Dechra)

Milton McCann (Group Manufacturing & Supply Director)

Dr Catherine Knupp (Interim Chief Scientific Officer)

Laura Olsen (NA President)

Roddy Webster (European Managing Director)

Jose Ostos (Chief Transformation Officer)

Further details on the SET can be found on our website: [www.dechra.com](http://www.dechra.com)

### **Stakeholder Engagement**

#### **The Importance of Our Stakeholders**

Engagement with stakeholders is a vital component of our long term sustainability and success, and helps make the business stronger and more resilient. We have identified six key stakeholder groups that we believe are important to engage with regularly to continue to make Dechra successful:

- **People:** our employees are our greatest asset and we aim to make Dechra a great and safe place to work by attracting, retaining and developing talent;
- **Veterinary Professionals:** we engage with veterinary professionals to improve animal health and welfare through the use of our innovative and effective products supplemented by daily engagement with our people, utilisation of the Dechra Academy, lunch and learns and technical support helpline;
- **Shareholders:** engagement is key to instilling trust and confidence, whilst also facilitating informed investment decisions;
- **Suppliers:** we aim to trade with honesty and integrity, and to source sustainable, ethically produced, quality raw materials and finished products;
- **Communities:** we believe it is important to give something back to the communities in which we operate; and
- **Regulatory Authorities:** it is vital to our business that our products meet the highest possible safety and quality standards and we work collaboratively with the relevant bodies worldwide.

Further information can be found in the S172 statements.

### Opportunities and Risk

Our strategy informs the setting of objectives across the business and is widely communicated. Strategic risks and opportunities are identified as an integral part of our strategy setting process, whilst operational, financial, compliance and emerging risks are identified as an integral part of our functional planning and budget setting processes.

The SET owns the risk management process and is responsible for managing specific Group risks. The SET members are also responsible for embedding sound risk management in strategy, planning, budgeting, performance management, and operational processes within their respective Operating Segments and business units.

Internal Audit coordinates the ongoing risk reporting process and provides independent assurance on the internal control framework.

Further information on our Risk can be found on pages 9 to 13.

### Remuneration

The Directors have adopted Dechra Pharmaceuticals Limited principles on workforce remuneration. These are monitored and operated by the Chief People Officer and the HR team.

### Wider Workforce Remuneration and Employee Engagement

We recruit and promote people on the basis of their personal ability, contribution and potential. We are committed to promoting, supporting and maintaining a culture of fairness, respect and equal opportunity for all. We are also committed to fair employment practices and comply with national legal requirements regarding wages and working hours.

The Group aims to provide a remuneration package that is competitive in an employee's country of employment and which is appropriate to promote the long term success of the Group.

### Dechra Pay Principles

Our pay principles support us in attracting, motivating and retaining the key talent required to support the sustainable improvement of animal health and welfare globally.

<b>Fair Pay</b>	Equal pay for work of equal value
<b>Market Competitiveness</b>	We aim to remain competitive on compensation in our different marketplaces, whilst maintaining internal integrity
<b>Living Wage</b>	We are a real Living Wage Employer*. Living wages vary by country, but our aim does not. As we continue to grow in countries across the globe, we will implement elsewhere in the world**
<b>Reward for Contribution</b>	In addition to base pay, we have a number of different local incentive schemes across the Group

\* Defined in the UK by The Living Wage Foundation.

\*\* Implemented early during the 2021 financial year.

### Audit Committee

The Company does not have a separate Audit Committee. Instead the Audit Sub-Committee of the Advisory Committee of the shareholder reviews internal and external audit reports, compliance with laws and regulations, adequacy of both risk assurance measures and internal controls of the Dechra Topco Limited Group.

## Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

### Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

The Director's Report has been approved by the Board and signed on its behalf by:



Paul Sandland (Jan 28, 2025 08:37 EST)

**Paul Sandland**  
Director  
28 January 2025