# Half-yearly financial report

## As of June 30, 2022

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# Half-yearly management report

## KEY EVENTS OF THE FIRST HALF OF 2022

The first half of 2022 has been unstable in many aspects: the ongoing health crisis, the conflict in Ukraine since late February resulting in exacerbated tensions with Russia, an energy crisis and the return of inflation.

### Health crisis

The Covid-19 pandemic continued earlier this year and impacted China in particular, which experienced a very strict lockdown with the country's zero-Covid policy, particularly in the Shanghai and Beijing regions. The drastic restrictions weighed on the Chinese economy and resulted in a slowdown in our activity in the country. However, our business continued to grow in the Asia Pacific region, outside of China, as in the rest of the Group.
The health crisis also caused global supply problems, which the Group dealt with and which only affected us in a limited way, thanks to the mobilization of our teams and the implementation of mechanisms to secure certain raw materials and other consumables necessary for the production of our vaccines and other products.

### Conflict between Ukraine and Russia

The war in Ukraine broke out last February, weakening the European and global diplomatic balance, and having direct macroeconomic consequences: pressures on energy, pressures on certain foodstuffs such as wheat, and pressures on certain industrial components.
In terms of activity, we have experienced little impact from this conflict because we do not hold assets in Russia or Ukraine and less than 0.5% of our sales were made in these two countries before the crisis (0.2% in the first half of 2022). In addition, we are not affected by trade restrictions and sanctions imposed by certain countries on Russia. However, we are experiencing the indirect economic consequences of this conflict, including widespread increases in raw material and energy costs.

### Inflation

This return of broad-based inflation also impacts us, including rising raw material costs, transportation costs and payroll costs. It is to be noted that the negative impact on the net result should be compensated for 2022.

Despite a difficult global economic environment, our business remained stable during the first six months of the year. Although growth momentum has slowed, the animal health sector has been very resilient so far. In addition, our overall presence in terms of geographical areas and species, our highly diversified product portfolio, our different distribution channels, the very high responsiveness and adaptability of the teams throughout our organizational model, and the robustness of our financial situation are the perfect assets for us to ride out this unstable environment.
However, we remain vigilant to the changing situation and impacts on our business in order to update our estimates and assumptions accordingly if necessary.

## EVENTS SUBSEQUENT TO JUNE 30, 2022

No major events occurred after June 30,2022.

# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Performance of revenue

Over the first half of the year, our revenues amounted to €616.4 million, compared with €529.4 million, representing an overall increase of +16.4% compared with the same period in 2021. Excluding the favorable impact of exchange rates, revenues rose by +12.0%.

### Performance by segment

| in € million | 2022.06 revenue at actual rates | Growth by segment at constant exchange rates and perimeter | | | | | |
|---|---|---|---|---|---|---|---|
| | | > -5% | - 5% to 0% | 0% to + 5% | +5% to +10% | +10% to +15% | > 15% |
| Parasiticides | 69.1 | | | | | 11.5% | |
| Immunology | 40.5 | | | | | 12.0% | |
| Antibiotics/dermatology | 55.5 | | | | | 10.2% | |
| Specialties | 65.0 | | | | | 13.8% | |
| Equine | 15.8 | | | | 7.3% | | |
| Specialized petfood | 47.9 | | | | | | 27.8% |
| Others | 60.7 | | | | | 14.7% | |
| **Companion animals** | **354.5** | | | | | **14.2%** | |
| Bovine parasiticides | 39.6 | | | | | | 16.3% |
| Bovine antibiotics | 45.4 | | | | | 10.0% | |
| Other ruminants products | 103.9 | | | | | | 15.4% |
| Pig/poultry antibiotics | 16.0 | -13.3% | | | | | |
| Other pig/poultry products | 17.5 | | | 0.5% | | | |
| Aquaculture | 26.0 | | | | 5.1% | | |
| **Food producing animals** | **248.3** | | | | **9.9%** | | |
| **Other businesses** | **13.6** | | **-1.1%** | | | | |
| **Revenue** | **616.4** | | | | | **12.0%** | |

**Companion animals**

In 2022, this business line represented 58% of revenue, up 14.2% at constant exchange rates and scope compared with 2021.
This growth is mainly driven by the very good double-digit growth of the petfood, specialties, dermatology and hygiene ranges, as well as the range of vaccines for dogs and cats.

**Food producing animals**

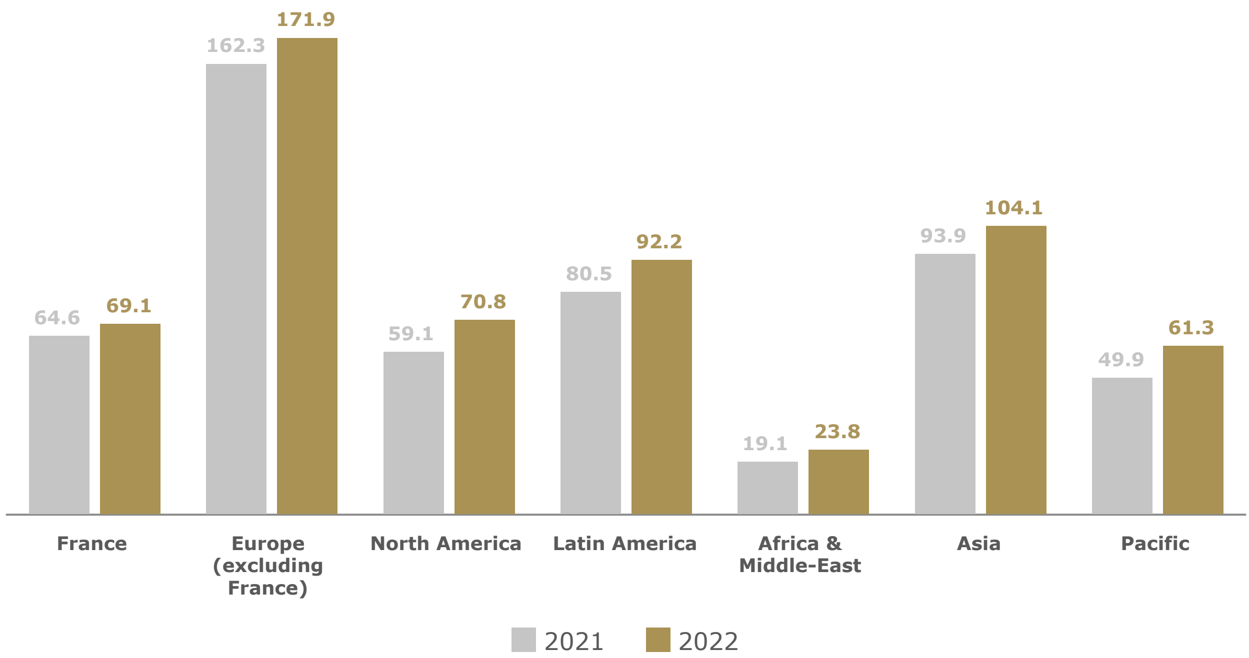
In 2022, this business line represented 40% of revenue, up 9.9% at constant exchange rates and scope.
This increase is mainly linked to the dynamism of the ruminant sector (+14.2% at constant exchange rates) and that of aquaculture (+5.1% at constant rates).

**Other business lines**

These business lines, which represent 2% of consolidated revenue over half-year 2022, correspond to markets of lesser strategic importance and mainly include the toll manufacturing produced for third parties in the United States and Australia (mainly the sales of Sentinel® Spectrum® to MSD Animal Health).

## Performance by geographic regions (at constant rates and perimeter)

in € million




Albeit a relative slowdown of the sector, all areas have continued to grow during the period.

# Analysis of the results

## Changes in results

| in € million | 2022.06 | % | 2021.06 restated[1] | % | *Variation* |
|---|---|---|---|---|---|
| **Revenue from ordinary activities** | **616.4** | **100.0** | **529.4** | **100.0** | ***16.4%*** |
| **Margin on purchasing costs** | **404.8** | **65.7** | **356.3** | **67.3** | **13.6%** |
| Current operating expenses | 267.8 | 43.4 | 232.9 | 44.0 | 15.0% |
| Depreciations and provisions | 19.6 | 3.2 | 19.0 | 3.6 | 3.4% |
| **Current operating profit before depreciation of intangible assets arising from acquisitions** | **117.4** | **19.0** | **104.4** | **19.7** | **12.4%** |
| Depreciations of intangible assets arising from acquisitions | 1.9 | 0.3 | 2.2 | 0.4 | -14.7% |
| **Operating profit from ordinary activities** | **115.5** | **18.7** | **102.2** | **19.3** | **13.0%** |
| Other non-current income and expenses | — | | — | | 0.0% |
| **Operating profit** | **115.5** | **18.7** | **102.2** | **19.3** | **13.0%** |
| Financial income and expenses | 8.1 | 1.3 | 1.6 | 0.3 | 403.1% |
| **Profit before tax** | **107.4** | **17.4** | **100.6** | **19.0** | **6.8%** |
| Income tax | 30.4 | | 26.9 | | 12.9% |
| Share from companies' result accounted for by the equity method | -0.6 | | -0.1 | | 511.5% |
| **Result for the period** | **77.6** | **12.6** | **73.7** | **13.9** | **5.2%** |
| Net result attributable to the non-controlling interests | — | | 1.7 | | -99.1% |
| **Net result attributable to the owners of the parent company** | **77.5** | **12.6** | **72.0** | **13.6** | **7.7%** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022.

The current operating income before depreciation of assets arising from acquisitions amounted to €117.4 million, compared to €104.4 million as of June 30, 2021, representing an increase of +12.4%.
The first half saw a strong increase in our revenue in all geographical areas, allowing us to maintain a good level of performance despite an increase in costs observed on production costs and operational expenses.
The main cost increases observed are in terms of transportation costs, which had already begun to increase during the pandemic, as well as in terms of travel costs; this second variation can be explained by a resumption of travel during the period, compared to an abnormally low level in the first half of 2021, due to Covid-related restrictions during the same period last year. Subcontracting and study costs also increased during the period but remained at a stable relative value level. Staff costs also increased in absolute value but not in relative value, given the resumption of hiring implemented since last year and the improvement of the health situation. Overall, we have maintained operating expenses at a slightly lower level in proportion to revenue compared to June 30, 2021.
Depreciation of intangible assets arising from acquisitions is slightly down by €0.3 million compared to the first half of 2021 due to the total amortization of one of the assets in 2021.
The operating income amounts to €115.5 million, compared to €102.2 million as of June 30, 2021, representing an improvement of +13.0%. No non-current expenses or income were recorded as at June 30, 2022.
Financial income dropped to -€8.1 million, compared to -€1.6 million as at June 30, 2021, a variation which is mainly explained by foreign exchange losses following changes in currencies and particularly the Chilean currency during the period. The cost of debt decreased by €2.5 million.
The income for the period attributable to the owners of the parent company amounts to €77.5 million, compared to €72.0 million over the same period in 2021, an improvement of 7.7%.
Following the 100% acquisition of Centrovet in the second half of 2021, the amount of non-controlling interests in globally integrated companies is non-material as at June 30, 2022.

## Analysis of the financial situation

### Consolidated balance sheet

| in € million | 2022.06 | 2021.12 |
|---|---|---|
| Net assets | 582.7 | 556.8 |
| Operating WCR, including deferred tax assets | 274.5 | 151.4 |
| Assets classified as held for sale | — | — |
| **Invested capital** | **857.1** | **708.3** |
| Equity attributable to the owners of the parent company | 819.7 | 724.9 |
| Non-controlling interests and other equity, including provisions and deferred tax liabilities | 57.0 | 57.2 |
| Net debt | -19.6 | -73.8 |
| Liabilities related to assets held for sale | — | — |
| **Financing** | **857.1** | **708.3** |

### Financing

As of June 30, 2022, our net debt amounts to -€19.6 million, up €54.2 million compared to December 31, 2021. This increase is mainly explained by the seasonal increase in our working capital requirements (related, among other things, to the payment of the annual lump sum discounts over the first half of the year and to the payment of social debts accrued on December 31 (bonuses, incentive and profit-sharing bonuses, *etc.*)). This seasonality is accentuated in 2022 by the payment of dividends as well as by a sharp increase in our working capital requirement related to the increase in revenue, the increase in our spending due to inflation (raw material prices, energy, *etc.*), and our R&D investments. The increase in our net debt during the first half of the year compared to the same period last year is due to the aforementioned elements and to higher hedging costs to limit the impact of volatility of certain currencies compared to the euro. Due to this seasonality, a significant decrease in debt level is expected, as every year, during the second half of the year.
In June 2022, we put in place a new financing contract with Banque publique d'investissement France for a total amount of €5 million, depreciable over ten years and at a fixed rate.

We have three main financing with the following characteristics:

- a syndicated loan of €200 million at variable rate, repayable *in fine* in October 2026, which can be extended by two years, accompanied by a so-called "accordion" clause allowing the financing to be increased by €150 million and which includes commitments in connection with our CSR policy;
- a market-based contract (*Schuldschein*) composed of one €6.0 million installment, with maturity April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €15.9 million at fixed rate, depreciable and maturing in November 2023, September 2024 and June 2032.

As of June 30, 2022, the funding position, which amounts to €93.4 million, is held mainly by Virbac for an amount of almost €71 million, which is broken down as follows:

- the syndicated loan was drawn for €49 million;
- market-based contract amounted to €6 million;
- the Bpifrance financing amounted to €15.9 million.

At half-year closing date, the marked-based contract includes a financial covenant compliance clause that requires us to adhere to the following financial ratios based on the consolidated accounts and reflecting consolidated net debt[1] for the period in question on the consolidated Ebitda[2] for the same test period.

As at June 30, 2022, we are in compliance with the financial ratio covenants, which is -0.10, thus placing it below the contractual financial covenant limit of 4.25.

[1]for the purpose of calculating the covenant, consolidated net debt refers to the sum of other current and non-current financial liabilities, namely the following items: loans, bank loans, accrued interest liabilities, liabilities related to finance leases, profit sharing, interest rate and foreign exchange derivatives, and others; minus the amount of the following items: cash and cash equivalents, term deposits, and foreign exchange and interest rate assets derivatives as shown in the consolidated accounts.

[2]the consolidated Ebitda refers to operating profit for the last twelve months (that of the last six months of 2021 added to that of the first half-year 2022), plus the allowances for depreciation and provisions net of reversals and dividends received from non-consolidated subsidiaries.

# DESCRIPTION OF KEY RISKS AND UNCERTAINTIES FOR THE REMAINING SIX MONTHS OF THE YEAR

The main risk factors to which Virbac is exposed are detailed in the 2021 annual report, available on the web site corporate.virbac.com.

The main risks we faced during the first half of the year, which will continue into the second half of the year, relate to the pandemic and to the unstable, inflationary context currently emerging in Europe and in the world.

As mentioned in the major events section, we have been able to deal with these risks so far and though real, these impacts remain limited for the time being for Virbac.

However, we are unable to predict how these contextual elements and their developments will impact our business, operations and financial performance beyond 2022.

Strict lockdowns, such as those in China in the first half of 2022, could impact our revenues as animal health spending drops as a result of these restrictions.

The evolution of the conflict in Ukraine, its extension and indirect consequences (inflation, energy crisis) could more sustainably impact the economy of European and global countries and result in a slowdown in our growth.

Long-term inflation, particularly in Europe and the United States, would impact our purchasing costs and payroll and could negatively impact our profitability, depending on our ability to increase our selling prices and volumes at the same time.

A sharper-than-expected slowdown in the animal health market could also impact our operational activity.

More generally, the instability in global economic conditions induced by the key events described above could accelerate and / or exacerbate the other risk factors identified in the "Risk Factors" chapter of Virbac's 2021 Annual Report, such as supply risks or delays in the development of our products, which could impact our business, operational and financial conditions, and results.

Each of these risks, and others that have not yet been identified, are likely to occur in the second half of 2022 or in subsequent years, and could result in a significant variance between current results and the outlook set out in this report.

# OPERATIONS WITH RELATED PARTIES

Information on related parties is detailed in note A30 to the condensed half-yearly consolidated financial statements.

# OUTLOOK

Revenue growth at constant exchange rates and scope is still expected to be in the range of 5% to 10% and will be refined when the third quarter revenues are published. The ratio of "current operating income before depreciation of assets from acquisitions" to "revenue" should consolidate at 15% at constant exchange rates, despite impacts from inflation. Finally, our debt relief should be around €30 million excluding dividends, at constant scope and exchange rates. The increase in our working capital requirements due to the increase in our activity, inflation, and management decisions (safety stock, for example) has led us to adjust our debt reduction forecasts for 2022 downwards.

# Condensed consolidated accounts

## CONSOLIDATED FINANCIAL STATEMENTS

### Statement of financial position

| in € thousand | Notes | 2022.06 | 2021.12 |
|---|---|---|---|
| Goodwill | **A1-A3** | 146,880 | 140,527 |
| Intangible assets | **A2-A3** | 154,632 | 148,751 |
| Tangible assets | **A4** | 231,358 | 219,604 |
| Right of use | **A5** | 36,040 | 36,524 |
| Other financial assets | **A6** | 6,470 | 5,749 |
| Share in companies accounted for by the equity method | **A7** | 4,626 | 3,721 |
| Deferred tax assets | **A8** | 24,108 | 22,006 |
| **Non-current assets** | | **604,115** | **576,882** |
| Inventories and work in progress | **A9** | 306,537 | 270,332 |
| Trade receivables | **A10** | 166,188 | 107,366 |
| Other financial assets | **A6** | 2,653 | 1,970 |
| Other receivables | **A11** | 76,553 | 72,215 |
| Cash and cash equivalents | **A12** | 175,807 | 172,787 |
| **Current assets** | | **727,738** | **624,668** |
| Assets classified as held for sale | **A13** | — | — |
| **Assets** | | **1,331,853** | **1,201,551** |
| Share capital | | 10,573 | 10,573 |
| Reserves attributable to the owners of the parent company | | 809,118 | 714,362 |
| **Equity attributable to the owners of the parent company** | | **819,690** | **724,935** |
| Non-controlling interests | | 276 | 256 |
| **Equity** | | **819,966** | **725,191** |
| Deferred tax liabilities | **A8** | 27,754 | 27,883 |
| Provisions for employee benefits | | 20,930 | 21,062 |
| Other provisions | **A14** | 7,063 | 6,356 |
| Lease liability | **A15** | 28,724 | 29,459 |
| Other financial liabilities | **A16** | 64,351 | 13,962 |
| Other payables | **A17** | 7,912 | 6,887 |
| **Non-current liabilities** | | **156,734** | **105,609** |
| Other provisions | **A14** | 1,020 | 1,612 |
| Trade payables | **A18** | 136,931 | 127,602 |
| Lease liability | **A15** | 9,508 | 8,995 |
| Other financial liabilities | **A16** | 53,636 | 46,538 |
| Other payables | **A17** | 154,057 | 186,004 |
| **Current liabilities** | | **355,153** | **370,751** |
| Liabilities related to assets held for sale | **A13** | — | — |
| **Liabilities** | | **1,331,853** | **1,201,551** |

## Income statement

| in € thousand | Notes | 2022.06 | 2021.06 restated[1] | Variation |
|---|---|---|---|---|
| **Revenue from ordinary activities** | **A19** | **616,364** | **529,414** | ***16.4%*** |
| Purchases consumed | **A20** | -211,584 | -173,103 | |
| External costs | **A21** | -108,708 | -91,280 | |
| Personnel costs | | -156,011 | -142,647 | |
| Taxes and duties | | -7,595 | -6,856 | |
| Depreciations and provisions | **A22** | -19,619 | -18,974 | |
| Other operating income and expenses | **A23** | 4,507 | 7,833 | |
| **Current operating profit before depreciation of assets arising from acquisitions[2]** | | **117,354** | **104,387** | ***12.4%*** |
| Depreciations of intangible assets arising from acquisitions | **A22** | -1,894 | -2,223 | |
| **Operating profit from ordinary activities** | | **115,460** | **102,164** | ***13.0%*** |
| Other non-current income and expenses | **A24** | — | — | |
| **Operating result** | | **115,460** | **102,164** | ***13.0%*** |
| Financial income and expenses | **A25** | -8,100 | -1,610 | |
| **Profit before tax** | | **107,359** | **100,554** | ***6.8%*** |
| Income tax | **A26** | -30,384 | -26,918 | |
| Share from companies' result accounted for by the equity method | **A7** | 584 | 96 | |
| **Result for the period** | | **77,560** | **73,732** | ***5.2%*** |
| attributable to the owners of the parent company | | 77,544 | 72,007 | *7.7%* |
| attributable to the non-controlling interests | | 16 | 1,725 | *-99.1%* |
| Profit attributable to the owners of the parent company, per share | **A27** | €9.18 | €8.54 | *7.5%* |
| Profit attributable to the owners of the parent company, diluted per share | **A27** | €9.17 | €8.52 | *7.6%* |

[1] as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022

[2] in order to provide a clearer picture of our economic performance, we isolate the impact of the allowance for depreciations of intangible assets resulting from acquisitions. Therefore, our income statement shows a current operating profit before depreciation of assets arising from acquisitions (see note A22)

## Comprehensive income statement

| in € thousand | 2022.06 | 2021.06 restated[1] | *Variation* |
|---|---|---|---|
| **Result for the period** | **77,560** | **73,732** | ***5.2 %*** |
| Conversion gains and losses | 26,615 | 8,771 | |
| Effective portion of gains and losses on hedging instruments | 822 | 760 | |
| **Items subsequently reclassifiable to profit and loss** | **27,438** | **9,531** | ***187.9 %*** |
| Actuarial gains and losses | 1,196 | 422 | |
| **Items not subsequently reclassifiable to profit and loss** | **1,196** | **422** | ***183.8 %*** |
| **Other items of comprehensive income (before tax)** | **28,634** | **9,952** | ***187.7 %*** |
| Tax on items subsequently reclassifiable to profit and loss | -223 | -216 | |
| Tax on items not subsequently reclassifiable to profit and loss | -309 | -109 | |
| **Comprehensive income** | **105,662** | **83,360** | ***26.8 %*** |
| attributable to the owners of the parent company | 105,624 | 81,778 | *29.2 %* |
| attributable to the non-controlling interests | 37 | 1,582 | *-97.6 %* |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022

## Statement of change in equity

| in € thousand | Share capital | Share premiums | Reserves | Conversion reserves | Result for the period | Equity attributable to the owners of the parent company | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|
| **Equity as at 12/31/2020 restated** | **10,573** | **6,534** | **510,651** | **-42,829** | **136,039** | **620,967** | **34,250** | **655,217** |
| 2020 allocation of net income | — | — | 129,695 | — | -129,695 | **—** | — | **—** |
| Distribution of dividends | — | — | — | — | -6,343 | **-6,343** | -5,076 | **-11,419** |
| Treasury shares | — | — | 565 | — | — | **565** | — | **565** |
| Changes in scope | — | — | — | — | — | **—** | — | **—** |
| Other variations | — | — | 77 | — | — | **77** | — | **77** |
| Comprehensive income as at 06/30/2021 restated[1] | — | — | 857 | 8,914 | 72,007 | **81,778** | 1,582 | **83,360** |
| **Equity as at 06/30/2021 restated[1]** | **10,573** | **6,534** | **641,845** | **-33,915** | **72,007** | **697,045** | **30,756** | **727,800** |
| **Equity as at 12/31/2021** | **10,573** | **6,534** | **614,947** | **-20,281** | **113,162** | **724,935** | **256** | **725,191** |
| 2021 allocation of net income | — | — | 102,589 | — | -102,589 | **—** | — | **—** |
| Distribution of dividends | — | — | 0 | — | -10,575 | **-10,575** | -17 | **-10,592** |
| Treasury shares | — | — | -315 | — | — | **-315** | — | **-315** |
| Changes in scope | — | — | — | — | — | **—** | — | **—** |
| Other variations | — | — | 21 | — | — | **21** | — | **21** |
| Comprehensive income | — | — | 1,464 | 26,615 | 77,544 | **105,624** | 37 | **105,661** |
| **Equity as at 06/30/2022** | **10,573** | **6,534** | **718,707** | **6,334** | **77,543** | **819,690** | **276** | **819,966** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022

The general shareholders' meeting of Virbac, which was held on June 21, 2022, approved the payment of a dividend of €1.25 per share for the 2021 financial year, for a total amount of €10,574,703.

## Cash position statement

| in € thousand | 2022.06 | 2021.06 |
|---|---|---|
| Cash and cash equivalents | 172,787 | 181,890 |
| Bank overdraft | -628 | -2,306 |
| Accrued interests not yet matured | -23 | -18 |
| **Opening net cash position** | **172,136** | **179,567** |
| Cash and cash equivalents | 175,807 | 184,399 |
| Bank overdraft | -16,756 | -384 |
| Accrued interests not yet matured | -41 | -16 |
| **Closing net cash position** | **159,009** | **183,998** |
| Impact of currency conversion adjustments | 5,393 | 1,822 |
| Impact of changes in scope | — | — |
| **Net change in cash position** | **-18,520** | **2,610** |

## Cash flow statement

| in € thousand | Notes | 2022.06 | 2021.06 restated[1] |
|---|---|---|---|
| **Result for the period** | | **77,560** | **73,732** |
| Elimination of share from companies' profit accounted for by the equity method | **A7** | -584 | -96 |
| Elimination of depreciations and provisions | **A14-A22** | 22,303 | 20,298 |
| Elimination of deferred tax change | **A8** | -2,719 | -4,872 |
| Elimination of gains and losses on disposals | **A23** | 161 | -223 |
| Other income and expenses with no cash impact | | 4,418 | 7,239 |
| **Cash flow** | | **101,139** | **96,080** |
| Net financial interests paid | **A25** | 81 | 2,578 |
| Tax currently payable | | 33,327 | 31,790 |
| **Cash flow before financial interests and tax currently payable** | | **134,547** | **130,447** |
| Effect of net change in inventories | **A9** | -25,993 | -27,476 |
| Effect of net change in trade receivables | **A10** | -54,529 | -36,074 |
| Effect of net change in trade payables | **A18** | 7,519 | 13,610 |
| Income tax paid | | -42,262 | -28,842 |
| Effect of net change in other receivables and payables | **A11-A17** | -32,635 | -19,045 |
| **Effect of change in working capital requirements** | | **-147,899** | **-97,827** |
| **Net cash flow generated by operating activities** | | **-13,352** | **32,620** |
| Acquisitions of intangible assets | **A2-A18** | -8,749 | -8,544 |
| Acquisitions of tangible assets | **A4-A18** | -16,782 | -11,574 |
| Disposals of intangible and tangible assets | **A23** | 89 | 403 |
| Change in financial assets | **A6** | -353 | -616 |
| Change in debts relative to acquisitions | | — | — |
| Acquisitions of subsidiaries or activities | | — | — |
| Disposals of subsidiaries or activities | | — | — |
| Dividends received | | — | — |
| **Net cash flow allocated to investing activities** | | **-25,796** | **-20,332** |
| Dividends paid to the owners of the parent company | | -10,573 | -6,343 |
| Dividends paid to the non-controlling interests | | -5 | -5,036 |
| Change in treasury shares | | -1,064 | 23 |
| Increase/decrease of capital | | — | — |
| Cash investments | | — | — |
| Debt issuance | **A16** | 82,051 | 31,343 |
| Repayments of debt | **A16** | -44,516 | -22,320 |
| Repayments of lease obligation | **A15** | -5,184 | -4,767 |
| Net financial interests paid | **A25** | -81 | -2,578 |
| **Net cash flow from financing activities** | | **20,628** | **-9,679** |
| **Change in cash position** | | **-18,520** | **2,610** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## General information note

Virbac is an independent, global pharmaceutical laboratory exclusively dedicated to animal health which markets a full range of products designed for companion animals and food producing animals.
The Virbac share is listed on the Paris stock exchange in section A of the Euronext.
Virbac is a public limited company governed by French law, whose governance evolved in December 2020 from an organization with an executive board and a supervisory board to an organization incorporating a general management (which relies on a Group executive committee) and a board of directors. Its trading name is "Virbac".
The company was established in 1968 in Carros.
After the joint ordinary and extraordinary shareholders' meeting held on June 17, 2014, which adopted the resolution on reviewing the by-laws, the company's lifetime was extended to 99 years, *i.e*. until June 17, 2113.
The head office is located at 1ère avenue 2065m LID, 06516 Carros. The company is registered in the Grasse Trade and companies register under the number 417350311 RCS Grasse.

Our 2022 condensed consolidated accounts for the first half-year were approved by the board of directors on September 13, 2022.

The explanatory notes below support the presentation and are an integral part of these consolidated accounts.

## Key events over the period

The first half of 2022 has been unstable in many aspects: the ongoing health crisis, conflict in Ukraine since late February and exacerbated tensions with Russia, an energy crisis and the return of inflation.

### Health crisis

The Covid-19 pandemic continued earlier this year and impacted China in particular, which experienced a very strict lockdown with the country's zero-Covid policy, particularly in the Shanghai and Beijing regions. The drastic restrictions weighed on the Chinese economy and resulted in a slowdown in our activity in the country. However, our business continued to grow in the Asia Pacific region, outside of China, as in the rest of the Group.
The health crisis also caused global supply problems, which the Group dealt with and which only affected us in a limited way, thanks to the mobilization of our teams and the implementation of mechanisms to safeguard certain raw materials and other consumables necessary for the production of our vaccines and other products.

### Conflict between Ukraine and Russia

The war in Ukraine broke out last February, weakening the European and global diplomatic balance, and having direct macroeconomic consequences: pressures on energy, pressures on certain foodstuffs such as wheat, and pressures on certain industrial components.
In terms of activity, we have experienced little impact from this conflict because we do not hold assets in Russia or Ukraine and less than 0.5% of our sales were made in these two countries before the crisis (0.2% in the first half of 2022). In addition, we are not affected by trade restrictions and sanctions imposed by certain countries on Russia. However, we are experiencing the indirect economic consequences of this conflict, including widespread increases in raw material and energy costs.

### Inflation

This return of broad-based inflation also impacts us, including rising raw material costs, transportation costs and payroll costs. It is to be noted that the negative impact on the net result should be compensated for 2022.

Despite a difficult global economic environment, our business remained stable during the first six months of the year. Although growth momentum has slowed, the animal health sector has been very resilient so far. In addition, our overall presence in terms of geographical areas and species, our highly diversified product portfolio, our different distribution channels, the very high responsiveness and adaptability of the teams throughout our organizational model, and the robustness of our financial situation are the perfect assets for us to ride out this unstable environment.
However, we remain vigilant to the changing situation and impacts on our business in order to update our estimates and assumptions accordingly if necessary.

## Significant events after the closing date

No major events occurred after June 30,2022.

# Accounting principles and methods

## Compliance and basis for preparing the consolidated financial statements

The half-year condensed financial statements have been prepared in accordance with standard IAS 34 "Interim financial reporting", standard of the IFRS (International financial reporting standards) as adopted by the European Union. The condensed interim financial statements do not include the whole information required by the IFRS reference system for year-end accounts. They should be analyzed with regards to the consolidated statements of the previous year, as of December 31, 2021.
With the exception of the standards, amendments or interpretations of application which are compulsory starting from January 1, 2022, the accounting principles used in the preparation of Virbac's half-year condensed financial statements are identical to those used in the preparation of consolidated statements as of December 31, 2021. They have been established in compliance with the IFRS as published by the IASB (International accounting standards board), and with the IFRS as adopted by the European Union as of June 30, 2022.
The standards and interpretations of the IFRS as adopted by the European Union are available under the heading "IAS/IFRS interpretations and standards", on the following website:
https://ec.europa.eu/finance/company-reporting/standards-interpretations/index_en.htm

## New standards and interpretations

**Mandatory standards and interpretations as at January 1, 2022**

- **Amendment to IFRS 3 - Update of the conceptual framework**
- **Amendment to IAS 16 - Property, plant and equipment: proceeds before intended use**
- **Amendment to IAS 37 - Onerous contracts: costs of fulfilling a contract**
- **Annual IFRS improvements - 2018/2020 cycle**

These new texts have had no impact on our accounts.

As a reminder, in our consolidated statements as at December 31, 2021, we applied the IFRIC IC decision published in its update of March 2021 on the treatment of the costs of configuring and customizing software used under an SaaS (Software as a service) contract and leading to the recognition of these costs as charges. We therefore restated the information published on June 30, 2021 to incorporate the consequences of this decision.

In addition, during the period, Turkey was added to the list of hyperinflationary economies. However, the operations we carry out in that country are not material at the Group level. Thus, in the absence of significant impact, the provisions of IAS 29 were not applied as at June 30, 2022.

**Standards and interpretations adopted by the EU but not available for early adoption**
The standards and interpretations listed below will be applicable from January 1,2023 on:

- **IFRS 17 - Insurance contracts - including amendments to IFRS 17**
- **Amendment to IAS 1 and IFRS practice statement 2 - Disclosure of accounting policies**
- **Amendment to IAS 8 - Accounting policies, change in accounting estimates and errors: definition of change in accounting estimates**

**Standards and interpretations still not adopted by the EU**

- **Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current**
- **Amendments to IAS 12 - Income taxes: deferred tax related to assets and liabilities arising from a single transaction**
- **First application of IFRS 17 et d'IFRS 9 - Comparative information**

We have chosen not to adopt these standards and interpretations early, choosing instead to conduct an analysis of the implications involved in adopting them. Where necessary, we will apply these standards in our accounts once they are adopted by the European Union.

## Consolidation rules applied

**Consolidation scope and methods**

Pursuant to IFRS 10 "Consolidated financial statements", our consolidated financial statements include all of the entities controlled, directly or indirectly, by Virbac, whatever equity stake it may have in these entities. An entity is controlled by Virbac once the following three criteria are cumulatively met:

- Virbac has power over the subsidiary whereby it has actual rights that give it the capacity to direct relevant activities;
- Virbac is exposed to or has rights to variable returns because of its connections to that entity;
- Virbac has the capacity to exercise its power over this entity so as to affect the amount of returns that it receives.

Determining control takes into account potential voting rights if they are substantive, in other words, whether they can be exercised in a timely fashion when decisions about the entity's relevant activities should be taken.
The entities over which Virbac exercises this control are fully consolidated. As applicable, any non-controlling (minority) interests are valued on the date of acquisition in the amount of the fair value of the identified net assets and liabilities.

Pursuant to IFRS 11 "Partnerships", we classify partnerships as joint ventures. Depending on the partnerships, Virbac exercises:

- joint control over a partnership when decisions regarding the partnership's relevant activities require unanimous consent from Virbac and the other parties sharing control;
- significant influence over an associated company when it has the power to participate in financial and operational decisions, albeit without having the power to control or exercise joint control over these policies.

Joint ventures and associated companies are consolidated using the equity method in accordance with IAS 28 "Investments in Associated Companies and Joint Ventures" standard.

The consolidated financial statements as at June 30, 2022 include the financial statements of the companies that Virbac controls indirectly or directly, in law or in fact. The list of consolidated companies is provided in note A31.
All transactions between Group companies, as well as inter-company profits, are eliminated from the consolidated accounts.

**Foreign exchange conversion methods**

- **Conversion of foreign currency operations in the accounts of consolidated companies**

Fixed assets and inventories acquired using foreign currency are converted into functional currency using the exchange rates in effect on the date of acquisition. All monetary assets and liabilities denominated in foreign currency are converted using the exchange rates in effect at closing date. The resulting exchange rate gains and losses are recorded in the income statement.

- **Conversion of foreign company accounts**

Pursuant to IAS 21 standard "Effects of changes in foreign exchange rates" standard, each of our entities accounts for its operations in its functional currency, the currency that most clearly reflects its business environment.
Our consolidated financial statements are presented in euros. The financial statements of foreign companies for which the functional currency is not the euro are converted according to the following principles:

- the balance sheet items are converted at the rate in force at the close of the period. The conversion difference resulting from the application of a different exchange rate for opening equity is shown in the other comprehensive income;
- the income statements are converted at the average rate for the period. The conversion difference resulting from the application of an exchange rate different from the balance sheet rate is shown in the other comprehensive income.

## Use of estimations and assumptions

The drawing up of consolidated financial statements implies that the Group makes a number of estimates and assumptions that have a material impact on the value of the assets and liabilities recognized into the statement of financial position, the information related to these assets and liabilities, the expenses and revenues recognized into the profit and loss statement, and the commitments related to the period.
The current global context had no impact on the critical judgements exercised by the Group to apply the accounting methods and the main sources of uncertainty relating to estimations. They are described into the consolidated financial statements of the period closed December 31, 2021.
In addition, for the purposes of the half-year financial information, pursuant to IAS 34, the Group tax charge is calculated on the basis of the effective tax rate estimated for the current fiscal year.
This effective tax rate was estimated based on the tax rates in force and the estimates of profit before tax of the tax jurisdictions of the Group.

## A1. Goodwill

### Change in goodwill by CGU

| in € thousand | Gross value as at 12/31/2021 | Impairment value as at 12/31/2021 | Book value as at 12/31/2021 | Increases | Sales | Impair-ment | Conversion gains and losses | Book value as at 06/30/2022 |
|---|---|---|---|---|---|---|---|---|
| United States | 60,814 | -3,650 | **57,164** | — | — | — | 5,021 | **62,185** |
| Chile | 24,320 | — | **24,320** | — | — | — | 9 | **24,329** |
| New Zealand | 15,320 | -154 | **15,166** | — | — | — | -109 | **15,057** |
| India | 13,575 | — | **13,575** | — | — | — | 327 | **13,902** |
| SBC | 7,682 | — | **7,682** | — | — | — | 447 | **8,129** |
| Denmark | 4,643 | — | **4,643** | — | — | — | — | **4,643** |
| Uruguay | 4,201 | — | **4,201** | — | — | — | 380 | **4,580** |
| Peptech | 3,519 | — | **3,519** | — | — | — | 110 | **3,629** |
| Australia | 3,274 | -312 | **2,962** | — | — | — | 67 | **3,029** |
| Italy | 1,585 | — | **1,585** | — | — | — | — | **1,585** |
| Colombia | 1,467 | — | **1,467** | — | — | — | 75 | **1,543** |
| Greece | 1,358 | — | **1,358** | — | — | — | — | **1,358** |
| Other CGUs | 4,606 | -1,722 | **2,884** | — | — | — | 25 | **2,909** |
| **Goodwill** | **151,786** | **-11,259** | **140,527** | **—** | **—** | **—** | **6,353** | **146,880** |

The variation in this item is only related to the conversion gains and losses for the financial year.

## A2. Intangible assets

### Changes in intangible assets

| in € thousand | Concessions, patents, licenses and brands | | Other intangible assets | Intangible assets in progress | Intangible assets |
|---|---|---|---|---|---|
| | Indefinite life | Finite life | | | |
| **Gross value as at 12/31/2021** | **109,401** | **106,424** | **70,346** | **19,687** | **305,859** |
| Acquisitions and other increases | — | 375 | 873 | 5,494 | **6,742** |
| Disposals and other decreases | -66 | -200 | -25 | -114 | **-405** |
| Changes in scope | — | — | — | — | **—** |
| Transfers | — | 1,809 | 1,185 | -3,364 | **-370** |
| Conversion gains and losses | 2,686 | 2,265 | 656 | 759 | **6,367** |
| **Gross value as at 06/30/2022** | **112,022** | **110,673** | **73,035** | **22,463** | **318,193** |
| **Depreciation as at 12/31/2021** | **-15,976** | **-80,341** | **-60,059** | **-733** | **-157,108** |
| Depreciation expense | — | -2,584 | -2,014 | — | **-4,598** |
| Impairment losses (net of reversals) | 12 | 68 | — | -10 | **70** |
| Disposals and other decreases | — | 130 | 15 | — | **145** |
| Changes in scope | — | — | — | — | **—** |
| Transfers | — | — | — | — | **—** |
| Conversion gains and losses | — | -1,571 | -485 | -14 | **-2,070** |
| **Depreciation as at 06/30/2022** | **-15,964** | **-84,298** | **-62,542** | **-757** | **-163,561** |
| **Net value as at 12/31/2021** | **93,425** | **26,084** | **10,287** | **18,955** | **148,751** |
| **Net value as at 06/30/2022** | **96,058** | **26,376** | **10,493** | **21,706** | **154,632** |

### Concessions, patents, licenses and brands

The item "'Concessions, patents, licenses and brands" includes:

- rights relating to the patents, know-how and market authorizations necessary for the Group's production activities and commercialization procedures;
- trademarks;
- distribution rights, customer files and other rights to intangible assets.

It consists primarily of intangible assets arising from acquisitions, which are treated in accordance with IAS 38, as well as assets acquired as part of external growth transactions, as defined by IFRS 3.

As of June 30, 2022, the item "Concessions, patents, licenses and brands" comprised the following:

### As at June 30, 2022

| in € thousand | Acquisition date | Brands | Patents and know-how | Marketing authorizations and registration rights | Customers lists and others | Total |
|---|---|---|---|---|---|---|
| United-States: iVet | 2021 | 1,185 | — | — | 1,625 | **2,810** |
| SBC | 2015 | — | 4,027 | 2,244 | — | **6,271** |
| Uruguay: Santa Elena | 2013 | 3,774 | 9,764 | 264 | — | **13,802** |
| Australia: Axon | 2013 | 954 | 813 | — | — | **1,766** |
| Australia: Fort Dodge | 2010 | 1,602 | 476 | — | — | **2,078** |
| New Zealand | 2012 | 3,293 | 614 | 323 | 1,397 | **5,627** |
| Centrovet | 2012 | 16,540 | 26,379 | 6 | 3,502 | **46,427** |
| Multimin | 2011-2012 | 3,347 | 3,199 | — | — | **6,547** |
| Peptech | 2011 | 1,026 | — | — | — | **1,026** |
| Colombia: Synthesis | 2011 | 1,432 | — | 318 | — | **1,750** |
| Schering-Plough Europe | 2008 | 4,879 | — | 953 | — | **5,831** |
| India: GSK | 2,006 | 10,971 | — | — | — | **10,971** |
| Others | | 6,957 | 2,368 | 6,725 | 1,478 | **17,528** |
| **Total concessions, patents, licenses and brands** | | **55,959** | **47,640** | **10,833** | **8,001** | **122,434** |

The classification of intangible assets according to useful life results from the analysis of all relevant economic and legal factors, making it possible to conclude whether or not there is a foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.
Innovative or differentiated products in general, and vaccines and other assets from biotechnologies in particular, are generally classified as intangible assets with indefinite useful lives, once a detailed analysis has been conducted and experts have given their opinions on their potential. This approach is founded on Virbac's past experience.

### Other intangible assets

The other intangible assets relate essentially to IT projects, in several Group subsidiaries. They all have defined useful lives. The €6.4 million increase in the items "Other intangible assets" and "Intangible assets in progress" is primarily due to investments in IT projects carried out by Virbac (parent company) and in the United States, as well as licenses and marketing authorizations projects that are in progress.
The "Transfers" line indicates the commissioning of these projects.

## A3. Impairment of assets

In accordance to IAS 36, we perform impairment tests of the assets included in each of its CGUs, once a year, and independently from the existence of indicators of loss of value. As part of the preparation of the half-yearly consolidated accounts, we analyze quantitative and qualitative criteria in order to identify possible indicators of loss of value, and carries out impairment tests when these indicators are recognized.
As of June 30, 2022, impairment tests were carried out on four CGUs showing indicators of loss of value. However the comfort margins of each of them remains high and these tests did not lead us to recognize any impairment in our condensed consolidated accounts.

# A4. Tangible assets

## Change in tangible assets

| in € thousand | Lands | Buildings | Technical facilities, materials and equipment | Other tangible assets | Tangible assets in progress | Tangible assets |
|---|---|---|---|---|---|---|
| **Gross value as at 12/31/2021** | **17,892** | **190,201** | **219,133** | **29,851** | **28,285** | **485,362** |
| Acquisitions and other increases | — | 1,948 | 3,220 | 1,717 | 8,795 | **15,680** |
| Disposals and other decreases | — | -10 | -453 | -278 | -88 | **-829** |
| Changes in scope | — | — | — | — | — | **—** |
| Transfers | — | 538 | 1,307 | 297 | -1,798 | **345** |
| Conversion gains and losses | 692 | 4,123 | 6,689 | 1,003 | 783 | **13,291** |
| **Gross value as at 06/30/2022** | **18,584** | **196,801** | **229,896** | **32,590** | **35,977** | **513,848** |
| **Depreciation as at 12/31/2021** | **—** | **-104,578** | **-138,880** | **-22,300** | **—** | **-265,758** |
| Depreciation expense | — | -4,387 | -6,330 | -1,320 | — | **-12,037** |
| Impairment losses (net of reversals) | — | — | 192 | — | — | **192** |
| Disposals and other decreases | — | 10 | 453 | 263 | — | **725** |
| Changes in scope | — | — | — | — | — | **—** |
| Transfers | — | — | 16 | 8 | — | **24** |
| Conversion gains and losses | — | -1,441 | -3,491 | -705 | — | **-5,637** |
| **Depreciation as at 06/30/2022** | **—** | **-110,397** | **-148,039** | **-24,055** | **—** | **-282,491** |
| **Net value as at 12/31/2021** | **17,892** | **85,623** | **80,253** | **7,551** | **28,285** | **219,604** |
| **Net value as at 06/30/2022** | **18,584** | **86,404** | **81,857** | **8,536** | **35,977** | **231,358** |

In line with the investments in projects that started in 2020, we continued to invest at the historic Carros site in improvements to our buildings, as well as in the acquisition of new industrial equipment, which represents more than 60% of the increase in fixed assets for the period. In the rest of the world, acquisitions are mainly located in Taiwan with the development of the new R&D laboratory and in the United States, where new industrial equipment was acquired.

The “Transfers” line materializes the commissioning of projects, mainly in France.

Conversion gains and losses impact the item "Tangible fixed assets" for a net amount of €7.7 million.

## A5. Right of use

In presenting our financial statements, we have chosen to isolate, on a dedicated statement of financial position line, the right of use resulting from those contracts that fall within the scope of the IFRS 16 standard.

Changes in the right of use during 2022 are analyzed as follows:

| in € thousand | Lands and buildings | Technical facilities, materials and equipment | Transportation equipment | IT equipment hardware and software | Office equipment and others | Right of use |
|---|---|---|---|---|---|---|
| **Gross value as at 12/31/2021** | **37,371** | **3,527** | **13,760** | **2,665** | **699** | **58,022** |
| Increases | 487 | 129 | 1,983 | 1,213 | 55 | **3,865** |
| Decreases | -53 | -60 | -1,570 | -67 | -13 | **-1,763** |
| Changes in scope | — | — | — | — | — | **—** |
| Transfers | — | — | -114 | — | — | **-114** |
| Conversion gains and losses | 1,572 | 60 | 244 | 21 | 26 | **1,924** |
| **Gross value as at 06/30/2022** | **39,377** | **3,656** | **14,303** | **3,832** | **767** | **61,935** |
| **Depreciation as at 12/31/2021** | **-11,043** | **-1,687** | **-6,959** | **-1,481** | **-328** | **-21,498** |
| Allowances | -2,376 | -375 | -2,010 | -466 | -81 | **-5,307** |
| Termination of contracts | 49 | 60 | 1,401 | 66 | 13 | **1,590** |
| Changes in scope | — | — | — | — | — | **—** |
| Transfers | — | — | — | — | — | **—** |
| Conversion gains and losses | -501 | -38 | -110 | -16 | -14 | **-679** |
| **Depreciation as at 06/30/2022** | **-13,870** | **-2,039** | **-7,677** | **-1,898** | **-410** | **-25,895** |
| **Net value as at 12/31/2021** | **26,328** | **1,840** | **6,801** | **1,184** | **371** | **36,524** |
| **Net value as at 06/30/2022** | **25,507** | **1,617** | **6,625** | **1,934** | **357** | **36,040** |

The net value of the usage rights decreased very slightly during the period. The increases are related to new contracts (in particular IT equipment in France, Chile and Germany, and vehicles across all Group subsidiaries), or extensions of existing contracts related to the delivery times of the new vehicles. The decreases are primarily for expired vehicle leases.

Allowance for depreciations over the period amounted to €5.3 million.

### Analysis of the residual rent liability

The table below shows the rent payments resulting from non-capitalized leases under exemptions set out in the standard:

| in € thousand | Residual rental costs |
|---|---|
| Variable rental costs | -362 |
| Rental costs on short-term contracts | -532 |
| Rental costs on assets of low value | -560 |
| **Residual rental costs** | **-1,454** |

## A6. Other financial assets

### Change in other financial assets

| in € thousand | 2021.12 | Increases | Decreases | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|
| Loans and other financial receivables | **5,265** | 804 | -659 | 672 | 5 | **6,086** |
| Currency and interest rate derivatives | **137** | — | -111 | — | — | **26** |
| Restricted cash | **122** | — | — | — | 3 | **125** |
| Other | **225** | — | -24 | — | 32 | **233** |
| **Other financial assets, non-current** | **5,749** | **804** | **-794** | **672** | **40** | **6,470** |
| Loans and other financial receivables | **190** | 236 | -28 | — | 8 | **407** |
| Currency and interest rate derivatives | **1,779** | 467 | — | — | — | **2,246** |
| Restricted cash | **—** | — | — | — | — | **—** |
| Other | **—** | — | — | — | — | **—** |
| **Other financial assets, current** | **1,970** | **703** | **-28** | **—** | **8** | **2,653** |
| **Other financial assets** | **7,719** | **1,507** | **-822** | **672** | **49** | **9,123** |

The changes in the line "Loans and other non-current receivables" relate to holdbacks related to factoring contracts following the cessation of factoring in two countries, and the foreign exchange effect on an escrow account held in US dollars.
The transfer column corresponds to a reclassification of a deposit previously classified as Other receivables.

The increase in foreign exchange and interest rate derivatives is primarily related to the negative valuation of US dollar currency hedges.

### Other financial assets classified according to their maturity

### As at June 30, 2022

| | Payments | | | |
|---|---|---|---|---|
| in € thousand | less than 1 year | from 1 to 5 years | more than 5 years | Total |
| Loans and other financial receivables | 407 | 6,086 | — | **6,493** |
| Currency and interest rate derivatives | 2,246 | 26 | — | **2,272** |
| Restricted cash | — | 125 | — | **125** |
| Other | — | 233 | — | **233** |
| **Other financial assets** | **2,653** | **6,470** | **—** | **9,123** |

### As at December 31, 2021

| | Payments | | | |
|---|---|---|---|---|
| in € thousand | less than 1 year | from 1 to 5 years | more than 5 years | Total |
| Loans and other financial receivables | 190 | 5,265 | — | **5,456** |
| Currency and interest rate derivatives | 1,779 | 137 | — | **1,916** |
| Restricted cash | — | 122 | — | **122** |
| Other | — | 225 | — | **225** |
| **Other financial assets** | **1,970** | **5,749** | **—** | **7,719** |

## A7. Shares in companies accounted for by the equity method

### Information about equity-accounted companies

| in € thousand | Company's individual accounts using equity method | | | | Consolidated financial statements | |
|---|---|---|---|---|---|---|
| | Balance sheet total | Equity | Sales | Result | Share of equity | Share of result |
| AVF Animal Health Co Ltd | NA | NA | — | — | 4,626 | 584 |
| **Share in companies accounted for by the equity method** | | | | | **4,626** | **584** |

The impact of equity companies is not considered material to our financial statements, therefore the information required by IFRS 12 is limited to the above items.

## A8. Deferred taxes

Deferred tax for France were calculated based on the latest income tax rate, which progressively reduced over the past few years to reach 25% in 2022.

### Variation in deferred taxes

| in € thousand | 2021.12 | Variations | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|
| Deferred tax assets | **33,245** | 3,170 | 12 | 467 | **36,894** |
| Deferred tax liabilities | **39,122** | 673 | — | 745 | **40,540** |
| **Deferred tax offset** | **-5,877** | **2,497** | **12** | **-278** | **-3,646** |

The variation in deferred taxes presented above includes, for -€223 thousand, deferred tax on the effective share of profits and losses on hedging instruments recorded in the other elements of the comprehensive income.

In accordance with the IAS 12 standard, which requires under certain conditions the offsetting of tax liabilities and receivables, the deferred tax assets and liabilities have been offset by tax entity in the statement of financial position (for €12,786 thousand).

## A9. Inventories and work in progress

| in € thousand | Raw materials and supplies | Work in progress | Finished products and goods for resale | Inventories and work in progress |
|---|---|---|---|---|
| **Gross value as at 12/31/2021** | **86,748** | **16,265** | **184,188** | **287,202** |
| Variations | 13,705 | 3,647 | 8,352 | **25,704** |
| Changes in scope | — | 0 | — | **—** |
| Transfers | — | 0 | — | **—** |
| Conversion gains and losses | 2,934 | 15 | 7,908 | **10,857** |
| **Gross value as at 06/30/2022** | **103,387** | **19,927** | **200,448** | **323,763** |
| **Depreciation as at 12/31/2021** | **-3,745** | **-1,258** | **-11,867** | **-16,870** |
| Allowances | -1,804 | -1,041 | -7,941 | **-10,786** |
| Reversals | 2,191 | 1,258 | 7,626 | **11,075** |
| Changes in scope | — | — | — | **—** |
| Transfers | -5 | — | 5 | **—** |
| Conversion gains and losses | -148 | — | -496 | **-645** |
| **Depreciation as at 06/30/2022** | **-3,511** | **-1,041** | **-12,673** | **-17,225** |
| **Net value as at 12/31/2021** | **83,003** | **15,007** | **172,321** | **270,331** |
| **Net value as at 06/30/2022** | **99,876** | **18,886** | **187,775** | **306,537** |

Excluding the impacts of foreign exchange rates, net inventories increased by €26.0 million. This increase is partly due to the growth in our sales, as well as the establishment of safety stocks of raw materials, packaging products, and certain strategic finished products, in order to avoid disruptions that could lead to supply difficulties given the macroeconomic context and continued demand.

Conversion gains and losses generated a net increase of €10.2 million.

## A10. Trade receivables

| in € thousand | Trade receivables |
|---|---|
| **Gross value as at 12/31/2021** | **109,614** |
| Variations | **54,682** |
| Changes in scope | **—** |
| Transfers | **1,143** |
| Conversion gains and losses | **3,152** |
| **Gross value as at 06/30/2022** | **168,592** |
| **Depreciation as at 12/31/2021** | **-2,248** |
| Allowances | **-390** |
| Reversals | **236** |
| Changes in scope | **—** |
| Transfers | **—** |
| Conversion gains and losses | **-2** |
| **Depreciation as at 06/30/2022** | **-2,404** |
| **Net value as at 12/31/2021** | **107,366** |
| **Net value as at 06/30/2022** | **166,188** |

Excluding foreign exchange effects, net trade receivables increased by €54.7 million, mainly in Australia, the United Kingdom, India and the United States, which represent 67% of the increase observed. The change in the Accounts Receivable balance is mainly due to the volume of activity generated over the six months compared to the end of last year, the seasonality of our activity, and the impact of foreign currencies. In the UK and some other subsidiaries, we have also paused our factoring program.

It should be noted that receivables derecognized as sold under factoring contracts amounted to €10.2 million as of June 30, 2022 (compared with €12.1 million as of December 31, 2021). This variation is due to the termination of the factoring program in the UK and Belgium, partially offset by the increase in the receivables transferred as at June 30 by the European subsidiaries.

The credit risk from trade receivables and other receivables is presented in note A29.

## A11. Other receivables

| in € thousand | 2021.12 | Variations | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|
| Income tax receivables | **10,072** | 3,123 | — | 502 | **13,697** |
| Social receivables | **673** | -52 | — | 31 | **652** |
| Other receivables from the State | **43,425** | -6,901 | — | 605 | **37,128** |
| Advances and prepayments on orders | **3,950** | 551 | -43 | 126 | **4,584** |
| Depreciation on various other receivables | **—** | — | — | — | **—** |
| Prepaid expenses | **6,823** | 7,405 | -672 | 272 | **13,828** |
| Other various receivables | **7,271** | -807 | 1 | 199 | **6,663** |
| **Other receivables** | **72,215** | **3,319** | **-713** | **1,734** | **76,553** |

The "Other receivables" item increased by €3.3 million overall.

Income tax receivables have changed as a result of allocations of corporate tax debt installments and 2022 tax installments, mainly in France.
The "Other State receivables" mainly concern the research tax credit receivables and VAT receivables. The decrease is mainly due to the imputation of France’s R&D receivables to the liquidation of the 2021 corporate tax. The other variations arise from the provisioning of 2022 R&D receivables as well as from the variation in VAT receivables across all subsidiaries.

The prepaid expenses are always higher as at June 30 for seasonality issues: they increased by €7.4 million as at June 30, 2022 compared to December 31, 2021 and mainly concern stored purchases which are increasing in particular in France, due to the growth of the business.

## A12. Cash and cash equivalents

| in € thousand | 2021.12 | Variations | Transfers | Change in scope | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|
| Available funds | **65,117** | 1,233 | — | — | 3,140 | **69,490** |
| Marketable securities | **107,670** | -3,606 | — | — | 2,253 | **106,317** |
| **Cash and cash equivalents** | **172,787** | **-2,373** | **—** | **—** | **5,393** | **175,807** |
| Bank overdraft | **-628** | -16,129 | — | — | — | **-16,757** |
| Accrued interests not yet matured | **-23** | -18 | — | — | — | **-41** |
| **Overdraft** | **-651** | **-16,147** | **—** | **—** | **—** | **-16,798** |
| **Net cash position** | **172,136** | **-18,520** | **—** | **—** | **5,393** | **159,009** |

Net cash amounted to €159,009 thousand as at June 30, 2022, of which €106,316 thousand was marketable securities consisting mainly of term deposits of shorter than two months.
The increase in bank credit facilities is due to Virbac's increased working capital requirements in the first half of 2022.

## A13. Assets classified as held for sale and liabilities related to assets held for sale

As of the closing date of the 2022 half-year, no assets have been classified as assets held for sale.

## A14. Other provisions

| in € thousand | 2021.12 | Allowances | Reversals | Changes in scope | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|---|
| Trade disputes and industrial tribunals | **2,586** | 1,105 | -1,018 | — | -903 | 23 | **1,793** |
| Fiscal disputes | **2,305** | 353 | -58 | — | — | 334 | **2,934** |
| Various risks and charges | **1,465** | 199 | -231 | — | 903 | — | **2,335** |
| **Other non-current provisions** | **6,355** | **1,657** | **-1,307** | **—** | **—** | **357** | **7,063** |
| Trade disputes and industrial tribunals | **1,442** | — | -622 | — | — | 30 | **851** |
| Fiscal disputes | **—** | — | — | — | — | — | **—** |
| Various risks and charges | **169** | — | — | — | — | — | **169** |
| **Other current provisions** | **1,612** | **—** | **-622** | **—** | **—** | **30** | **1,020** |
| **Other provisions** | **7,967** | **1,657** | **-1,928** | **—** | **—** | **387** | **8,083** |

Tax-related provisions are intended to deal with the financial consequences of the tax audits in the Group.

The provisions in the "Transfers" column for an amount of €903 thousand correspond to the correction of the nature of a provision recognized by one of our affiliate.

Provisions no longer required, whether used pursuant to their initial purpose, or because the risk expired, were reversed over the period.

### Contingent liabilities

Virbac and its subsidiaries are sometimes involved in litigation, or other legal proceedings, generally linked to disputes related to intellectual property rights, competition law disputes, and tax matters. Each situation is analyzed in regards to IAS 37 or IFRIC 23, when it involves uncertainties related to tax treatments. No provision is recognized if the company considers that the liability is contingent, and information is given in the notes to the consolidated statements.

## A15. Lease liability

### Change in lease liability

| in € thousand | 2021.12 | New contracts and renewals | Repayments and cancellations | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|
| Lease liability - Non-current | 29,459 | 2,469 | -26 | -4,286 | 1,107 | **28,723** |
| Lease liability - Current | 8,995 | 1,458 | -5,393 | 4,172 | 278 | **9,509** |
| **Lease liability** | **38,454** | **3,927** | **-5,419** | **-114** | **1,384** | **38,232** |

### Lease liabilities classified according to their maturity

| in € thousand | Payments | | | Total |
|---|---|---|---|---|
| | less than 1 year | from 1 to 5 years | more than 5 years | |
| Lease liability - Non-current | — | 20,213 | 8,511 | **28,724** |
| Lease liability - Current | 9,508 | — | — | **9,508** |
| **Lease liability** | **9,508** | **20,213** | **8,511** | **38,232** |

### Information related to financing activities

| in € thousand | 2021.12 | Cash flows | Non-cash flows | | | | 2022.06 |
|---|---|---|---|---|---|---|---|
| | | Repayments | Increase | Decrease | Transfers | Conversion gains and losses | |
| Lease liability | 38,454 | -5,184 | 3,865 | -174 | -114 | 1,384 | **38,232** |
| **Lease liability** | **38,454** | **-5,184** | **3,865** | **-174** | **-114** | **1,384** | **38,232** |

Decreases correspond to early terminations with no cash impact.

The increase in debt liabilities stems essentially from the IT contracts, as well as the obligations generated by the new contracts relating to the fleet of vehicles as mentioned in note A5.

Please note that the amendment to IFRS 16 did not have any impact on our consolidated accounts.

## A16. Other financial liabilities

### Change in other financial liabilities

| in € thousand | 2021.12 | Increase | Decrease | Changes in scope | Transfer | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|---|
| Loans | **13,151** | 53,302 | -7 | — | -3,000 | 504 | **63,951** |
| Employee profit sharing | **14** | 5 | — | — | — | — | **19** |
| Currency and interest rate derivatives | **797** | — | -415 | — | — | — | **382** |
| Other | **—** | — | — | — | — | — | **—** |
| **Other non-current financial liabilities** | **13,962** | **53,308** | **-422** | **—** | **-3,000** | **504** | **64,351** |
| Loans | **42,233** | 28,207 | -43,710 | — | 3,000 | -287 | **29,443** |
| Bank overdrafts | **628** | 16,129 | — | — | — | — | **16,756** |
| Accrued interests not yet matured | **23** | 18 | — | — | — | — | **41** |
| Employee profit sharing | **894** | 537 | -799 | — | — | 64 | **697** |
| Currency and interest rate derivatives | **2,760** | 3,938 | — | — | — | — | **6,699** |
| Other | **—** | — | — | — | — | — | **—** |
| **Other current financial liabilities** | **46,538** | **48,829** | **-44,509** | **—** | **3,000** | **-223** | **53,636** |
| **Other financial liabilities** | **60,500** | **102,136** | **-44,931** | **—** | **—** | **281** | **117,987** |

As of June 30, 2022, our net debt amounts to -€19.6 million, up €54.2 million compared to December 31, 2021. This increase is mainly explained by the seasonal increase in our working capital requirements (related, among other things, to the payment of the annual lump sum discounts over the first half of the year and to the payment of social debts accrued on December 31 (bonuses, incentive and profit-sharing bonuses, *etc.*)). This seasonality is accentuated in 2022 by the payment of dividends as well as by a sharp increase in our working capital requirement related to the increase in revenue, the increase in our spending due to inflation (raw material prices, energy, *etc.*), and our R&D investments. The increase in our net debt during the first half of the year compared to the same period last year is due to the aforementioned elements and to higher hedging costs to limit the impact of volatility of certain currencies compared to the euro. Due to this seasonality, a significant decrease in debt level is expected, as every year, during the second half of the year.
In June 2022, we put in place a new financing contract with Banque publique d'investissement France for a total amount of €5 million, depreciable over ten years and at a fixed rate.

We have 3 main financing with the following characteristics:

- a syndicated loan of €200 million at variable rate, repayable in fine in October 2026, which can be extended by two years, accompanied by a so-called "accordion" clause allowing the financing to be increased by €150 million and which includes commitments in connection with our CSR policy;
- a market-based contract (*Schuldschein*) composed of one €6.0 million installment, with maturity April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €15.9 million at fixed rate, depreciable and maturing in November 2023, September 2024 and June 2032.

As of June 30, 2022, the funding position, which amounts to €93.4 million, is held by Virbac for an amount of almost €71 million, which is broken down as follows:

- the syndicated loan was drawn for €49 million;
- market-based contract amounted to €6 million;
- the Bpifrance financing amounted to €15.9 million.

At half-year closing date, the marked-based contract includes a financial covenant compliance clause that requires us to adhere to the following financial ratios based on the consolidated accounts and reflecting consolidated net debt[1] for the period in question on the consolidated Ebitda[2] for the same test period.

As at June 30, 2022, we are in compliance with the financial ratio covenants, which is -0.10, thus placing it below the contractual financial covenant limit of 4.25.

[1]for the purpose of calculating the covenant, consolidated net debt refers to the sum of other current and non-current financial liabilities, namely the following items: loans, bank loans, accrued interest liabilities, liabilities related to finance leases, profit sharing, interest rate and foreign exchange derivatives, and others; minus the amount of the following items: cash and cash equivalents, term deposits, and foreign exchange and interest rate assets derivatives as shown in the consolidated accounts

[2]the consolidated Ebitda refers to operating profit for the last twelve months (that of the last six months of 2021 added to that of the first half-year 2022), plus the allowances for depreciation and provisions net of reversals and

dividends received from non-consolidated subsidiaries

## Other financial liabilities classified according to their maturity

### As at June 30, 2022

| in € thousand | Payments | | | Total |
|---|---|---|---|---|
| | less than 1 year | from 1 to 5 years | more than 5 years | |
| Loans | 29,443 | 60,899 | 3,051 | **93,393** |
| Bank overdrafts | 16,756 | — | — | **16,756** |
| Accrued interests not yet matured | 41 | — | — | **41** |
| Employee profit sharing | 697 | 19 | — | **716** |
| Currency and interest rate derivatives | 6,699 | 382 | — | **7,081** |
| Other | — | — | — | **—** |
| **Other financial liabilities** | **53,636** | **61,300** | **3,051** | **117,987** |

### As at December 31, 2021

| in € thousand | Payments | | | Total |
|---|---|---|---|---|
| | less than 1 year | from 1 to 5 years | more than 5 years | |
| Loans | 42,233 | 13,151 | — | **55,385** |
| Bank overdrafts | 628 | — | — | **628** |
| Accrued interests not yet matured | 23 | — | — | **23** |
| Employee profit sharing | 894 | 14 | — | **908** |
| Currency and interest rate derivatives | 2,760 | 797 | — | **3,557** |
| Other | — | — | — | **—** |
| **Other financial liabilities** | **46,538** | **13,962** | **—** | **60,500** |

## Information related to financing activities

| in € thousand | 2021.12 | Cash flows | | Non-cash flows | | | 2022.06 |
|---|---|---|---|---|---|---|---|
| | | Issuance | Repayments | Fair value | Transfers | Conversion gains and losses | |
| Non-current financial liabilities | **13,151** | 53,302 | -7 | — | -3,000 | 504 | **63,951** |
| Current financial liabilities | **42,233** | 28,207 | -43,710 | — | 3,000 | -287 | **29,443** |
| Employee profit sharing | **908** | 542 | -799 | — | — | 64 | **715** |
| Currency and interest rate derivatives | **3,557** | — | — | 3,523 | — | — | **7,081** |
| Others | **—** | — | — | — | — | — | **—** |
| **Other financial liabilities** | **59,849** | **82,051** | **-44,516** | **3,523** | **—** | **281** | **101,189** |

## A17. Other payables

| in € thousand | 2021.12 | Variations | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|
| Income tax payables | **—** | — | — | — | **—** |
| Social payables | **—** | — | — | — | **—** |
| Other fiscal payables | **—** | — | — | — | **—** |
| Advances and prepayments on orders | **—** | — | — | — | **—** |
| Prepaid income | **1,153** | 411 | — | 39 | **1,603** |
| Various other payables | **5,735** | 279 | — | 295 | **6,309** |
| **Other non-current payables** | **6,887** | **691** | **—** | **334** | **7,912** |
| Income tax payables | **22,391** | -6,035 | — | 136 | **16,492** |
| Social payables | **59,102** | -11,295 | — | 1,076 | **48,883** |
| Other fiscal payables | **11,214** | 3,014 | — | 47 | **14,275** |
| Advances and prepayments on orders | **1,179** | -166 | 58 | -1 | **1,070** |
| Prepaid income | **1,403** | -241 | — | 27 | **1,189** |
| Various other payables | **90,715** | -19,390 | -224 | 1,046 | **72,148** |
| **Other current payables** | **186,004** | **-34,113** | **-165** | **2,332** | **154,057** |
| **Other payables** | **192,891** | **-33,422** | **-165** | **2,666** | **161,969** |

Income tax liabilities decreased as a result of corporate tax liquidations for 2021.

Social liabilities decreased due to the payment of incentive and other staff bonuses that had been provisioned in 2021.

In respect of the IFRIC 23 interpretation, a debt was recognized for an amount of €2,217 thousand as at June 30, 2022. This liability concerns situations that could involve a fiscal dispute risk in the event of an audit that would encompass previous periods not yet audited or under audit at the beginning of the financial year. Each situation was analyzed and documented, and the risk was assessed.

The "Various other payables" line, which constitutes the main cause of the decrease in the "Other payables" item, mostly includes liabilities on contracts entered into with customers. This decrease in this position is mainly related to the payment of year-end rebates for the year 2021.

The table below details the type of contract-related liabilities:

| in € thousand | 2021.12 | Variations | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|
| Advances and prepayments on orders | **1,179** | -166 | 58 | -1 | **1,070** |
| Customers - credits to be issued | **81,725** | -19,339 | 1,144 | 579 | **64,109** |
| **Customer liabilities** | **82,904** | **-19,505** | **1,202** | **578** | **65,179** |

Credits and accruals stem primarily from changes in transaction pricing, as the majority of the Group's subsidiaries grant customers year-end rebates, the amount of which is contingent on the achievement of sales objectives. The variation of €19.3 million corresponds exclusively to the payments of year-end rebates made during the first half of the year in France.

## A18. Trade payables

| in € thousand | 2021.12 | Variations | Changes in scope | Transfers | Conversion gains and losses | 2022.06 |
|---|---|---|---|---|---|---|
| Current trade payables | **116,882** | 8,728 | — | 1,231 | 2,549 | **129,390** |
| Trade payables - suppliers of intangible assets | **4,307** | -2,121 | — | -4 | 5 | **2,187** |
| Trade payables - suppliers of tangible assets | **6,426** | -1,103 | — | 8 | 22 | **5,354** |
| **Trade payables** | **127,615** | **5,505** | **—** | **1,235** | **2,576** | **136,931** |

This item amounted to €136.9 million at June 30, 2022, compared to €127.6 million at the end of 2021. The increase in current supplier debts is linked to the growth in activity, as well as an increase in the purchase of raw materials made to ensure secure stocks of raw materials, other components and key products. This change is partially offset by the decrease in accounts payable to fixed asset suppliers during the period, fully related to the payments campaigns.

## A19. Revenue from ordinary activities

| in € thousand | 2022.06 | 2021.06 | *Change* |
|---|---|---|---|
| Sales of finished goods and merchandise | 703,516 | 604,264 | 16.4% |
| Services | 211 | 367 | -42.6% |
| Additional income from activity | 1,580 | 1,461 | 8.2% |
| Royalties paid | 145 | 203 | -28.5% |
| **Gross sales** | **705,452** | **606,295** | ***16.4%*** |
| Discounts, rebates and refunds on sales | -70,403 | -62,348 | *12.9%* |
| Expenses deducted from sales | -13,413 | -11,145 | *20.4%* |
| Financial discounts | -4,849 | -2,517 | *92.7%* |
| Provisions for returns | -424 | -872 | *-51.4%* |
| **Expenses deducted from sales** | **-89,089** | **-76,881** | ***15.9%*** |
| **Revenue from ordinary activities** | **616,364** | **529,414** | ***16.4%*** |

The expenses presented within the revenue are mainly made up of the following elements:

- amounts paid under commercial cooperation contracts (commercial communication actions, supply of statistics, *etc*.);
- cost of business operations (including loyalty programs), the amount of which is directly related to the revenue generated.

Provisions for customer returns are calculated using a statistical method, based on historical returns.

### Performance

As of June 30, 2022, our consolidated turnover amounted to €616.4 million compared to €529.4 million in the first half of 2021, thus marking an increase of 16.4% compared with the same 2021 period. Excluding the favorable impact of exchange rates, revenues rose by +12.0%.

The revenue growth of ordinary activities by segment and region is detailed in the management report.

## A20. Purchases consumed

| in € thousand | 2022.06 | 2021.06 | *Change* |
|---|---|---|---|
| Inventoried purchases | -217,685 | -186,353 | *16.8%* |
| Non-inventoried purchases | -17,051 | -12,175 | *40.0%* |
| Supplementary charges on purchases | -2,888 | -2,364 | *22.2%* |
| Discounts, rebates and refunds obtained | 339 | 313 | *8.3%* |
| **Purchases** | **-237,286** | **-200,579** | ***18.3%*** |
| Change in gross inventories | 25,704 | 27,158 | *-5.4%* |
| Allowances for depreciation of inventories | -10,786 | -9,521 | *13.3%* |
| Reversals of depreciation of inventories | 11,075 | 9,839 | *12.6%* |
| **Net variation in inventories** | **25,993** | **27,476** | ***-5.4%*** |
| **Consumed purchases** | **-211,293** | **-173,103** | ***22.1%*** |

The increase in purchases consumed is in line with the strong growth in activity and production at our main production sites, mainly in France and the United States, as well as the increase in raw materials prices.
The change in inventory is explained by the joint effects of the increase in activity observed during the six months and the establishment of safety stocks of raw materials, and certain components and other products considered key, in order to avoid any supply risk in the context of the pandemic and more generally pressures on certain products observed since the beginning of the year.

## A21. External costs

External costs are up 19.1% at real rates compared to 2021. They mainly come from increases in transportation costs, which have increased sharply since the beginning of the pandemic, as well as increases in travel costs, which had decreased sharply in the first half of 2021, in connection with the Covid-19 crisis and the restrictions in place at the time globally. Due to the improvement in the health situation in the first half of 2022, external charges have returned to a level more in line with the activity.

The other increases observed are in line with the increase in activity and are mainly in terms of production subcontracting costs and study and research expenses on new projects, linked to the desired increase in R&D spending.

## A22. Depreciation, impairment and provisions

| in € thousand | 2022.06 | 2021.06 restated[1] | *Change* |
|---|---|---|---|
| Allowances for depreciation of intangible assets[2] | -2,703 | -2,752 | *-1.8%* |
| Allowances for impairment of intangible assets | -10 | — | — |
| Allowances for depreciation of tangible assets | -12,037 | -11,709 | *2.8%* |
| Allowances for impairment of tangible assets | — | -452 | *-100.0%* |
| Allowances for depreciation of right of use | -5,307 | -5,100 | *4.1%* |
| Reversals for depreciation of intangible assets | — | — | — |
| Reversals for impairment of intangible assets | 80 | — | — |
| Reversals for depreciation of tangible assets | — | — | — |
| Reversals for impairment of tangible assets | 192 | — | *-100.0%* |
| **Depreciation and impairment** | **-19,785** | **-20,013** | ***-1.1%*** |
| Allowances of provisions for risks and charges | -1,657 | -1,995 | *-17.0%* |
| Reversals of provisions for risks and charges | 1,823 | 3,034 | *-39.9%* |
| **Provisions** | **166** | **1,039** | ***-84.0%*** |
| **Depreciations and provisions** | **-19,619** | **-18,974** | ***3.4%*** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022
[2]excluding allowance for depreciations of intangible assets arising from acquisitions

### Allowances for depreciation of intangible assets arising from acquisitions

| in € thousand | 2022.06 | 2021.06 |
|---|---|---|
| Centrovet | -765 | -1,076 |
| Schering-Plough Europe | -477 | -477 |
| Multimin | -243 | -263 |
| New Zealand | -201 | -208 |
| Uruguay: Santa Elena | -74 | -67 |
| Australia: Axon | -65 | -63 |
| Colombia: Synthesis | -45 | -44 |
| SBC | -25 | -25 |
| **Depreciations of intangible assets arising from acquisitions** | **-1,894** | **-2,223** |

The decrease in this item is primarily related to the completion of depreciation plans for a portion of Centrovet's patents at the end of 2021.

## A23. Other operating income and expenses

| in € thousand | 2022.06 | 2021.06 | *Change* |
|---|---|---|---|
| Royalties paid | -2,457 | -1,856 | 32.4% |
| Grants received (including research tax credit) | 5,096 | 5,092 | *0.1%* |
| Allowances for depreciation of receivables | -390 | -224 | *74.1%* |
| Reversals of depreciation of receivables | 236 | 829 | *-71.5%* |
| Bad debts | -5 | -80 | *-93.8%* |
| Net book value of disposed assets | -204 | -161 | *26.7%* |
| Income from disposal of assets | 55 | 403 | *-86.4%* |
| Other operating income and expenses | 2,175 | 3,829 | *-43.2%* |
| **Other operating income and expenses** | **4,507** | **7,833** | ***-42.5%*** |

The decrease in other current income and expenses is mainly explained by:
- the increase in royalties paid by €0.6 million, in connection with the increase in activity;
- income of €3.0 million received in March 2022 from Elanco, included in the Other income and expenses line, compared to an income of the same nature of €4.0 million in the first half of 2021. This corresponds to the second and last payment on the €7 million that Elanco committed to pay us, as compensation for Virbac's continuation of development projects.

The other variations are individually immateriel, and represent a combination of increases in certain other non-recurring operating expenses in 2022 compared to a decrease in non-recurring operating income during the same period last year.
The amount of tax credits recorded in grants amounts to €5,073 thousand as at June 30, 2022, in line with the first half of 2021.

## A24. Other non-current income and expenses

As of June 30, 2022, no non-current income or expense was accounted for.

## A25. Financial income and expenses

| in € thousand | 2022.06 | 2021.06 | *Change* |
|---|---|---|---|
| Gross cost of financial debt | -1,665 | -3,619 | *-54.0%* |
| Income from cash and cash equivalents | 1,583 | 1,042 | *52.0%* |
| **Net cost of financial debt** | **-81** | **-2,578** | ***-96.8%*** |
| Foreign exchange gains and losses | -4,037 | 8,112 | *-149.8%* |
| Changes in foreign currency derivatives and interest rate | -3,967 | -7,094 | *-44.1%* |
| Other expenses | -162 | -109 | *45.7%* |
| Other income | 148 | 59 | *142.1%* |
| **Other financial income or expenses** | **-8,019** | **968** | ***-928.7%*** |
| **Financial income and expenses** | **-8,100** | **-1,610** | *403.1%* |

The decrease in the cost of net financial indebtedness of €2.5 million is mainly related to the decrease in interest on foreign exchange hedges which, for the most part, came due in the second half of 2021 and in January 2022.

Our foreign exchange income dropped over the period to -€8.0 million as a result of unfavorable hedging on our selling exposure in the Chilean peso versus the euro, *i.e.* €5.3 million combined with the increase in our Chilean subsidiary's dollar exposure in a context of a stronger dollar.

## A26. Income tax

Pursuant to IAS 34, in the financial statements at June 30, 2022, the tax charge was determined by applying to the profit before tax for the period the average tax rate estimated for the year 2022.

### Non-current tax expense

No element was accounted for as non-current tax expense for the period.

## A27. Earnings per share

| | 2022.06 | 2021.06 restated[1] |
|---|---|---|
| **Profit attributable to the owners of the parent company** | **€77,544,197** | **€72,007,166** |
| Weighted average number of shares outstanding, before dilution | 8,449,717 | 8,436,680 |
| Impact of dilutive instruments | 4,057 | 18,485 |
| Weighted average number of shares outstanding, after dilution | 8,453,774 | 8,455,164 |
| **Profit attributable to the owners of the parent company, per share** | **€9.18** | **€8.54** |
| **Profit attributable to the owners of the parent company, diluted per share** | **€9.17** | **€8.52** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022
[2]the dilutive impact is linked to performance-related stock grant plans, see note below

### Information on performance-related stock grant plans

As quoted in our 2021 annual report, with the authorization of the shareholders' meeting, performance-related stock grants were awarded to certain officers and employees of Virbac and its subsidiaries.

The dilutive impact of the performance-related stock grant plans comes from the movements of these shares during the period:

- during the first half of 2022, 50% of the 2018 performance-related stock grant plan shares, initially valued at €1,788,000 (*i.e.* 15,000 shares at €119.20 each) were acquired by the beneficiaries for an updated valuation of €837,380 (*i.e.* €7,025 shares at €119.20). As a result of the departure of some beneficiaries, 225 shares of this plan did not vest (which generated an impact of €27 thousand);
- equity movement: Virbac holds its own shares primarily to be used for the performance-related stock grant plans, as well as the stock liquidity contract. The amount of these treasury shares is accounted for as a reduction in equity. As at June 30, 2022, the number of shares owned by the Group amounts to 6,710 shares (compared to 14,800 as at June 30, 2021 and 10,457 as at December 30, 2021), for an amount of €2,417 thousand.

## A28. Operating segments

In accordance with IFRS 8, we provide information by segment as used internally by the Group executive committee, which is now the Chief operating decision maker (CODM) following the change of governance in December 2020.
Our level of segment information is the geographic sector. The breakdown by geographic area covers seven sectors, according to the place of establishment of our assets:

- France;
- Europe (excluding France);
- Latin America;
- North America;
- Asia;
- Pacific;
- Africa & Middle-East.

The Group's operating activities are organized and managed separately, according to the nature of the markets.
The two market segments are companion animals and food producing animals but the latter is not considered an industry information level for the reasons listed below:

- nature of the products: the majority of the therapeutic segments are common to companion and food producing animals (antibiotics, parasiticides, *etc.*);
- manufacturing procedures: the production chains are common to both segments and there is no significant difference in sources of supply;
- customer type or category: the distinction is between the ethical (veterinary) and OTC (Over the counter) sectors;
- internal organization: our management structures are organized by geographic zone. Throughout the Group, there is no management structure based on market segments;
- distribution methods: the main distribution channels depend more on the country than the market segment. In certain cases, the sales forces may be the same for both market segments;
- nature of the regulatory environment: the regulatory bodies governing market authorizations are identical regardless of the segment.

In the information presented below, the sectors therefore correspond to geographic zones (areas where our assets are located). The results for France include the head office expenses and a substantial proportion of our research and development expenses.

### As at June 30, 2022

| in € thousand | France | Europe (excluding France) | Latin America | North America | Asia | Pacific | Africa & Middle-East | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue from ordinary activities | 97,587 | 154,281 | 100,984 | 78,088 | 106,270 | 63,037 | 16,116 | **616,364** |
| Current operating profit before depreciation of assets arising from acquisitions[1] | 29,896 | 17,942 | 20,622 | 892 | 23,437 | 22,844 | 1,720 | **117,354** |
| Result attributable to the owners of the parent company | 20,462 | 13,704 | 7,834 | 84 | 18,862 | 15,440 | 1,158 | **77,544** |
| Non-controlling interests | 2 | — | 14 | — | — | — | — | **16** |
| **Group consolidated result** | **20,464** | **13,704** | **7,848** | **84** | **18,862** | **15,440** | **1,158** | **77,560** |

[1]in order to provide a clearer picture of our economic performance, we isolate the impact of the allowance for depreciations of intangible assets resulting from acquisitions. Therefore, our income statement shows a current operating profit before depreciation of assets arising from acquisitions (see note A22)

| in € thousand | France | Europe (excluding France) | Latin America | North America | Asia | Pacific | Africa & Middle-East | Total |
|---|---|---|---|---|---|---|---|---|
| Assets by geographic area | 760,616 | 82,191 | 232,554 | -95,169 | 213,004 | 126,722 | 11,935 | **1,331,853** |
| Intangible investment | 4,439 | 2 | 45 | 2,198 | 55 | — | 3 | **6,742** |
| Tangible investment | 9,775 | 682 | 1,362 | 1,272 | 1,880 | 612 | 96 | **15,680** |

No customer achieves more than 10% of revenue.

## As at June 30, 2021

| in € thousand | France | Europe (excluding France) | Latin America | North America | Asia | Pacific | Africa & Middle-East | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue from ordinary activities | 91,968 | 142,346 | 80,529 | 59,025 | 90,920 | 50,073 | 14,551 | **529,414** |
| Current operating profit before depreciations of assets aring from acquisitions[1-2] | 29,382 | 17,413 | 17,960 | 38 | 20,879 | 16,263 | 2,452 | **104,387** |
| Profit attributable to the owners of the parent company[1] | 20,689 | 12,848 | 9,677 | -289 | 16,254 | 11,148 | 1,680 | **72,007** |
| Non-controlling interests | 1 | — | 1,724 | — | — | — | — | **1,725** |
| **Consolidated profit** | **20,690** | **12,848** | **11,401** | **-289** | **16,254** | **11,148** | **1,680** | **73,732** |

| in € thousand | France | Europe (excluding France) | Latin America | North America | Asia | Pacific | Africa & Middle-East | Total |
|---|---|---|---|---|---|---|---|---|
| Restated assets by geographic area[1] | 759,510 | 67,690 | 216,065 | -142,983 | 168,956 | 110,264 | 10,979 | **1,190,480** |
| Restated intangible investment[1] | 4,338 | 45 | 9 | 1,232 | 183 | 1 | 1 | **5,810** |
| Tangible investment | 5,264 | 326 | 981 | 951 | 3,950 | 346 | 15 | **11,832** |

[1]as a reminder, in March 2021, IFRS IC issued a final decision on accounting for the costs of configuring and customizing software used under a SaaS contract. As at June 30, 2021, the impacts were being analyzed, and the decision had not yet been applied when preparing the half-year accounts. The comparative information was therefore restated in the consolidated financial statements as at June 30, 2022

[2]in order to provide a clearer picture of our economic performance, we isolate the impact of the allowance for depreciations of intangible assets resulting from acquisitions. Therefore, our income statement shows a current operating profit before depreciation of assets arising from acquisitions (see note A22)

In 2021, non-controlling interests mainly included the 49% minority interests in the Centrovet Group that were acquired in full in the second half of 2021.

## A29. Credit risk management

As at June 30, 2022, while the proportion of outstanding receivables remains relatively stable in view of the total amount of trade receivables, we note a slight increase in these, mainly in France, Mexico, Chile and China. However, we do not anticipate any major recoverability issues for these receivables.

The following statements provide a breakdown of trade receivables by their maturity:

### As at June 30, 2022

| in € thousand | Receivables due | Receivables overdue for | | | | Impaired | Total |
|---|---|---|---|---|---|---|---|
| | | < 3 months | 3-6 months | 6-12 months | > 12 months | | |
| France | 22,847 | 949 | 813 | 119 | — | 70 | **24,798** |
| Europe (excluding France) | 36,690 | 2,209 | 137 | 5 | — | 1,615 | **40,656** |
| Latin America | 30,391 | 6,659 | 350 | — | — | 394 | **37,794** |
| North America | 15,023 | 734 | 302 | — | — | 4 | **16,063** |
| Asia | 16,740 | 1,377 | 134 | 41 | 44 | 312 | **18,648** |
| Pacific | 26,864 | 87 | 29 | — | — | 6 | **26,986** |
| Africa & Middle-East | 3,368 | 276 | — | — | — | 3 | **3,647** |
| **Trade receivables** | **151,923** | **12,291** | **1,765** | **165** | **44** | **2,404** | **168,592** |

### As at December 31, 2021

| in € thousand | Receivables due | Receivables overdue for | | | | Impaired | Total |
|---|---|---|---|---|---|---|---|
| | | < 3 months | 3-6 months | 6-12 months | > 12 months | | |
| France | 23,471 | 718 | 22 | 2 | 3 | 86 | **24,302** |
| Europe (excluding France) | 13,048 | 2,742 | 127 | — | — | 1,593 | **17,511** |
| Latin America | 26,185 | 3,856 | 106 | — | — | 212 | **30,359** |
| North America | 5,632 | 2,525 | — | — | — | 3 | **8,159** |
| Asia | 12,572 | 501 | 122 | — | — | 349 | **13,544** |
| Pacific | 12,793 | 135 | 24 | — | — | 3 | **12,956** |
| Africa & Middle-East | 2,570 | 211 | — | — | — | 2 | **2,783** |
| **Trade receivables** | **96,271** | **10,688** | **401** | **2** | **3** | **2,248** | **109,614** |

## A30. Information on related parties

Virbac's transactions with related parties mainly consist of:

### Compensation and assimilated benefits granted to the members of the administrative and management bodies

During the first half of 2022, 50% of the shares in the 2018 performance-related stock grant plan were acquired by the beneficiaries in accordance with the provisions of the plan, *i.e.* 1,900 shares for a value of €226,480 for the members of senior management.
The other performance-related stock grant plan in effect as at December 31, 2021 continued to be amortized over the vesting period.

Over the first six months of 2022, there are no other significant transactions concluded with a member of the management bodies or a shareholder having a significant influence on the Group.

### Transactions with companies on which Virbac exercises a significant influence or a joint control

Transactions between related parties are arm's length operations. During the first half of 2022, there was no significant change in the nature of the transactions made by the Group with its related parties compared to December 31, 2021.

## A31. Scope of consolidation

| Company name | Locality | Country / Region | 2022.06 | | 2021.12 | |
|---|---|---|---|---|---|---|
| | | | Control | Consolidation | Control | Consolidation |
| **France** | | | | | | |
| Virbac (parent company) | Carros | France | 100.00% | Full | 100.00% | Full |
| Interlab | Carros | France | 100.00% | Full | 100.00% | Full |
| Virbac France | Carros | France | 100.00% | Full | 100.00% | Full |
| Virbac Nutrition | Vauvert | France | 100.00% | Full | 100.00% | Full |
| Bio Veto Test | La Seyne sur Mer | France | 100.00% | Full | 100.00% | Full |
| Alfamed | Carros | France | 99.70% | Full | 99.70% | Full |
| **Europe (excluding France)** | | | | | | |
| Virbac Belgium SA | Wavre | Belgium | 100.00% | Full | 100.00% | Full |
| Virbac Nederland BV[1] | Barneveld | Netherlands | 100.00% | Full | 100.00% | Full |
| Virbac (Switzerland) AG | Glattbrugg | Switzerland | 100.00% | Full | 100.00% | Full |
| Virbac Ltd | Bury St. Edmunds | United Kingdom | 100.00% | Full | 100.00% | Full |
| Virbac SRL | Milan | Italy | 100.00% | Full | 100.00% | Full |
| Virbac Danmark A/S | Kolding | Denmark | 100.00% | Full | 100.00% | Full |
| Virbac Pharma Handelsgesellshaft mbH | Bad Oldesloe | Germany | 100.00% | Full | 100.00% | Full |
| Virbac Tierarzneimittel GmbH | Bad Oldesloe | Germany | 100.00% | Full | 100.00% | Full |
| Virbac SP zoo | Warsaw | Poland | 100.00% | Full | 100.00% | Full |
| Virbac Hungary Kft | Budapest | Hungary | 100.00% | Full | 100.00% | Full |
| Virbac Hellas SA | Agios Stefanos | Greece | 100.00% | Full | 100.00% | Full |
| Animedica SA | Agios Stefanos | Greece | 100.00% | Full | 100.00% | Full |
| Virbac Espana SA | Barcelona | Spain | 100.00% | Full | 100.00% | Full |
| Virbac Österreich GmbH | Vienna | Austria | 100.00% | Full | 100.00% | Full |
| Virbac de Portugal Laboratorios Lda | Almerim | Portugal | 100.00% | Full | 100.00% | Full |
| Virbac Hayvan Sagligi Limited Şirketi | Istanbul | Turkey | 100.00% | Full | 100.00% | Full |
| **North America** | | | | | | |
| Virbac Corporation[1] | Fort Worth | United States | 100.00% | Full | 100.00% | Full |
| PP Manufacturing Corporation | Framingham | United States | 100.00% | Full | 100.00% | Full |

[1]pre-consolidated levels

| Company name | Locality | Country / Region | 2022.06 | | 2021.12 | |
| --- | --- | --- | --- | --- | --- | --- |
| | | | Control | Consolidation | Control | Consolidation |
| **Latin America** | | | | | | |
| Virbac do Brasil Industria e Comercio Ltda | Sao Paulo | Brazil | 100.00% | Full | 100.00% | Full |
| Virbac Mexico SA de CV | Guadalajara | Mexico | 100.00% | Full | 100.00% | Full |
| Laboratorios Virbac Mexico SA de CV | Guadalajara | Mexico | 100.00% | Full | 100.00% | Full |
| Virbac Colombia Ltda | Bogota | Colombia | 100.00% | Full | 100.00% | Full |
| Laboratorios Virbac Costa Rica SA | San Jose | Costa Rica | 100.00% | Full | 100.00% | Full |
| Virbac Chile SpA | Santiago | Chile | 100.00% | Full | 100.00% | Full |
| Virbac Patagonia Ltda | Santiago | Chile | 100.00% | Full | 100.00% | Full |
| Holding Salud Animal SA | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Centro Veterinario y Agricola Limitada | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Farquimica SpA | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Bioanimal Corp SpA | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Productos Quimicos Ehlinger | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Centrovet Inc | Allegheny | United States | 51.00% | Full | 51.00% | Full |
| Centrovet Argentina | Buenos Aires | Argentina | 51.00% | Full | 51.00% | Full |
| Inversiones HSA Ltda | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Rentista de capitales Takumi Ltda | Santiago | Chile | 51.00% | Full | 51.00% | Full |
| Virbac Uruguay SA | Montevideo | Uruguay | 99.17% | Full | 99.17% | Full |
| Virbac Latam Spa | Santiago | Chile | 100.00% | Full | 100.00% | Full |
| **Asia** | | | | | | |
| Virbac Trading (Shanghai) Co. Ltd | Shanghai | China | 100.00% | Full | 100.00% | Full |
| Virbac H.K. Trading Limited | Hong Kong | Hong Kong | 100.00% | Full | 100.00% | Full |
| Asia Pharma Ltd | Hong Kong | Hong Kong | 100.00% | Full | 100.00% | Full |
| Virbac Korea Co. Ltd | Seoul | South Korea | 100.00% | Full | 100.00% | Full |
| Virbac (Thailand) Co. Ltd | Bangkok | Thailand | 100.00% | Full | 100.00% | Full |
| Virbac Taiwan Co. Ltd | Taipei | Taiwan | 100.00% | Full | 100.00% | Full |
| Virbac Philippines Inc. | Taguig City | Philippines | 100.00% | Full | 100.00% | Full |
| Virbac Japan Co. Ltd | Osaka | Japan | 100.00% | Full | 100.00% | Full |
| Virbac Asia Pacific Co. Ltd | Bangkok | Thailand | 100.00% | Full | 100.00% | Full |
| Virbac Vietnam Co. Ltd | Ho Chi Minh Ville | Vietnam | 100.00% | Full | 100.00% | Full |
| Virbac Animal Health India Private Limited | Mumbai | India | 100.00% | Full | 100.00% | Full |
| AVF Animal Health Co Ltd Hong-Kong | Hong Kong | Hong Kong | 50.00% | Equity | 50.00% | Equity |
| AVF Chemical Industrial Co Ltd China | Jinan (Shandong) | China | 50.00% | Equity | 50.00% | Equity |
| Shandong Weisheng Biotech Co., Ltd | Jinan (Shandong) | China | 50.00% | Equity | | |
| **Pacific** | | | | | | |
| Virbac (Australia) Pty Ltd[1] | Milperra | Australia | 100.00% | Full | 100.00% | Full |
| Virbac New Zealand Limited | Hamilton | New Zealand | 100.00% | Full | 100.00% | Full |
| **Africa & Middle East** | | | | | | |
| Virbac RSA (Proprietary) Ltd[1] | Centurion | South Africa | 100.00% | Full | 100.00% | Full |

[1]pre-consolidated levels

# Statutory auditors’ review report on the half-yearly financial information

For the period from January 1 to June 30, 2022

*This is a free translation into English of the statutory auditors’ review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the shareholders,

in compliance with the assignment entrusted to us by the annual general meeting and in accordance with the requirements of article L451-1-2-III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Virbac, for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

## CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.
Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed half-yearly condensed consolidated financial statements.

Nice and Marseille, September 14, 2022

The statutory auditors (French original signed by)

**Novances-David & Associés**
Laurent Gilles

**Deloitte & Associés**
Hugues Desgranges

# Statement of responsibility for the half-yearly financial report

I certify, to my knowledge, that the financial statements for the first semester are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and result of the company and all companies included in the consolidation, and that the management report presents an accurate picture of the evolution of the business, result, and financial position of the company and all companies included in the consolidation over the six first months of the fiscal year, as well as a description of the main risks and uncertainties to which they are exposed.

Carros, September 13, 2022

Sébastien Huron, chief executive officer, Virbac group