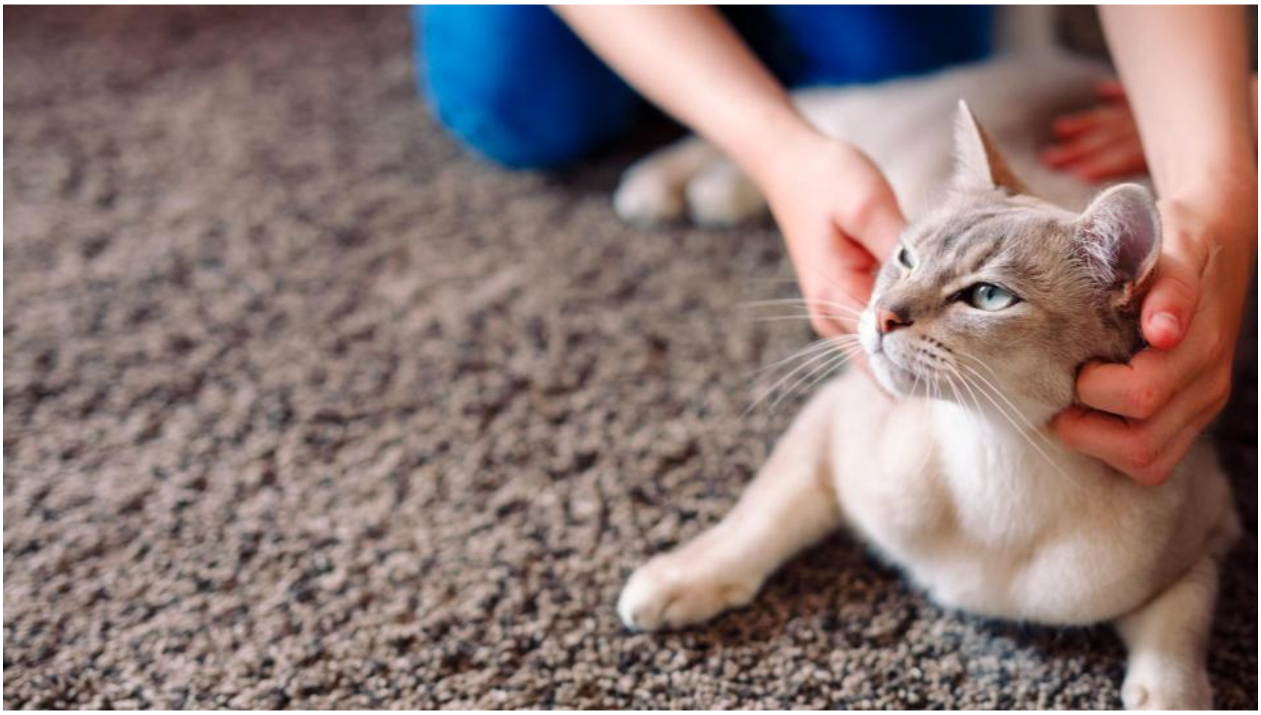


Half-yearly financial report

As of June 30, 2021

Virbac: NYSE Euronext - compartment A – ISIN code: FR0000031577/SYMBOL: VIRP
Financial Affairs department: tel. +33 4 92 08 71 32 - email: finances@virbac.com - Website: corporate.virbac.com

Half-yearly management report

KEY EVENTS OF THE FIRST HALF OF 2021

Activity maintained in the face of the Covid-19 crisis

The health crisis has not had a very negative impact on the animal health sector so far, but as explained in our previous communications, we have implemented a set of measures and daily management to prevent and limit its potential impacts. In addition, our global presence in terms of geographical areas and species, our highly diversified product portfolio, our different distribution channels, the high responsiveness and adaptability of our teams throughout our organizational model, and the robustness of our financial situation are assets in dealing with the consequences of this pandemic. However, we remain vigilant to new developments in the coming months and mobilized to address them.

Virbac takes over assets from Elanco

Prior to the acquisition of the veterinary division of Bayer Animal Health (Bayer AH), the competition authorities of the European Commission imposed on Elanco the sale, among other things, of three projects under development at Bayer AH which Virbac has acquired and for which we have committed to continue development.
The agreement with Elanco was formalized through several contracts signed in the first quarter of 2021 and which provide for compensation upon Virbac's takeover of these development projects.

Compensation is of several types:

- Elanco transfers to us the intellectual property and all assets held by Bayer AH inherent in these development projects;
- Elanco also transfers to us the license agreement signed by Bayer AH with the holder of the rights to the molecule used in the development projects. In addition, Elanco undertakes to reimburse us for the next two payment installments (milestone) provided for in this contract;
- Elanco undertakes to offset our costs incurred by the development projects pursued up to the amount of €7 million. This compensation was the subject of a first payment of €4 million in April 2021, the balance to be paid in April 2022, provided that on the payment date, we continued the development of the three projects;
- finally, Elanco transfers to us all rights relating to two products (Clomicalm and Itrafungol) marketed worldwide (mainly in the United States and Canada), as well as the inventories of finished products on the date of signature of the agreement, the book value of which at Elanco is estimated at €1.3 million. These products generated a turnover of approximately €11 million at Elanco in a full year. Note A19 specifies the amount of sales that we made on June 30, 2021 with the products received free of charge.

Based on the analysis conducted in accordance with the criteria of the IFRS 3 standard, we concluded that the transaction signed with Elanco does not meet the qualification of a business combination.
Consequently, for the accounting treatment of the assets acquired, we have applied the accounting standard adapted to each asset class:

- the assets necessary for the continuation of the developments do not meet the accounting criteria for an intangible asset (IAS 38), since the expected future economic benefits are currently unlikely and the costs cannot be reliably assessed;
- the license agreement transferred to Virbac provides for the payment to the holder of the rights of the first two milestones, the amount of which is fixed, and then variable payments, the amount of which cannot be reliably estimated. The agreement with Elanco stipulating that they reimburse us for the first two milestones when we have paid them, we have therefore not recognized them in our accounts. In the case of variable amounts, these will be recognized as intangible assets as they become payable, in compliance with the accounting policy historically used in such situations;
- the acquisition cost of an intangible asset acquired separately includes its purchase cost, and any cost directly attributable to the preparation of the asset for use. Consequently, the intangible rights relating to the products marketed (Clomicalm and Itrafungol), whose acquisition cost is zero, are not recorded in our accounts;
- we acquired the inventories of Clomicalm and Itrafungol finished products on the date of signature of the contracts for a non-material purchase cost (transportation costs). The latter were not valued in the accounts as at 30 June 2021, in accordance with IAS 2;
- with regard to the compensation of €7 million, payable in two instalments, these sums are considered to have been acquired in a firm manner upon receipt, since there is no return possible and no counterpart expected from Virbac but the pursuance of the projects. Thus, the €4 million received in April 2021 were recorded on the "Other income and expenses" line.

Developments in the dispute over trademark infringement and unfair competition

In the dispute between Virbac and a competitor based on an alleged infringement and on unfair competition in France (Fiproline file), a decision of the Court of appeal of Lyon dated May 13, 2015 led to the payment of damages of €2 million by Virbac. A decision of the Court of cassation dated January 31, 2018 led then to the repayment to Virbac of the sums so paid. The case returned before the Court of appeal of Lyon, the decision of which, in favour of Virbac, was again referred to the Court of cassation which gave rise to a partial annulment in May 2021.

In parallel, the competitor introduced a second proceedings before the Paris Court of justice on similar grounds (alleged infringement), at the European level. The Paris Court of justice, by a decision dated March 12, 2020, rejected all the claims made against Virbac, this decision being appealed.

Finally, the Court of appeal of Brussels, before which a dispute over the trademark registered in this country had been pending for many years, made an unfavourable decision in June 2021 against which a further appeal is under consideration.

Faced with the uncertainty created by these proceedings, we have maintained a provision in our accounts since 2018. However, given the rulings and decisions handed down, a risk of conviction for damages up to the amount of the provision kept in the accounts at the end of December 2020 can now be ruled out. Virbac must, however, continue its defence in these three cases, and provide for the amount of the damages granted by the Brussels Court of appeal. The net impact of these accounting entries for the first half of the year represents a profit of €1.6 million.

Rodolphe Durand appointed as non-voting advisor on the board of directors

A researcher, consultant and professor of strategy at HEC, holder of the Joly family chair in purposeful leadership, Rodolphe Durand will share with the board of directors his academic and operational knowledge in the area of strategy, organization and management of companies.
As a non-voting advisor, his role will mainly be to support the good governance of our company by strengthening the complementarity of the skills of the board of directors.

EVENTS SUBSEQUENT TO JUNE 30, 2021

Magny-en-Vexin: production transferred to Friulchem

Following an agreement signed in May 2021, we sold on July 1, 2021 the Magny-en-Vexin industrial site to Friulchem, our partner CMO (Contract manufacturing organization) for over twenty years. Following the drop in demand in recent years, due to regulations aimed at limiting the use of antibiotics in industrial farming, and therefore for the type of products manufactured in Magny-en-Vexin, this option aims to preserve the employment, the competitiveness of the site and the products.
As part of the "Virbac 2030" programme, which focuses on growing activities with higher added value, the goal is primarily to guarantee the viability of the site, the sustainability of the jobs and the production, whilst ensuring the competitiveness of the products over the long-term, to keep on serving our customers, while reducing the complexity of our global industrial footprint. This involves selling the site and the Magny-en-Vexin activity, as well as transferring all the employees working on-site at the Friulchem CMO. This sale is part of a long-term vision with a ten-year toll manufacturing agreement that may be extended. Friulchem will be able to repatriate other productions to the Magny-en-Vexin site and manufacture other products on behalf of third parties, to better absorb the plant's fixed costs, which will benefit Virbac.

The sale price of the assets of Magny-en-Vexin site amounts to €4.7 million. Note A13 reflects the detail and the amount of the assets and liabilities involved. This operation results in a loss of €0.5 million, which has been recognized into the accounts closed as at June 30, 2021 in compliance with IFRS 5 standard.

We indeed concluded that the sale of Magny-en-Vexin's assets falls within the scope of the IFRS 5 standard, given the highly probable nature of the transaction and the other criteria of the standard that apply when the carrying value can principally be recovered through a sale transaction rather than through continuing use. Note A13 details the assets and liabilities involved in the transaction and having been reclassified, as required by IFRS 5, on separate lines in the statement of financial position as at June 30, 2021.
The abandoned activity criterion, as defined by IFRS 5, was not used for this transaction, in particular in view of the fact that in the agreement signed with the CMO, we will continue to use the products from the Magny-en-Vexin site, which remain the property of Virbac.

It should be noted that, according to our Group policy, only transactions whose impact on the result is deemed material are classified in the non-current result, which is not the case for this transaction, which as been consequently recognized into the operating result of ordinary activities.

Virbac finalizes the acquisition of iVet LLC, a petfood company

On July 1, 2021, we finalized the acquisition of iVet LLC, a company founded in the United States in 2002 by independent veterinarians and a manufacturer of specialized petfood. This company currently markets several ranges of petfood for companion animals generating several million US dollars in turnover and operating a leading distribution and logistics platform. In addition, over the years, iVet has developed advanced capabilities to take online orders for veterinary clinics and deliver products directly to pet owners.

The assets transferred by iVet include fixed assets and equipment, intellectual property (including the trade name), inventories, contracts (including the lease agreement for the premises), customer and supplier accounts as well as other current assets.
As part of the acquisition, we recruited twenty iVet employees.

The purchase price consists of a payment of US $4.5 million plus price supplements (earn out), the cumulative amount of which cannot exceed US $2.5 million.

In order to determine proper accounting treatment, an entity must evaluate whether a transaction or other event is a business combination by applying the definition of IFRS 3. This requires the determination of whether the assets acquired and liabilities assumed constitute a business.

Based on a prior analysis, we concluded that the acquisition of iVet assets and liabilities is a business combination.

The acquisition took place after closing date but before the approval of the accounts by the board of directors. Consequently, the whole information required by the standard could not be provided at this stage.

We have appointed a firm to allocate the purchase price to the assets acquired. Consequently, a more detailed communication will be made as part of the publication of the annual financial statements.

Virbac announces the acquisition of additional shares in the Centrovet group.

Early September, we have bought 15% of the shares of the Centrovet group, thus increasing our stake from 51% to 66%, while retaining the possibility of subsequently acquiring all or part of the remaining shares.

With this acquisition, we are consolidating our position in the strategic segment of the aquaculture (Chile being the world's second largest producer of salmon). Centrovet, thanks to its industrial footprint and R&D infrastructures, gives us a real competitive advantage in the Chilean aquaculture industry. With a highly engaged team, our ambition is to further bring innovative products and solutions to the local market and to search for additional synergies on the R&D and manufacturing sides between the cold and warm-water fish segments.

The consideration paid for the acquisition of this stake is US $17.7 million, paid in full and in cash upon closing. This transaction will have limited impact on the financial statements of our Group, other than the disbursement of the price paid, insofar as Centrovet's activity has been consolidated at 100% since the acquisition of the majority stake of 51% on November 23, 2012.

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

Performance of revenue

Over the first half of the year, our revenues amounted to €529.4 million, compared with €478.3 million, representing an overall increase of +17.9% excluding Sentinel (+10.7% at actual scope) compared with the same period in 2020. Excluding the unfavorable impact of exchange rates, revenues rose by +21.3% excluding Sentinel® (+14% at actual scope).

Performance by segment

in € million	2021.06 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	59.7						22.1%
Immunology	35.5						21.6%
Antibiotics/dermatology	47.9						22.8%
Specialties	55.4						32.1%
Equine	14.5						18.8%
Specialized petfood	37.0						25.3%
Others	50.6						23.5%
Companion animals	**300.6**						**24.4%**
Bovine parasiticides	32.4						21.1%
Bovine antibiotics	41.3						28.8%
Other ruminants products	84.9						26.5%
Pig/poultry antibiotics	18.0				6.4%		
Other pig/poultry products	16.6					14.1%	
Aquaculture	22.7	-11.6%					
Food producing animals	**215.9**						**17.7%**
Other businesses	**12.9**				**5.7%**		
Revenue	**529.4**						**21.3%**

Companion animals

In 2021, this business line represented 57% of revenue, up 24.4% at constant exchange rates and scope compared with 2020.

This growth is mainly driven by the remarkable double-digit growth of the specialties range (including Clomicalm, a product we received from Elanco, Movoflex, Stelfonta), internal parasiticides, specialized petfood, dermatology, dental and the rebound in the range of vaccines for dogs and cats compared to the first half of 2020, which had been strongly impacted by our production and shortage problems.

Food producing animals

In 2021, this business line represented 41% of revenue, up 17.7% at constant exchange rates and scope compared with 2021.

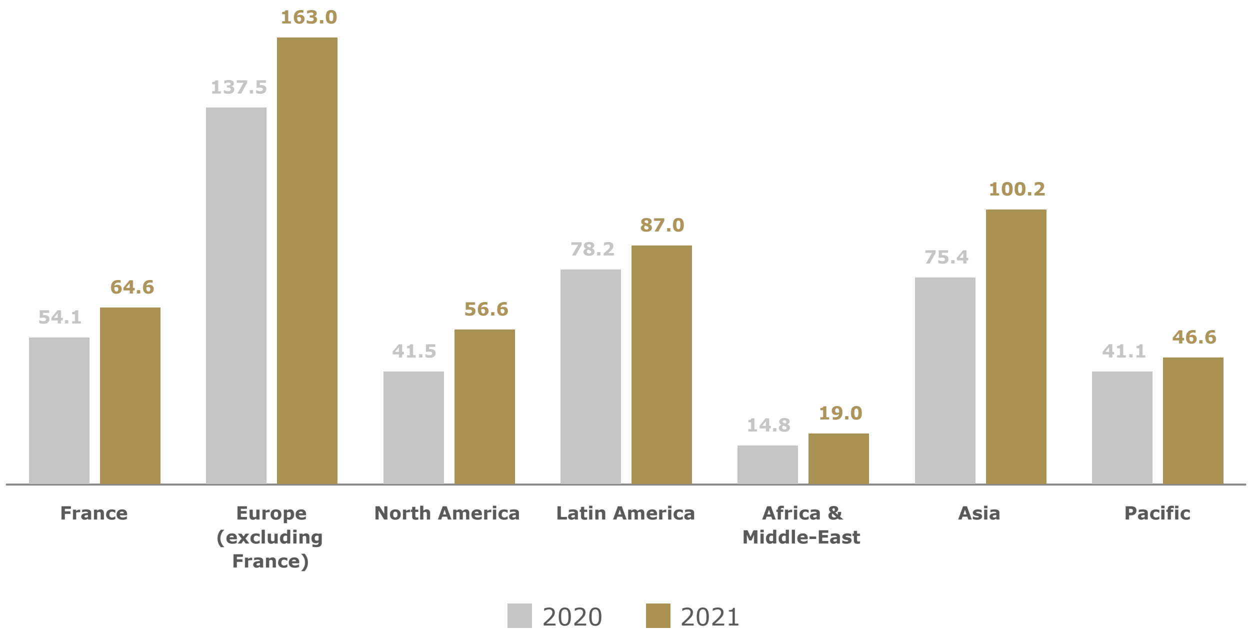
This increase is linked to the dynamism of the ruminant sector (+25.9% at constant exchange rates) and that of swine-poultry products (+10.0% at constant rates); while the aquaculture sector is down significantly (-11.6% at constant rates) compared to the same period in 2020.

Other business lines

These business lines, which represent 2% of consolidated revenue in 2021, correspond to markets of lesser strategic importance for the Group, and which 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



All the zones are growing organically in double digits at the end of June, reflecting the dynamics of the sector and a very good execution of our strategic plan thanks to the constant commitment of our teams.

Analysis of the results

Changes in results

in € million	2021.06	%	2020.06	%	*Variation*
Revenue from ordinary activities	**529.4**	**100.0**	**478.3**	**100.0**	***10.7%***
Margin on purchasing costs	**356.3**	**67.3**	**322.4**	**67.4**	**10.5%**
Current operating expenses	231.9	43.8	217.9	45.6	6.4%
Depreciations and provisions	19.1	3.6	19.0	4.0	0.2%
Current operating profit before depreciation of intangible assets arising from acquisitions	**105.3**	**19.9**	**85.5**	**17.9**	**23.2%**
Depreciations of intangible assets arising from acquisitions	2.2	0.4	6.3	1.3	-64.9%
Operating profit from ordinary activities	**103.1**	**19.5**	**79.1**	**16.5**	**30.3%**
Other non-current income and expenses	—		5.4		-100.0%
Operating profit	**103.1**	**19.5**	**73.8**	**15.4**	**39.8%**
Financial income and expenses	1.6	0.3	8.7	1.8	-81.4%
Profit before tax	**101.5**	**19.2**	**65.1**	**13.6**	**55.9%**
Income tax	27.2		15.7		73.3%
Including non-current tax expense	—		*-1.5*		*-100.0%*
Share from companies' result accounted for by the equity method	-0.1		-0.3		-68.5%
Net result from ordinary activities	**74.4**	**14.1**	**53.6**	**11.2**	**38.9%**
Result for the period	**74.4**	**14.1**	**49.7**	**10.4**	49.7%
Net result attributable to the non-controlling interests	1.7		2.6		-32.8%
Net result attributable to the owners of the parent company	**72.7**	**13.7**	**47.2**	**9.9**	**54.2%**

The current operating income before depreciation of assets arising from acquisitions amounted to €105.3 million, compared to €85.5 million as of June 30, 2020, representing an increase of +23.2%. This improvement in performance is explained by the exceptional growth in our turnover, driven by very strong performance in all areas and good market dynamics. It is partially offset by an increase in our expenses, the first half of 2020 having been marked by significant expense reductions launched or incurred by the Group in response to the Covid-19 pandemic crisis. The operational cost increases are essentially in terms of commercial expenditure, R&D and subcontracting costs. Staff costs are also on the rise, with the resumption of recruitment plans.

Depreciation of intangible assets arising from acquisitions is down by €4.1 million compared to the first half of 2020 due to the sale of Sentinel® assets in July 2020.

The operating income amounts to €103.1 million, compared to €73.8 million as of June 30, 2020, representing an improvement of +30.3%. In the first half of 2020, the other non-current charges and products include additional depreciation of the CGU Leishmaniosis Vaccine in the amount of €4.8 million following the decision to stop the production of the vaccine during the period as well as an expense of €0.6 million corresponding to the costs directly related to the divestment of rights to the Sentinel® assets. No non-current charge or product was recorded at June 30, 2021.

Net financial charges amounted to €1.6 million, down from the first half of 2020 (€8.7 million). This is due to the joint effect of the decrease in the cost of financial indebtedness following the repayment of our bank financing in the second half of 2020, as well as an improved foreign exchange result compared to 2020 due to the relative stability of the Chilean currency.

The income for the period attributable to the owners of the parent company amounts to €72.7 million, compared to €47.2 million over the same period in 2020, an improvement of 54.2%.

The profit attributable to the non-controlling interests amounted to €1.7 million compared with €2.6 million on June 30, 2020. This reduction can be explained by the lower performance of aquaculture activity in Chile.

Analysis of the financial situation

Consolidated balance sheet

in € million	2021.06	2020.12
Net assets	538.4	535.3
Operating WCR, including deferred tax assets	191.6	120.4
Assets classified as held for sale	4.9	—
Invested capital	**734.9**	**655.7**
Equity attributable to the owners of the parent company	699.7	622.9
Non-controlling interests and other equity, including provisions and deferred tax liabilities	89.0	96.2
Net debt	-54.5	-63.4
Liabilities related to assets held for sale	0.7	—
Financing	**734.9**	**655.7**

The assets of our Magny-en-Vexin production activity as well as the related liabilities were reclassified as assets held for sale and liabilities related to assets held for sale for a value of €4.9 million and €0.7 million respectively. Pursuant to IFRS 5, they were isolated on a separate line of the statement of financial position. These elements are detailed in note A13 of the notes attached to the condensed consolidated financial statements.

Financing

As of June 30, 2021, our net debt amounts to -€54.5 million, compared to -€63.4 million at the end of 2020. This slight increase in net debt of nearly €9 million is mainly due to the Group's cash generation profile, which takes place mainly in the second part of the year due to a certain seasonality (for example related to the payment of year-end rebates over the first half of the year). This seasonality was accentuated in 2021 by the payment of dividends as well as by a significant increase in our working capital requirements related to the increase in turnover as well as the establishment of safety stock.

We still have the following financing with the following main characteristics:

- a syndicated loan of €420 million, drawn in euros and US dollars, contracted with a pool of banks and repayable in full on the initial maturity in April 2020, extended to April 9, 2022;
- market-based contracts (*Schuldschein*) in euros and in dollars for a total of €21.7 million, composed of three installments, with maturity April 2022 and April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €18.9 million, depreciable and maturing in November 2023 and September 2024.

As of June 30, 2021, the funding position is as follows:

- the syndicated loan was drawn for US $25 million;
- market-based contracts amounted to €15 million and US $8 million;
- the Bpifrance financing amounted to €18.9 million.

These funding instruments include 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, 2021, we are in compliance with the financial ratio covenants, which is -0.21, 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 the last twelve months (that of the last six months of 2020 added to that of the first half-year 2021), 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 2020 annual report, available on the web site corporate.virbac.com.
Regarding the Covid-19 pandemic, we are not able to predict to what extent the epidemic and its developments will impact its activities, operations and financial performance beyond 2021.
Should the pandemic speed up or worsen, it could lead to a decrease in the Group's revenue in markets in which we operate, due to short-lived contractions in animal health spending linked to lockdown periods, or to more durable spending restraints, which may have a significant impact on our operational activity.
Should the pandemic continue, we could also face more delays on the development of our products than those already observed, due to restrictions imposed on sites, as well as delays or interruptions to regulatory authorizations, which would have a negative impact on the marketing of the products, and therefore on the future sales, the activity and the operational profit of the Group.
The Covid-19 pandemic could expose Virbac to a slowdown or temporary suspension of the manufacture of our products. The setting-up of long term restrictive measures in order to control the epidemic could lead to delays, disruptions or interruptions of the supply chain and could have a negative impact on the activity of the Group.
The instability of the global economic conditions induced by the pandemic could accelerate and intensify the other risk factors identified in the "Risk factors" chapter of Virbac's 2020 annual report, which could have an impact on our activity, our operational and financial conditions, and our profits.
Finally, should the pandemic continue, Virbac's operations could also be impacted by teleworking, confinement and other restrictions which would be adopted.
Each of these risks, and others that have not yet been identified, are likely to occur in the second half of 2021 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 A31 to the condensed half-yearly consolidated financial statements.

OUTLOOK

The excellent performance of the animal health market and our performance over the past period lead us to revise our annual outlook upwards.

We currently anticipate like-for-like revenue growth (excluding the impact of the sale of Sentinel®) of 14% to 17% (or 11% to 14% at constant exchange rates and actual scope), and a ratio of "current operating profit before depreciation of assets arising from acquisitions'' over "revenue" of around 16% at constant exchange rates. For the record, we estimate that the impact of products acquired from Elanco (Clomicalm and Itrafungol), and from iVet (specialized petfood in the United States) could represent approximately 1.5 percentage points of growth in revenue. We also anticipate an unfavorable impact of exchange rates on revenue of approximately €13 million associated with currency impairment. Debt relief should be around €60 million for the year at constant exchange rates.

So far, the health crisis has not had an overly negative impact on the animal health sector, but, as explained above, we have implemented a set of measures and day-to-day monitoring to prevent and limit its potential impact. In addition, our overall presence in terms of geographical areas and species, our highly diversified product portfolio, our varied distribution channels, the high responsiveness and adaptability of our teams, and the robustness of our financial situation are key assets to face the consequences of this pandemic. However, we are remaining vigilant to new developments in the coming months and are well placed to address them.

Condensed consolidated accounts

CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

in € thousand	Notes	2021.06	2020.12
Goodwill	**A1-A3**	136,877	134,762
Intangible assets	**A2-A3**	150,670	147,631
Tangible assets	**A4**	206,137	205,815
Right of use	**A5**	36,902	33,502
Other financial assets	**A6**	3,267	2,979
Share in companies accounted for by the equity method	**A7**	3,447	3,245
Deferred tax assets	**A8**	17,189	13,757
Non-current assets		**554,489**	**541,691**
Inventories and work in progress	**A9**	239,520	211,037
Trade receivables	**A10**	138,966	101,693
Other financial assets	**A6**	1,073	7,395
Other receivables	**A11**	69,829	67,755
Cash and cash equivalents	**A12**	184,399	181,890
Current assets		**633,787**	**569,770**
Assets classified as held for sale	**A13**	4,865	—
Assets		**1,193,140**	**1,111,461**
Share capital		10,573	10,573
Reserves attributable to the owners of the parent company		689,132	612,355
Equity attributable to the owners of the parent company		**699,705**	**622,928**
Non-controlling interests		30,756	34,250
Equity		**730,461**	**657,177**
Deferred tax liabilities	**A8**	29,345	30,337
Provisions for employee benefits		20,933	22,126
Other provisions	**A14**	6,995	8,454
Lease liability	**A15**	29,887	26,803
Other financial liabilities	**A16**	16,216	51,684
Other payables	**A17**	3,138	3,191
Non-current liabilities		**106,515**	**142,595**
Other provisions	**A14**	972	1,021
Trade payables	**A18**	118,056	105,254
Lease liability	**A15**	8,642	7,968
Other financial liabilities	**A16**	75,143	32,021
Other payables	**A17**	152,683	165,425
Current liabilities		**355,496**	**311,689**
Liabilities related to assets held for sale	**A13**	669	
Liabilities		**1,193,140**	**1,111,461**

Income statement

in € thousand	Notes	2021.06	2020.06	*Variation*
Revenue from ordinary activities	**A19**	**529,414**	**478,308**	***10.7%***
Purchases consumed	**A20**	-173,103	-155,912	
External costs	**A21**	-90,666	-74,664	
Personnel costs		-142,232	-139,072	
Taxes and duties		-6,856	-7,348	
Depreciations and provisions	**A22**	-19,059	-19,019	
Other operating income and expenses	**A23**	7,833	3,179	
Current operating profit before depreciation of assets arising from acquisitions[1]		**105,331**	**85,472**	***23.2%***
Depreciations of intangible assets arising from acquisitions	**A22**	-2,223	-6,337	
Operating profit from ordinary activities		**103,108**	**79,135**	***30.3%***
Other non-current income and expenses	**A24**	—	-5,380	
Operating result		**103,108**	**73,755**	***39.8%***
Financial income and expenses	**A25**	-1,610	-8,663	
Profit before tax		**101,498**	**65,092**	***55.9%***
Income tax	**A26**	-27,162	-15,672	
Including non-current tax expense		—	*1,532*	
Share from companies' result accounted for by the equity method	**A7**	96	303	
Net result from ordinary activities[2]	**A27**	**74,432**	**53,570**	***38.9%***
Result for the period		**74,432**	**49,722**	***49.7%***
attributable to the owners of the parent company		72,707	47,155	*54.2%*
attributable to the non-controlling interests		1,725	2,567	*-32.8%*
Profit attributable to the owners of the parent company, per share	**A28**	€8.61	€5.59	*54.1%*
Profit attributable to the owners of the parent company, diluted per share	**A28**	€8.61	€5.59	*54.1%*

[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).

[2] We disclose a "Net profit from ordinary activities" which corresponds to the net profit restated for the following items:

- the line "Other non-current income and expenses";
- non-current tax, which includes the tax impact of "Other non-current income and expenses", as well as all non-recurring tax income and expenses.

As of June 30, 2020, the line "Including non-current income tax", the amounts of which are presented in note A27, corresponds to the tax saving on the impairment of the Leishmaniosis vaccine CGU (€ 1,532 thousand).

Comprehensive income statement

in € thousand	2021.06	2020.06	*Variation*
Result for the period	**74,432**	**49,722**	***49.7 %***
Conversion gains and losses	8,771	-19,059	
Effective portion of gains and losses on hedging instruments	760	-1,164	
Items subsequently reclassifiable to profit and loss	**9,531**	**-20,223**	***-147.1 %***
Actuarial gains and losses	422	119	
Items not subsequently reclassifiable to profit and loss	**422**	**119**	***254.6 %***
Other items of comprehensive income (before tax)	**9,952**	**-20,104**	***-149.5 %***
Tax on items subsequently reclassifiable to profit and loss	-216	375	
Tax on items not subsequently reclassifiable to profit and loss	-109	-31	
Comprehensive income	**84,060**	**29,962**	***180.6 %***
attributable to the owners of the parent company	82,478	29,802	*176.8 %*
attributable to the non-controlling interests	1,582	160	*888.8 %*

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 12/31/2019	**10,573**	**6,534**	**458,112**	**-8,986**	**51,550**	**517,783**	**34,095**	**551,878**
2019 allocation of net income	—	—	51,550	—	-51,550	**—**	—	**—**
Distribution of dividends	—	—	—	—	—	**—**	-3,706	**-3,706**
Treasury shares	—	—	911	—	—	**911**	—	**911**
Changes in scope	—	—	—	—	—	**—**	—	**—**
Other variations	—	—	874	—	—	**874**	—	**874**
Comprehensive income	—	—	-262	-33,843	137,465	**103,360**	3,860	**107,220**
Equity as at 12/31/2020	**10,573**	**6,534**	**511,185**	**-42,829**	**137,465**	**622,928**	**34,249**	**657,177**
2020 allocation of net income	—	—	131,122	—	-131,122	**—**	—	**—**
Distribution of dividends	—	—	-6,343	—	—	**-6,343**	-5,075	**-11,418**
Treasury shares	—	—	565	—	—	**565**	—	**565**
Changes in scope	—	—	—	—	—	**—**	—	**—**
Other variations	—	—	77	—	—	**77**	—	**77**
Comprehensive income	—	—	857	8,914	72,707	**82,478**	1,582	**84,060**
Equity as at 06/30/2021	**10,573**	**6,534**	**637,463**	**-33,915**	**79,050**	**699,705**	**30,756**	**730,461**

The general shareholders' meeting of Virbac, which was held on June 22, 2021, approved the payment of a dividend of €0.75 per share for the 2020 financial year, for a total amount of €6,343,500.

For information, changes in equity for the first half of 2020 were as follows :

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 12/31/2019	**10,573**	**6,534**	**458,112**	**-8,986**	**51,550**	**517,783**	**34,095**	**551,878**
2019 allocation of net income	—	—	51,550	—	-51,550	**—**	—	**—**
Distribution of dividends	—	—	—	—	—	**—**	-3,705	**-3,705**
Treasury shares	—	—	343	—	—	**343**	—	**343**
Changes in scope	—	—	—	—	—	**—**	—	**—**
Other variations	—	—	95	—	—	**95**	—	**95**
Comprehensive income	—	—	-700	-16,653	47,155	**29,802**	160	**29,962**
Equity as at 06/30/2020	**10,573**	**6,534**	**509,400**	**-25,639**	**47,155**	**548,023**	**30,550**	**578,573**

Cash position statement

in € thousand	2021.06	2020.06
Cash and cash equivalents	181,890	93,656
Bank overdraft	-2,306	-13,770
Accrued interests not yet matured	-18	-37
Opening net cash position	**179,567**	**79,849**
Cash and cash equivalents	184,399	117,940
Bank overdraft	-384	-9,735
Accrued interests not yet matured	-16	-19
Closing net cash position	**183,998**	**108,186**
Impact of currency conversion adjustments	1,822	-3,883
Impact of changes in scope	—	—
Net change in cash position	**2,610**	**32,220**

Cash flow statement

in € thousand	Notes	2021.06	2020.06
Result for the period		**74,432**	**49,722**
Elimination of share from companies' profit accounted for by the equity method	**A7**	-96	-303
Elimination of depreciations and provisions	**A14-A22**	20,384	29,804
Elimination of deferred tax change	**A8**	-4,628	-866
Elimination of gains and losses on disposals	**A23**	-223	202
Other income and expenses with no cash impact		7,239	-3,319
Cash flow		**97,109**	**75,241**
Net financial interests paid	**A25**	2,578	5,593
Tax currently payable		31,790	16,538
Cash flow before financial interests and tax currently payable		**131,476**	**97,370**
Effect of net change in inventories	**A9**	-27,476	-12,145
Effect of net change in trade receivables	**A10**	-36,074	-27,322
Effect of net change in trade payables	**A18**	13,610	3,699
Income tax paid		-28,842	-14,288
Effect of net change in other receivables and payables	**A11-A17**	-19,045	-9,227
Effect of change in working capital requirements		**-97,827**	**-59,283**
Net cash flow generated by operating activities		**33,649**	**38,087**
Acquisitions of intangible assets	**A2-A18**	-9,432	-4,420
Acquisitions of tangible assets	**A4-A18**	-11,715	-8,071
Disposals of intangible and tangible assets	**A23**	403	233
Change in financial assets	**A6**	-616	3,389
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		**-21,361**	**-8,869**
Dividends paid to the owners of the parent company		-6,343	—
Dividends paid to the non-controlling interests		-5,036	-1,546
Change in treasury shares		23	-221
Increase/decrease of capital		—	—
Cash investments		—	—
Debt issuance	**A16**	31,343	56,606
Repayments of debt	**A16**	-22,320	-41,820
Repayments of lease obligation	**A15**	-4,767	-4,425
Net financial interests paid	**A25**	-2,578	-5,593
Net cash flow from financing activities		**-9,679**	**3,001**
Change in cash position		**2,610**	**32,220**

Since the entry into force of the IFRS 16 standard from January 1, 2019, lease payments previously presented in the net cash flow generated by operating activities are now reported in net cash flow generated by financing activities (repayment of lease obligations and net financial interest disbursed - see notes A15 and A25).

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 2021 consolidated accounts for the first half-year were approved by the board of directors on September 14, 2021.

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

Key events over the period

Activity maintained in the face of the Covid-19 crisis

The health crisis has not had a very negative impact on the animal health sector so far, but as explained in our previous communications, we have implemented a set of measures and daily management to prevent and limit its potential impacts. In addition, our global presence in terms of geographical areas and species, our highly diversified product portfolio, our different distribution channels, the high responsiveness and adaptability of our teams throughout our organizational model, and the robustness of our financial situation are assets in dealing with the consequences of this pandemic. However, we remain vigilant to new developments in the coming months and mobilized to address them.

Virbac takes over assets from Elanco

Prior to the acquisition of the veterinary division of Bayer Animal Health (Bayer AH), the competition authorities of the European Commission imposed on Elanco the sale, among other things, of three projects under development at Bayer AH which Virbac has acquired and for which we have committed to continue development.
The agreement with Elanco was formalized through several contracts signed in the first quarter of 2021 and which provide for compensation upon Virbac's takeover of these development projects.

Compensation is of several types:

- Elanco transfers to us intellectual property and all assets held by Bayer AH inherent in these development projects;
- Elanco also transfers to us the license agreement signed by Bayer AH with the holder of the rights to the molecule used in the development projects. In addition, Elanco undertakes to reimburse us for the next two payment installments (milestone) provided for in this contract;
- Elanco undertakes to offset our costs incurred by the development projects pursued up to the amount of €7 million. This compensation was the subject of a first payment of €4 million in April 2021, the balance to be paid in April 2022, provided that on the payment date, we continued the development of the three projects;
- finally, Elanco transfers to us all rights relating to two products (Clomicalm and Itrafungol) marketed worldwide (mainly in the United States and Canada), as well as the inventories of finished products on the date of signature of the agreement, the book value of which at Elanco is estimated at €1.3 million. These products generated a turnover of approximately €11 million at Elanco in a full year. Note A19 specifies the amount of sales that we made on June 30, 2021 with the products received free of charge.

Based on the analysis conducted in accordance with the criteria of the IFRS 3 standard, we concluded that the transaction signed with Elanco does not meet the qualification of a business combination.
Consequently, for the accounting treatment of the assets acquired, we have applied the accounting standard adapted to each asset class:

- the assets necessary for the continuation of the developments do not meet the accounting criteria for an intangible asset (IAS 38), since the expected future economic benefits are currently unlikely and the costs cannot be reliably assessed;
- the license agreement transferred to Virbac provides for the payment to the holder of the rights of the first two milestones, the amount of which is fixed, and then variable payments, the amount of which cannot be reliably estimated. The agreement with Elanco stipulating that they reimburse us for the first two milestones when we have paid them, we have therefore not recognized them in our accounts. In the case of variable amounts, these will be recognized as intangible assets as they become payable, in compliance with the accounting policy historically used in such situations;

- the acquisition cost of an intangible asset acquired separately includes its purchase cost, and any cost directly attributable to the preparation of the asset for use. Consequently, the intangible rights relating to the products marketed (Clomicalm and Itrafungol), whose acquisition cost is zero, are not recorded in our accounts;
- we acquired the inventories of Clomicalm and Itrafungol finished products on the date of signature of the contracts for a non-material purchase cost (transportation costs). The latter were not valued in the accounts as at 30 June 2021, in accordance with IAS 2;
- with regard to the compensation of €7 million, payable in two instalments, these sums are considered to have been acquired in a firm manner upon receipt, since there is no return possible and no counterpart expected from Virbac but the pursuance of the projects. Thus, the €4 million received in April 2021 were recorded on the "Other income and expenses" line.

Developments in the dispute over trademark infringement and unfair competition

In the dispute between Virbac and a competitor based on an alleged infringement and on unfair competition in France (Fiproline file), a decision of the Court of appeal of Lyon dated May 13, 2015 led to the payment of damages of €2 million by Virbac. A decision of the Court of cassation dated January 31, 2018 led then to the repayment to Virbac of the sums so paid. The case returned before the Court of Appeal of Lyon, the decision of which, in favour of Virbac, was again referred to the Court of cassation which gave rise to a partial annulment in May 2021.

In parallel, the competitor introduced a second proceedings before the Paris Court of justice on similar grounds (alleged infringement), at the European level. The Paris Court of justice, by a decision dated March 12, 2020, rejected all the claims made against Virbac, this decision being appealed.

Finally, the Court of appeal of Brussels, before which a dispute over the trademark registered in this country had been pending for many years, made an unfavourable decision in June 2021 against which a further appeal is under consideration.

Faced with the uncertainty created by these proceedings, we have maintained a provision in our accounts since 2018. However, given the rulings and decisions handed down, a risk of conviction for damages up to the amount of the provision kept in the accounts at the end of December 2020 can now be ruled out. Virbac must, however, continue its defence in these three cases, and provide for the amount of the damages granted by the Brussels Court of appeal. The net impact of these accounting entries for the first half of the year represents a profit of €1.6 million.

Significant events after the closing date

Magny-en-Vexin: production transferred to Friulchem

Following an agreement signed in May 2021, we sold on July 1, 2021 the Magny-en-Vexin industrial site to Friulchem, our partner CMO (Contract manufacturing organization) for over twenty years. Following the drop in demand in recent years, due to regulations aimed at limiting the use of antibiotics in industrial farming, and therefore for the type of products manufactured in Magny-en-Vexin, this option aims to preserve the employment, the competitiveness of the site and the products.
As part of the “Virbac 2030” programme, which focuses on growing activities with higher added value, the goal is primarily to guarantee the viability of the site, the sustainability of the jobs and the production, whilst ensuring the competitiveness of the products over the long-term, to keep on serving our customers, while reducing the complexity of our global industrial footprint. This involves selling the site and the Magny-en-Vexin activity, as well as transferring all the employees working on-site at the Friulchem CMO. This sale is part of a long-term vision with a ten-year toll manufacturing agreement that may be extended. Friulchem will be able to repatriate other productions to the Magny-en-Vexin site and manufacture other products on behalf of third parties, to better absorb the plant's fixed costs, which will benefit Virbac.

The sale price of the assets of Magny-en-Vexin site amounts to €4.7 million. Note A13 reflects the detail and the amount of the assets and liabilities involved. This operation results in a loss of €0.5 million, which has been recognized into the accounts closed as at June 30, 2021 in compliance with IFRS 5 standard.

We indeed concluded that the sale of Magny-en-Vexin’s assets falls within the scope of the IFRS 5 standard, given the highly probable nature of the transaction and the other criteria of the standard that apply when the carrying value can principally be recovered through a sale transaction rather than through continuing use. Note A13 details the assets and liabilities involved in the transaction and having been reclassified, as required by IFRS 5, on separate lines in the statement of financial position as at June 30, 2021.
The abandoned activity criterion, as defined by IFRS 5, was not used for this transaction, in particular in view of the fact that in the agreement signed with the CMO, we will continue to use the products from the Magny-en-Vexin site, which remain the property of Virbac.

It should be noted that, according to our Group policy, only transactions whose impact on the result is deemed material are classified in the non-current result, which is not the case for this transaction, which as been consequently recognized into the operating result of ordinary activities.

Virbac finalizes the acquisition of iVet LLC, a petfood company

On July 1, 2021, we finalized the acquisition of iVet LLC, a company founded in the United States in 2002 by independent veterinarians and a manufacturer of specialized petfood for companion animals. This company currently markets several ranges of petfood generating several million US $ in turnover and operating a leading distribution and logistics platform. In addition, over the years, iVet has developed advanced capabilities to take online orders for veterinary clinics and deliver products directly to pet owners.

The assets transferred by iVet include fixed assets and equipment, intellectual property (including the trade name), inventories, contracts (including the lease agreement for the premises), customer and supplier accounts as well as other current assets.
As part of the acquisition, we recruited twenty iVet employees.

The purchase price consists of a payment of US $4.5 million plus price supplements (earn out), the cumulative amount of which cannot exceed US $2.5 million.

In order to determine proper accounting treatment, an entity must evaluate whether a transaction or other event is a business combination by applying the definition of IFRS 3. This requires the determination of whether the assets acquired and liabilities assumed constitute a business.

Based on a prior analysis, we concluded that the acquisition of iVet assets and liabilities is a business combination.

The acquisition took place after closing date but before the approval of the accounts by the board of directors. Consequently, the whole information required by the standard could not be provided at this stage.

We have appointed a firm to allocate the purchase price to the assets acquired. Consequently, a more detailed communication will be made as part of the publication of the annual financial statements.

Virbac announces the acquisition of additional shares in the Centrovet group.

Early September, we have bought 15% of the shares of the Centrovet group, thus increasing our stake from 51% to 66%, while retaining the possibility of subsequently acquiring all or part of the remaining shares.

With this acquisition, we are consolidating our position in the strategic segment of the aquaculture (Chile being the world's second largest producer of salmon). Centrovet, thanks to its industrial footprint and R&D infrastructures, gives us a real competitive advantage in the Chilean aquaculture industry. With a highly engaged team, our ambition is to further bring innovative products and solutions to the local market and to search for additional synergies on the R&D and manufacturing sides between the cold and warm-water fish segments.

The consideration paid for the acquisition of this stake is US $17.7 million, paid in full and in cash upon closing. This transaction will have limited impact on the financial statements of our Group, other than the disbursement of the price paid, insofar as Centrovet's activity has been consolidated at 100% since the acquisition of the majority stake of 51% on November 23, 2012.

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, 2020.

With the exception of the standards, amendments or interpretations of application which are compulsory starting from January 1, 2021, 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, 2020. 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, 2021.

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, 2021

- **IAS 39 - IFRS 7 - IFRS 9 Interest rate benchmark reform (Phase 2)**

These texts provide for easing measures on the accounting consequences of the amendments made to the contracts following the reform of the reference rates and the application criteria of the hedging accounting.

We have carried out an inventory of the financing and interest rate hedging contracts affected by the reform of the benchmarks. As a result, no interest rate transaction is impacted by the reform given the maturity of the instruments. On new rate hedging transactions, the new indices will be taken into account.

The following financing has been identified and will be discussed with our banking partners in order to amend the documentation and to include fallback clauses and substitution indices:

Type of contract	Amount	Bank	Index	Substitute index	Drawdown as at June 30, 2021
Uncommitted credit line	US $ 30 million	Crédit industriel et commercial New York	Libor USD	SOFR (Secured overnight financing rate)	—
Uncommitted credit line	US $ 7 million	HSBC US	Libor USD	SOFR (Secured overnight financing rate)	—
Factoring contract	£ 15 million	Société Générale	Libor GBP	SONIA (Sterling index average)	£3.3 million

We do not anticipate any risk on our financing contracts thanks to the substitution of indices intended to disappear by the risk-free rates (RFR) recommended by the ISDA (International swaps and derivatives association).

- **Amendment to IFRS 4 - Insurance contracts**

This amendment extends to January 1, 2023 the temporary exemption granted to insurers to apply IFRS 9, so that IFRS 9 and IFRS 17 can be applied simultaneously.

This new text has had no impact on our accounts.

Standards and interpretations available for early adoption as of January 1, 2021

On the reporting date of these consolidated accounts, the standards and interpretations listed below were submitted by the IASB and IFRS IC respectively, but were still not adopted by the EU.

- **Amendment to IAS 37 - Onerous contracts - Cost of fulfilling a contract**
- **Amendment to IFRS 3 - Update of the conceptual framework**
- **Annual IFRS improvements - 2018/2020 cycle**
- **Amendment to IAS 1 - Classification of current/non-current liabilities**
- **Amendment to IAS 1 - Disclosure of accounting policies**
- **Amendment to IAS 8 - Definition of accounting estimates**

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, 2021 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 A32.

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 as equity on the consolidated balance sheet;
- 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 as equity on the consolidated balance sheet.

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, 2020.
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 12/31/2020	Impairment value as at 12/31/2020	Book value as at 12/31/2020	Increases	Sales	Impair-ment	Conversion gains and losses	Book value as at 06/30/2021
United States	54,297	-3,650	**50,647**	—	—	—	1,597	**52,244**
Chile	27,119	—	**27,119**	—	—	—	36	**27,156**
New Zealand	14,959	-154	**14,805**	—	—	—	-36	**14,769**
India	12,805	—	**12,805**	—	—	—	181	**12,986**
SBC	7,068	—	**7,068**	—	—	—	266	**7,334**
Denmark	4,643	—	**4,643**	—	—	—	—	**4,643**
Uruguay	3,877	—	**3,877**	—	—	—	126	**4,003**
Peptech	3,427	—	**3,427**	—	—	—	14	**3,441**
Australia	3,274	-312	**2,962**	—	—	—	—	**2,962**
Italy	1,585	—	**1,585**	—	—	—	—	**1,585**
Colombia	1,581	—	**1,581**	—	—	—	-70	**1,511**
Greece	1,358	—	**1,358**	—	—	—	—	**1,358**
Leishmaniosis vaccine	5,421	-5,421	**—**	—	—	—	—	**—**
Other CGUs	4,607	-1,722	**2,885**		—	—	1	**2,885**
Goodwill	**146,021**	**-11,259**	**134,762**	**—**	**—**	**—**	**2,115**	**136,877**

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 12/31/2020	**110,325**	**107,306**	**67,552**	**13,873**	**299,056**
Acquisitions and other increases	1	—	481	6,216	**6,698**
Disposals and other decreases	—	—	-16	—	**-16**
Changes in scope	—	—	—	—	**—**
Transfers	-41	1,694	2,502	-4,312	**-157**
Conversion gains and losses	973	594	235	241	**2,043**
Gross value as at 06/30/2021	**111,258**	**109,594**	**70,754**	**16,018**	**307,624**
Depreciation as at 12/31/2020	**-15,976**	**-78,715**	**-56,001**	**-733**	**-151,425**
Depreciation expense	—	-2,768	-2,293	—	**-5,061**
Impairment losses (net of reversals)	—	—	—	—	**—**
Disposals and other decreases	—	—	16	—	**16**
Changes in scope	—	—	—	—	**—**
Transfers	—	—	174	—	**174**
Conversion gains and losses	—	-480	-164	-14	**-658**
Depreciation as at 06/30/2021	**-15,976**	**-81,963**	**-58,268**	**-747**	**-156,954**
Net value as at 12/31/2020	**94,349**	**28,591**	**11,551**	**13,140**	**147,631**
Net value as at 06/30/2021	**95,282**	**27,631**	**12,486**	**15,271**	**150,670**

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, 2021, the item "Concessions, patents, licences and brands" comprised the following:

As at June 30, 2021

in € thousand	Acquisition date	Brands	Patents and know-how	Marketing authorizations and registration rights	Customers lists and others	Total
Centrovet	2012	18,461	29,933		5,028	**53,423**
Uruguay: Santa Elena	2013	3,299	8,670			**11,969**
India: GSK	2006	10,199				**10,199**
Multimin	2011-2012	3,247	3,583			**6,830**
Schering-Plough Europe	2008	4,879	—	1,907		**6,785**
SBC	2015		3,598	2,115		**5,713**
New Zealand	2012	3,113	662		1,710	**5,486**
Australia: Fort Dodge	2010	1,526	454			**1,979**
Australia: Axon	2013	908	899			**1,808**
Colombia: Synthesis	2011	1,393		396		**1,788**
Peptech	2011	977				**977**
Others		6,344	2,048	6,051	1,513	**15,956**
Total intangible assets		**54,346**	**49,847**	**10,468**	**8,251**	**122,913**

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 €6.7 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, the Group performs 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, the Group analyzes 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, 2021, impairment tests were carried out on two CGUs showing indicators of loss of value. These tests did not lead the Group to recognize any impairment in the condensed consolidated accounts.

The results of the sensitivity tests are presented below for the most significant CGU of the two:

in € thousand	Net book value of CGU as at 06/30/2021	Discount rate, combined into a zero perpetual growth rate, from which impairment is established
Chile	105,418	10.3%

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 12/31/2020	**17,756**	**188,103**	**209,177**	**27,631**	**18,832**	**461,498**
Acquisitions and other increases	—	2,733	4,094	820	4,329	**11,976**
Disposals and other decreases	-14	-70	-1,050	-525	-20	**-1,679**
Changes in scope	—	—	—	—	—	**—**
Transfers	-187	-8,550	-3,989	-21	-2,584	**-15,331**
Conversion gains and losses	306	1,396	2,212	370	333	**4,618**
Gross value as at 06/30/2021	**17,861**	**183,611**	**210,444**	**28,274**	**20,891**	**461,081**
Depreciation as at 12/31/2020	**—**	**-103,239**	**-131,961**	**-20,482**	**—**	**-255,683**
Depreciation expense	—	-4,314	-6,191	-1,204	—	**-11,709**
Impairment losses (net of reversals)	—	—	—	—	—	**—**
Disposals and other decreases	—	66	910	522	—	**1,499**
Changes in scope	—	—	—	—	—	**—**
Transfers	—	7,280	5,261	151	—	**12,691**
Conversion gains and losses	—	-452	-1,041	-249	—	**-1,742**
Depreciation as at 03/30/2021	**—**	**-100,659**	**-133,022**	**-21,262**	**—**	**-254,944**
Net value as at 12/31/2020	**17,756**	**84,863**	**77,216**	**7,148**	**18,832**	**205,815**
Net value as at 06/30/2021	**17,861**	**82,952**	**77,421**	**7,012**	**20,891**	**206,137**

We have made investments in the amount of €12 million, which are largely located in France, with development work on our buildings and renewals of our industrial facilities in line with the projects launched in 2020. In other countries, acquisitions are located in Vietnam with the expansion of production lines, Taiwan with the development of the new R&D laboratory and the United States, which have acquired new industrial equipment.

Following the transfer agreement of our production plant located in Magny-en-Vexin to Friulchem, our partner CMO (Contract manufacturing organization), the assets involved in this operation have been classified as assets held for sale (see note A13) and are reported on the "Transfers" line for a net value of €2.9 million.

The line “Disposals and other decreases”, with a net value of € 0.2 million, mainly concerns the scrapping of obsolete industrial equipment in France.

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 2021 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 12/31/2020	**30,814**	**3,284**	**12,013**	**3,141**	**672**	**49,923**
Increases	5,230	71	2,941	59	240	**8,542**
Decreases	-1,356	-27	-1,435	-108	-186	**-3,112**
Changes in scope	—	—	—	—	—	**—**
Transfers	—	—	—	—	—	**—**
Conversion gains and losses	474	23	91	11	11	**609**
Gross value as at 06/30/2021	**35,162**	**3,350**	**13,610**	**3,103**	**737**	**55,962**
Depreciation as at 12/31/2020	**-7,834**	**-1,146**	**-5,865**	**-1,163**	**-413**	**-16,421**
Allowances	-2,153	-368	-2,006	-477	-96	**-5,100**
Termination of contracts	1,118	27	1,206	108	202	**2,661**
Changes in scope	—	—	—	—	—	**—**
Transfers	-33	—	33	—	—	**—**
Conversion gains and losses	-115	-8	-68	-2	-6	**-199**
Depreciation as at 06/30/2021	**-9,018**	**-1,495**	**-6,701**	**-1,534**	**-313**	**-19,059**
Net value as at 12/31/2020	**22,980**	**2,138**	**6,148**	**1,978**	**259**	**33,502**
Net value as at 06/30/2021	**26,144**	**1,855**	**6,909**	**1,569**	**424**	**36,902**

Increases in right of use are related to new contracts signed during the period, or renewal options approved by our subsidiaries during the period. Thus, the main increases for the financial year can be explained by two new real estate contracts in France and Switzerland, as well as by the contracts relating to the fleet of cars throughout the Group.

Allowance for depreciations over the period amounted to €5.1 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	-382
Rental costs on short-term contracts	-355
Rental costs on assets of low value	-474
Residual rental costs	**-1,211**

A6. Other financial assets

Change in other financial assets

in € thousand	2020.12	Increases	Decreases	Transfers	Conversion gains and losses	2021.06
Loans and other financial receivables	**2,484**	501	-207	—	28	**2,806**
Currency and interest rate derivatives	**1**	171	—	0	—	**172**
Restricted cash	**112**	—	—	—	4	**116**
Other	**382**	34	-256	—	12	**172**
Other financial assets, non-current	**2,979**	**706**	**-463**	**—**	**45**	**3,267**
Loans and other financial receivables	**5**	317	-6	—	1	**317**
Currency and interest rate derivatives	**7,390**	—	-6,634	—	—	**756**
Restricted cash	**—**	—	—	—	—	**—**
Other	**—**	—	—	—	—	**—**
Other financial assets, current	**7,395**	**317**	**-6,640**	**—**	**1**	**1,073**
Other financial assets	**10,374**	**1,023**	**-7,103**	**—**	**45**	**4,340**

The changes in the line "Loans and other non-current receivables" relate to holdbacks related to factoring contracts.

The strong decrease of currency and interest rate derivatives, whose value was highly positive as at December 31, 2020 (+€6,290 thousand), is due to the maturity of the cross currency swap EUR/CLP.
The hedge contracts were renewed in June 2021. The valuation of these new contracts is negative as at June 30, 2021 (-€454 thousand).

Other financial assets classified according to their maturity

As at June 30, 2021

in € thousand	Payments: less than 1 year	Payments: from 1 to 5 years	Payments: more than 5 years	Total
Loans and other financial receivables	317	2,806	—	**3,123**
Currency and interest rate derivatives	756	172	—	**928**
Restricted cash	—	116	—	**116**
Other	—	172	—	**172**
Other financial assets	**1,073**	**3,267**	**—**	**4,340**

As at December 31, 2020

in € thousand	Payments: less than 1 year	Payments: from 1 to 5 years	Payments: more than 5 years	Total
Loans and other financial receivables	5	2,484	—	**2,489**
Currency and interest rate derivatives	7,390	1	—	**7,391**
Restricted cash	—	112	—	**112**
Other	—	382	—	**382**
Other financial assets	**7,395**	**2,979**	**—**	**10,374**

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	—	—	3,447	96
Share in companies accounted for by the equity method					**3,447**	**96**

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

In accordance with the IAS 12 standard, which allows under certain conditions the offsetting of tax liabilities and receivables, the deferred tax assets and liabilities have been offset by tax entity.
The impact of future changes in the tax rate in France (gradual reduction up to 25% in 2022) was taken into account in the calculation of the deferred tax expense.

Variation in deferred taxes

in € thousand	2020.12	Variations	Transfers	Conversion gains and losses	2021.06
Deferred tax assets	**27,517**	4,064	62	169	**31,812**
Deferred tax liabilities	**44,097**	-348	—	220	**43,969**
Deferred tax offset	**-16,580**	**4,412**	**62**	**-51**	**-12,157**

The variation in deferred taxes presented above includes, for -€216 thousand, deferred tax on the effective share of profits and losses on hedging instruments recorded in the other elements of the comprehensive income.

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 12/31/2020	**69,866**	**17,075**	**138,803**	**225,745**
Variations	9,948	-45	16,491	**26,394**
Changes in scope	—	0	—	**—**
Transfers	-2,190	-97	—	**-2,287**
Conversion gains and losses	830	14	2,678	**3,522**
Gross value as at 06/30/2021	**78,454**	**16,948**	**157,971**	**253,374**
Depreciation as at 12/31/2020	**-3,653**	**-1,281**	**-9,772**	**-14,707**
Allowances	-1,920	-811	-6,026	**-8,757**
Reversals	2,768	1,282	5,789	**9,839**
Changes in scope	—	—	—	**—**
Transfers	-53	—	53	**—**
Conversion gains and losses	-43	—	-186	**-229**
Depreciation as at 06/30/2021	**-2,900**	**-811**	**-10,142**	**-13,853**
Net value as at 12/31/2020	**66,213**	**15,794**	**129,031**	**211,037**
Net value as at 06/30/2021	**75,556**	**16,137**	**147,829**	**239,520**

Excluding foreign exchange and scope effects, net inventories increased by €25.2 million. This change is mainly due to the joint effects of the increase in activity over the semester, the constitution of inventories for the launch of new products in 2021, and safety stocks particularly in production sites such as in France, Chile, and in the United States, some related to the Covid-19 pandemic crisis.

The inventories of our Magny-en-Vexin production site have been classified as assets for sale (see note A13) and are carried over to the "Transfers" line for a net value of €2.3 million.

A10. Trade receivables

in € thousand	Trade receivables
Gross value as at 12/31/2020	**104,584**
Variations	**35,468**
Changes in scope	**—**
Transfers	**—**
Conversion gains and losses	**1,208**
Gross value as at 06/30/2021	**141,260**
Depreciation as at 12/31/2020	**-2,891**
Allowances	**-224**
Reversals	**829**
Changes in scope	**—**
Transfers	**—**
Conversion gains and losses	**-8**
Depreciation as at 06/30/2021	**-2,294**
Net value as at 12/31/2020	**101,693**
Net value as at 06/30/2021	**138,966**

The trade receivables item is up by €37.3 million. This increase is mainly due to a stronger activity in the first half of 2021 compared to the second half of 2020. The most significant variances were particularly noted in Australia (+€7.9 million), France (+€5.0 million), the United States (+€4.1 million), as well as India, Brazil and Chile. Currency conversion differences had a slight impact on the item, amounting to an increase of €1.2 million.

It should be noted that receivables derecognized as sold under factoring contracts amounted to €22.8 million as of June 30, 2021 (compared with €19.5 million as of December 31, 2020).

The credit risk from trade receivables and other receivables is presented in note A30.

A11. Other receivables

in € thousand	2020.12	Variations	Transfers	Conversion gains and losses	2021.06
Income tax receivables	**6,033**	499	—	164	**6,696**
Social receivables	**736**	-123	—	9	**622**
Other receivables from the State	**32,473**	764	—	228	**33,465**
Advances and prepayments on orders	**1,645**	1,524	—	35	**3,204**
Depreciation on various other receivables	**—**	—	—	—	**—**
Prepaid expenses	**5,681**	3,951	-283	92	**9,441**
Other various receivables	**21,187**	-5,089	5	298	**16,401**
Other receivables	**67,755**	**1,526**	**-278**	**826**	**69,829**

The decrease in "Other various receivables" mainly corresponds to the reversal of an accrued income (insurance compensation) of €3.6 million in France and to receivables from a factoring company in Australia for €1.8 million.

Prepaid expenses, which increase by €3.9 million, mainly concern annual IT maintenance contracts that started at the end of 2020 or early 2021 in France and the United States on services recorded that have an annual basis.

A12. Cash and cash equivalents

in € thousand	2020.12	Variations	Transfers	Change in scope	Conversion gains and losses	2021.06
Available funds	**120,761**	-11,390	—	—	932	**110,303**
Marketable securities	**61,130**	12,077	—	—	890	**74,096**
Cash and cash equivalents	**181,890**	**686**	**—**	**—**	**1,822**	**184,399**
Bank overdraft	**-2,306**	1,921	—	—	—	**-384**
Accrued interests not yet matured	**-18**	2	—	—	—	**-16**
Overdraft	**-2,324**	**1,924**	**—**	**—**	**—**	**-400**
Net cash position	**179,567**	**2,610**	**—**	**—**	**1,822**	**183,999**

The increase in marketable securities mainly concerns one of our affiliates, which has €69,970 thousand in term deposits of less than three months at the end of June 2021.

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

Following the decision to assign the Magny-en-Vexin production site, the IFRS 5 standard applies, with regard to the criteria defined in paragraph 2:

- assets are available for immediate sale;
- the transfer is highly probable (the sale was completed on July 1, 2021);
- the book value is recovered by the sale rather than by their use.

Assets classified as held for sale and liabilities related to these assets are presented separately to the assets and liabilities of the statement of financial position.

The business sold does not meet the discontinued business criteria as defined by IFRS 5.

en k€	Net book value
Tangible assets (land, buildings, technical facilities and equipment)	**2,902**
Inventory of raw materials and work in progress	**2,287**
Impairment of assets held for sale	**-452**
Tax savings on assets held for sale	**128**
Assets classified as held for sale (net of tax)	**4,865**
Social liabilities	**536**
Other expenditure commitments taken by Virbac	**186**
Tax savings on liabilities related to assets held for sale	**-53**
Liabilities related to assets held for sale (net of tax)	**669**
Total value	**4,196**

A14. Other provisions

in € thousand	2020.12	Allowances	Reversals	Changes in scope	Transfers	Conversion gains and losses	2021.06
Trade disputes and industrial tribunals	**4,206**	1,323	-2,557	—	107	8	**3,087**
Fiscal disputes	**2,065**	56	—	—	-107	91	**2,105**
Various risks and charges	**2,183**	143	-523	—	—	—	**1,804**
Other non-current provisions	**8,454**	**1,522**	**-3,080**	**—**	**—**	**99**	**6,995**
Trade disputes and industrial tribunals	**547**	287	-12	—	—	10	**832**
Fiscal disputes	**—**	—	—	—	—	—	**—**
Various risks and charges	**473**	186	-335	—	-186	1	**139**
Other current provisions	**1,021**	**473**	**-347**	**—**	**-186**	**10**	**972**
Other provisions	**9,475**	**1,995**	**-3,426**	**—**	**-186**	**109**	**7,967**

In the context of the dispute with a competitor and two infringement and unfair competition proceedings currently in progress at the national and European level, the amount of provisions recognized in the liabilities has been adjusted (see Key events over the period).

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 €186 thousand correspond to the other expenditure commitments made by Virbac as part of the transfer of Magny-en-Vexin. They have been classified as "Liabilities relating to the assets held for sale" (see note A13).

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.

This is the case in particular of an application made during 2014 by a competitor of the Group for compensation for alleged damage relating to a use patent. Since the risk of outflow of resources was considered very low by management, no provision had been recognised. During the first half of 2021, a court decision favourable for Virbac was delivered, resulting in the extinction of the action.

A15. Lease liability

Change in lease liability

in € thousand	2020.12	New contracts and renewals	Repayments and cancellations	Transfers	Conversion gains and losses	2021.06
Lease liability - Non-current	26,803	6,791	-246	-3,819	358	**29,887**
Lease liability - Current	7,968	1,822	-5,045	3,819	78	**8,642**
Lease liability	**34,771**	**8,613**	**-5,291**	**—**	**436**	**38,529**

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	—	19,783	10,104	**29,887**
Lease liability - Current	8,642	—	—	**8,642**
Lease liability	**8,642**	**19,783**	**10,104**	**38,529**

Information related to financing activities

in € thousand	2020.12	Cash flows		Non-cash flows				2021.06
		Repayments		Increase	Decrease	Transfers	Conversion gains and losses	
Lease liability	34,771	-4,767	1:	8,542	-452	—	436	**38,529**
Lease liability	**34,771**	**-4,839**	**1**	**8,542**	**-380**	**—**	**436**	**38,529**

Decreases correspond to early terminations with no cash impact.

The increase in debt liabilities stems essentially from the new real estate 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. In fact, none of our subsidiaries have benefited from exemptions or rent deferrals in the context of the Covid-19 pandemic.

A16. Other financial liabilities

Change in other financial liabilities

in € thousand	2020.12	Increase	Decrease	Changes in scope	Transfer	Conversion gains and losses	2021.06
Loans	**50,594**	5,072	-670	—	-39,848	626	**15,774**
Employee profit sharing	**12**	2	—	—	—	—	**15**
Currency and interest rate derivatives	**1,078**	—	-651	—	—	—	**427**
Other	**—**	—	—	—	—	—	**—**
Other non-current financial liabilities	**51,684**	**5,074**	**-1,321**	**—**	**-39,848**	**626**	**16,216**
Loans	**27,725**	25,834	-21,004	—	39,848	-4	**72,399**
Bank overdrafts	**2,306**	—	-1,921	—	—	—	**385**
Accrued interests not yet matured	**18**	—	-2	—	—	—	**16**
Employee profit sharing	**814**	434	-647	—	—	19	**620**
Currency and interest rate derivatives	**1,158**	565		—	—	—	**1,723**
Other	**—**	—	—	—	—	—	**—**
Other current financial liabilities	**32,021**	**26,833**	**-23,574**	**—**	**39,848**	**15**	**75,143**
Other financial liabilities	**83,705**	**31,908**	**-24,895**	**—**	**—**	**641**	**91,359**

As of June 30, 2021, our net debt amounts to -€54.5 million, compared to -€63.4 million at the end of 2020. This slight increase in net debt of nearly €9 million is mainly due to the Group's cash generation profile, which takes place mainly in the second part of the year due to a certain seasonality (for example related to the payment of year-end rebates over the first half of the year). This seasonality was accentuated in 2021 by the payment of dividends as well as by a significant increase in our working capital requirements related to the increase in turnover as well as the establishment of safety stock.

We still have the following financing with the following main characteristics:

- a syndicated loan of €420 million, drawn in euros and US dollars, contracted with a pool of banks and repayable in full on the initial maturity in April 2020, extended to April 9, 2022;

- market-based contracts (*Schuldschein*) in euros and in dollars for a total of €21.7 million, composed of three installments, with maturity April 2022 and April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €18.9 million, depreciable and maturing in November 2023 and September 2024.

As of June 30, 2021, the funding position is as follows:

- the syndicated loan was drawn for US $25 million;
- market-based contracts amounted to €15 million and US $8 million;
- the Bpifrance financing amounted to €18.9 million.

These funding instruments include 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, 2021, we are in compliance with the financial ratio covenants, which is -0.21, 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 the last twelve months (that of the last six months of 2020 added to that of the first half-year 2021), 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, 2021

	Payments			Total
in € thousand	less than 1 year	from 1 to 5 years	more than 5 years	
Loans	72,400	15,775	—	**88,175**
Bank overdrafts	384	—	—	**384**
Accrued interests not yet matured	16	—	—	**16**
Employee profit sharing	620	15	—	**635**
Currency and interest rate derivatives	1,723	426		**2,149**
Other	—	—	—	**—**
Other financial liabilities	**75,143**	**16,216**	**—**	**91,359**

As at December 31, 2020

	Payments			Total
in € thousand	less than 1 year	from 1 to 5 years	more than 5 years	
Loans	27,725	50,594	—	**78,319**
Bank overdrafts	2,306	—	—	**2,306**
Accrued interests not yet matured	18	—	—	**18**
Employee profit sharing	814	12	—	**826**
Currency and interest rate derivatives	1,158	1,078	—	**2,236**
Other	—	—	—	**—**
Other financial liabilities	**32,021**	**51,684**	**—**	**83,705**

Information related to financing activities

in € thousand	2020.12	Cash flows		Non-cash flows			2021.06
		Issuance	Repayments	Fair value	Transfers	Conversion gains and losses	
Non-current financial liabilities	**50,594**	5,072	-669	—	-39,848	626	**15,775**
Current financial liabilities	**27,725**	25,834	-21,004	—	39,848	-4	**72,399**
Employee profit sharing	**826**	436	-647	—	—	19	**634**
Currency and interest rate derivatives	**2,235**	—	—	-86	—	—	**2,149**
Others	**—**	—	—	—	—	—	**—**
Other financial liabilities	**81,380**	**31,343**	**-22,320**	**-86**	**—**	**641**	**90,959**

A17. Other payables

in € thousand	2020.12	Variations	Transfers	Conversion gains and losses	2021.06
Income tax payables	**—**	—	—	—	**—**
Social payables	**—**	—	—	—	**—**
Other fiscal payables	**—**	—	—	—	**—**
Advances and prepayments on orders	**—**	—	—	—	**—**
Prepaid income	**1,286**	-18	-141	23	**1,149**
Various other payables	**1,905**	-15	—	98	**1,989**
Other non-current payables	**3,191**	**-33**	**-141**	**121**	**3,138**
Income tax payables	**18,812**	3,231	181	49	**22,273**
Social payables	**51,841**	-4,393	-278	395	**47,565**
Other fiscal payables	**11,289**	1,095	—	84	**12,468**
Advances and prepayments on orders	**332**	1,077	—	31	**1,439**
Prepaid income	**1,149**	70	141	9	**1,368**
Various other payables	**82,003**	-15,202	-12	780	**67,570**
Other current payables	**165,425**	**-14,123**	**33**	**1,347**	**152,682**
Other payables	**168,616**	**-14,156**	**-108**	**1,468**	**155,821**

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 2020.

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

in € thousand	2020.12	Variations	Transfers	Conversion gains and losses	2021.06
Advances and prepayments on orders	**332**	1,077	—	31	**1,439**
Customers - credits to be issued	**76,500**	-15,736	—	658	**61,422**
Customer liabilities	**76,832**	**-14,659**	**—**	**689**	**62,861**

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 €15.7 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	2020.12	Variations	Changes in scope	Transfers	Conversion gains and losses	2021.06
Current trade payables	**96,539**	14,136	—	—	1,132	**111,807**
Trade payables - suppliers of intangible assets	**4,586**	-2,734	—	—	—	**1,852**
Trade payables - suppliers of tangible assets	**4,129**	260	—	—	8	**4,397**
Trade payables	**105,254**	**11,662**	**—**	**—**	**1,140**	**118,056**

This item amounted to €118.1 million at June 30, 2021 2021, compared to €105.3 million at the end of 2020. The increase in current trade payables is linked to the growth of the business, as well as an increase in the purchase of raw materials made to rebuild safety inventories due to the pandemic crisis. This change is offset by the reduction in trade payables on suppliers of assets following the launch at the end of 2020 of a large number of investment projects.

A19. Revenue from ordinary activities

in € thousand	2021.06	2020.06	*Change*
Sales of finished goods and merchandise	604,264	549,434	10.0%
Services	367	8	4284.4%
Additional income from activity	1,461	895	63.2%
Royalties paid	203	207	-1.6%
Gross sales	**606,295**	**550,545**	***10.1%***
Discounts, rebates and refunds on sales	-62,348	-59,061	*5.6%*
Expenses deducted from sales	-11,145	-9,302	*19.8%*
Financial discounts	-2,517	-3,559	*-29.3%*
Provisions for returns	-872	-315	*176.6%*
Expenses deducted from sales	**-76,881**	**-72,237**	***6.4%***
Revenue from ordinary activities	**529,414**	**478,308**	***10.7%***

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, 2021, our consolidated turnover amounted to €529.4 million compared to €478.3 million in the first half of 2020, thus marking an increase of 10.7% at real exchange rates, and an increase of 14.0% at constant rates. At constant rates and scopes (excluding Sentinel®), growth rose to 21.3%.

It should be noted that the amount of sales we made as of June 30, 2021 with the products received free of charge as part of the transaction with Elanco amounts to €3.3 million.

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

A20. Purchases consumed

in € thousand	2021.06	2020.06	*Change*
Inventoried purchases	-186,353	-155,387	*19.9%*
Non-inventoried purchases	-12,175	-11,279	*7.9%*
Supplementary charges on purchases	-2,364	-1,851	*27.7%*
Discounts, rebates and refunds obtained	313	385	*-18.7%*
Purchases	**-200,579**	**-168,133**	***19.3%***
Change in gross inventories	27,158	11,305	*140.2%*
Allowances for depreciation of inventories	-9,521	-7,806	*22.0%*
Reversals of depreciation of inventories	9,839	8,721	*12.8%*
Net variation in inventories	**27,476**	**12,220**	***124.8%***
Consumed purchases	**-173,103**	**-155,912**	***11.0%***

The increase in purchases took place mainly in France and India, to limit the risk of inventories shortages and to secure future sales, within the context of the Covid-19 situation.
The variation in inventories is explained by the joint effects of the increase in activity observed over the six-month period, the constitution of inventories for the launch of new products in 2021, and safety inventories, particularly in production sites such as in France, the United States and Australia, some related to the Covid-19 pandemic crisis.

A21. External costs

External costs are up 21.4% at real rates compared to 2020. This increase can be explained by a base effect, with significant expense reductions launched or incurred by the Group in response to the Covid-19 pandemic crisis in the first half of 2020, as well as a higher use of outsourcing to support the high level of activity in the first half of the year.

A22. Depreciation, impairment and provisions

in € thousand	2021.06	2020.06	*Change*
Allowances for depreciation of intangible assets[1]	-2,838	-2,603	*9.0%*
Allowances for impairment of intangible assets	—	—	—
Allowances for depreciation of tangible assets	-11,709	-12,250	*-4.4%*
Allowances for impairment of tangible assets	-452	—	—
Allowances for depreciation of right of use	-5,100	-4,986	*2.3%*
Reversals for depreciation of intangible assets	—	—	—
Reversals for impairment of intangible assets	—	—	—
Reversals for depreciation of tangible assets	—	—	—
Reversals for impairment of tangible assets	—	462	—
Depreciation and impairment	**-20,098**	**-19,377**	***3.7%***
Allowances of provisions for risks and charges	-1,995	-950	*109.9%*
Reversals of provisions for risks and charges	3,034	1,309	*131.9%*
Provisions	**1,039**	**358**	***190.0%***
Depreciations and provisions	**-19,059**	**-19,019**	***0.2%***

[1] Excluding allowance for depreciations of intangible assets arising from acquisitions.

Allowances for depreciation of intangible assets arising from acquisitions

in € thousand	2021.06	2020.06
United States: Sentinel®	—	-4,103
Centrovet	-1,076	-1,040
Schering-Plough Europe	-477	-539
Multimin	-263	-248
New Zealand	-208	-198
Uruguay: Santa Elena	-67	-74
Australia: Axon	-63	-59
Colombia: Synthesis	-44	-48
SBC	-25	-29
Depreciations of intangible assets arising from acquisitions	**-2,223**	**-6,338**

The decrease in this item is mainly related to Sentinel® assets that have ceased to be depreciated as soon as they have been sold on July 1, 2020.

A23. Other operating income and expenses

in € thousand	2021.06	2020.06	*Change*
Royalties paid	-1,856	-1,757	5.6%
Grants received (including research tax credit)	5,092	5,093	—%
Allowances for depreciation of receivables	-224	-114	*96.5%*
Reversals of depreciation of receivables	829	263	*215.2%*
Bad debts	-80	-19	*321.1%*
Net book value of disposed assets	-161	-435	*-63.0%*
Income from disposal of assets	403	233	*73.0%*
Other operating income and expenses	3,829	-86	*-4552.3%*
Other operating income and expenses	**7,833**	**3,179**	***146.4%***

The amount of tax credits recorded in grants amounts to €4,954 thousand as of June 30, 2021.
The €4.0 million product received in April 2021 from Elanco is included in this line. This is the first payment on the €7 million that Elanco has committed to pay us, as compensation for Virbac's continuation of development projects.

A24. Other non-current income and expenses

As of June 30, 2021, no non-current income or expense was accounted for.

As a reminder, this item comprised of the following elements as of June 30, 2020:

in € thousand	2020.06
Costs related to the Sentinel® assets divestment operation	-594
Impairment of the Leishmaniosis vaccine CGU	-4,786
Other non-current income and expenses	**-5,380**

A25. Financial income and expenses

in € thousand	2021.06	2020.06	*Change*
Gross cost of financial debt	-3,619	-6,589	*-45.1%*
Income from cash and cash equivalents	1,041	996	*4.5%*
Net cost of financial debt	**-2,578**	**-5,593**	***-53.9%***
Foreign exchange gains and losses	8,112	-6,959	*-216.6%*
Changes in foreign currency derivatives and interest rate	-7,094	3,919	*-281.0%*
Other expenses	-109	-75	*45.6%*
Other income	59	45	*35.9%*
Other financial income or expenses	**968**	**-3,070**	***-131.5%***
Financial income and expenses	**-1,610**	**-8,663**	*-81.4%*

Pursuant to the IFRS 16 standard that came into force on January 1, 2019, the cost of financial debt now includes the interest cost on lease liabilities, which amounts to €773 thousand as of June 30, 2021.
The €3.0 million decrease in the cost of net debt is related to the significant reduction in gross debt, a large part of which was made possible by the proceeds from the sale of Sentinel®, enabling us to repay our bank financing.

The Group's foreign exchange result improved significantly compared to 2020, due to the relative stability of the CLP compared to the EUR and the USD for the first half of 2021 against a depreciation of the CLP over the first half of 2020 but also due to a significant reduction in unhedged exposures including the EUR/CLP exposure of Virbac and the CLP/USD exposure of our Chilean subsidiary. It should be noted that there is no impact on the Group's net exchange rate on the maturity of the EUR/CLP cross currency swap renewed by exchange swap.

A26. Income tax

Pursuant to IAS 34, in the financial statements at June 30, 2021, the tax charge was determined by applying to the profit before tax for the period the average tax rate estimated for the year 2021.

Non-current tax expense

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

A27. Bridge from net result to net result from ordinary activities

Net profit from ordinary activities equates to net profit restated for the following items:
- the “Other non-current income and charges” item, the details of which are presented in the A24 note;
- non-current tax, which includes the tax impact of “Other non-current income and expenses”, as well as all non-recurring tax income and expenses.

Since no item was recognized as non-current over the first semester 2021, the net profit from ordinary activities as of June 30, 2021 stands as follows:

in € thousand	Net result IFRS	Impairment of assets	Restructuring costs	Sale of assets	Non-current tax expense	Net result from ordinary activity
Revenue from ordinary activities	**529,414**	—	—	—	—	**529,414**
Current operating profit before depreciation of assets arising from acquisitions	**105,331**	—	—	—	—	**105,331**
Depreciation of intangible assets arising from acquisitions	-2,223	—	—	—	—	-2,223
Operating profit from ordinary activities	**103,108**	—	—	—	—	**103,108**
Other non-current income and expenses	—	—	—	—	—	—
Operating result	**103,108**	—	—	—	—	**103,108**
Financial income and expenses	-1,610	—	—	—	—	-1,610
Profit before tax	**101,498**	—	—	—	—	**101,498**
Income tax	-27,162	—	—	—	—	-27,162
Share from companies' result accounted for by the equity method	96	—	—	—	—	96
Result for the period	**74,432**	—	—	—	—	**74,432**

For the record, the operating net profit as of June 30, 2020 was as follows:

in € thousand	Net result IFRS	Impairment of assets	Restructuring costs	Other items	Non-current tax expense	Net result from ordinary activity
Revenue from ordinary activities	**478,308**	—	—	—	—	**478,308**
Current operating profit before depreciation of assets arising from acquisitions	**85,472**	—	—	—	—	**85,472**
Depreciation of intangible assets arising from acquisitions	-6,337	—	—	—	—	-6,337
Operating profit from ordinary activities	**79,135**	—	—	—	—	**79,135**
Other non-current income and expenses	-5,380	4,786	—	594	—	—
Operating result	**73,755**	**4,786**	—	**594**	—	**79,135**
Financial income and expenses	-8,663	—	—	—	—	-8,663
Profit before tax	**65,092**	**4,786**	—	**594**	—	**70,471**
Income tax	-15,672	-1,532	—	—	—	-17,204
Share from companies' result accounted for by the equity method	303	—	—	—	—	303
Result for the period	**49,722**	**3,253**	—	**594**	—	**53,570**

A28. Earnings per share

	2021.06	2020.06
Profit attributable to the owners of the parent company	**€72 707 286**	**€47 155 496**
Total number of shares	8,458,000	8,458,000
Impact of dilutive instruments	0	0
Number of treasury shares	14,800	22,391
Outstanding shares	8,443,200	8,439,609
Profit attributable to the owners of the parent company, per share	**€8,61**	**€5,59**
Profit attributable to the owners of the parent company, diluted per share	**€8,61**	**€5,59**

Treasury shares

Virbac holds treasury shares intended to supply plans to award performance shares, as well as the market-making contract. The amount of these shares is recorded as a reduction of equity.

As of June 30, 2021, the number of shares held by the Group amounted to 14,800 (against 22,391 shares as of June 30, 2020) for a total of €2,901 thousand.

A29. 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, 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 depreciation of assets arising from acquisitions	30,326	17,413	17,959	38	20,879	16,263	2,452	**105,331**
Result attributable to the owners of the parent company	21,389	12,848	9,677	-289	16,254	11,148	1,680	**72,707**
Non-controlling interests	1	—	1,724	—	—	—	—	**1,725**
Group consolidated result	**21,390**	**12,848**	**11,401**	**-289**	**16,254**	**11,148**	**1,680**	**74,432**

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Assets by geographic area	762,170	67,690	216,065	-142,983	168,956	110,264	10,979	**1,193,140**
Intangible investment	5,226	45	9	1,232	183	1	1	**6,698**
Tangible investment	5,404	329	981	951	3,950	346	15	**11,976**

No customer achieves more than 10% of revenue.
Non-controlling interests almost exclusively reflect the contribution from the Chilean entities (HSA group), in which we hold a 51% stake.
The French net profit includes the compensation received in connexion with the acquisition of Elanco assets.
Assets located in France include the assets available for sale in connexion with the divestment of the site of Magny-en-Vexin.

As at June 30, 2020

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Revenue from ordinary activities	74,382	121,055	78,614	77,118	73,290	12,417	41,432	**478,308**
Current operating profit before depreciations of assets aring from acquisitions	20,961	10,004	17,435	11,770	12,822	2,013	10,467	**85,472**
Profit attributable to the owners of the parent company	11,203	7,260	7,159	2,342	10,862	1,361	6,969	**47,155**
Non-controlling interests	1	—	2,567	-1	—	—	—	**2,567**
Consolidated profit	**11,204**	**7,260**	**9,726**	**2,341**	**10,862**	**1,361**	**6,969**	**49,722**

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Assets by geographic area	682,968	68,613	201,987	150,357	139,796	6,808	87,287	**1,337,817**
Intangible investment	2,832	109	22	280	40	—	1	**3,283**
Tangible investment	3,392	66	630	860	1,886	105	284	**7,224**

A30. Credit risk management

With respect to risks on trade receivables the Covid-19 pandemic could generate, Virbac analyzed the indicators of impairment of accounts receivable, such as the split of gross accounts receivable according to their age, and the amount of doubtful receivables. The Group has not identified elements that would have shown a relevant increase in credit risk since the beginning of the Covid-19 pandemic.

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

As at June 30, 2021

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
France	26,093	964	43	14	—	62	**27,177**
Europe (excluding France)	21,178	1,708	2	—	—	1,556	**24,443**
Latin America	29,204	5,355	386	—	—	413	**35,358**
North America	9,879	704	—	—	—	2	**10,585**
Asia	16,137	772	98	—	—	253	**17,260**
Pacific	22,681	257	7	—	—	5	**22,950**
Africa & Middle East	3,142	342	—	—	—	3	**3,487**
Trade receivables	**128,315**	**10,101**	**536**	**14**	**—**	**2,294**	**141,260**

As at December 31, 2020

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
France	19,638	551	26	22	—	694	**20,931**
Europe (excluding France)	15,884	2,719	392	—	—	1,557	**20,552**
Latin America	22,466	2,997	84	—	—	338	**25,885**
North America	5,946	186	—	—	—	1	**6,134**
Asia	11,326	902	189	—	—	295	**12,713**
Pacific	14,911	133	2	—	—	3	**15,049**
Africa & Middle-East	3,003	314	—	—	—	2	**3,319**
Trade receivables	**93,174**	**7,802**	**694**	**22**	**—**	**2,891**	**104,583**

A31. 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 2021, 50% of the 2018 performance-related stock grants plan shares, initially valued at €1,788,000 (*i.e.* 15,000 shares of €119.20) were acquired by the beneficiaries for an updated valuation of €837,380 (*i.e.* €7,025 shares of €119.20).
The 2020 performance-related stock grants plan was cancelled and the provision recorded in the 2020 accounts was reversed for an amount of €194 thousand, including social contribution.
The 2021 performance-related stock grants plan, allocated on March 16, 2021, is valued at €1,453,538, which translates into 6,225 shares of €233,50 each. This amount was deferred over a vesting period of 34 months. The impact recognized in the income statement as at June 30, 2021 amounts to €202 thousand, including social security contributions.

Over the first six months of 2021, 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 2021, there was no significant change in the nature of the transactions made by the Group with its related parties compared to December 31, 2020.

A32. Scope of consolidation

Company name	Locality	Country	2021.06		2020.12	
			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	2021.06		2020.12	
			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, 2021

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 L. 451-1-2-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, 2020;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

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 IFRS 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 prepared on September 10, 2020.
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, 2021

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 10, 2021

Sébastien Huron, chief executive officer, Virbac group