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:

Disclosure	Section of the Annual Report
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:

		Current Status	**Links to More Information**
A.	Description of the governance arrangements in relation to assessing and managing climate-related risks and opportunities	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. 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. The ESG committee coordinates management of physical and transitional risks and opportunities.	Governance
B.	Description of how the Company identifies, assesses and manages climate-related risks and opportunities	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. 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. 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.	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	Physical risks from climate change are primarily disruption or delays to manufacturing or distribution and increased liability insurance premiums and reputational damage. 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.	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.

<u>Scenario Analysis</u>

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	Detailed manufacturing site-level climate risk assessments have been completed. Outcomes indicate potential for: • 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 • Heavy rainfall causing local flooding. This risk has the potential to impact our manufacturing and logistics sites in the UK, Netherlands and Australia. 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.	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. 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. 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. 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.

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	Opportu-nity	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. Future revenue from our generic portfolio could be at risk should substitution to low carbon products become widespread before we are able to transition. 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.	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. 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).
Carbon pricing and future environmental taxation	Low	Mid	Opportu-nity	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. 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.	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.

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)		
Supply-demand of renewable energy (power and heat)	Low	Mid	Opportu-nity	Competition for renewable energy due to increased demand. Security of renewable energy supply due to impact of climate change. Access to clean heat alternatives to natural gas, such as biomethane, generally requires higher investment. 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.	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. 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. 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. Our manufacturing facilities at Fort Worth, Skipton, Londrina and Zagreb, plus our main distribution centre in Uldum, are all now on sustainable energy tariffs.
Change in raw material or sourcing cost	Low	Mid	Opportu-nity	Costs and availability associated with low carbon products from core sectors, particularly in areas such as raw materials and packaging. There could be a significant risk associated with increased costs for using high carbon transport modes. Use of lower emission sources of energy will reduce costs and will reduce exposure to fossil fuel and carbon price changes. Use of more efficient production and distribution processes will reduce operational and logistical costs. We do not believe the net impact to be material as we envisage being able to pass on any increased costs to customers.	We have identified four key industries that are crucial to Dechra's value chain; chemicals/plastic, aluminium, pulp, and paper and glass. 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. 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. 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.

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_2e)	6,095	
Intensity Ratio (tonnes of CO_2e 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

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.

Fair Pay	Equal pay for work of equal value
Market Competitiveness	We aim to remain competitive on compensation in our different marketplaces, whilst maintaining internal integrity
Living Wage	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**
Reward for Contribution	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
Director
28 January 2025