Half-yearly financial report
As of June 30, 2024

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Half-yearly management report

KEY EVENTS OF THE FIRST HALF OF 2024

Sasaeah's acquisition on April 1, 2024

On April 1, 2024, we completed the acquisition of Sasaeah. This strategic acquisition brings Virbac a leadership position in the farm animal vaccines market in Japan, notably in the cattle segment, and a large portfolio of pharmaceutical products for all the major species.

Formed through the combination of two legacy animal health providers (Fujita Pharmaceutical Co. Ltd. and Kyoto Biken Laboratories Inc.) under the stewardship of ORIX Corporation, Sasaeah generates annual revenues of about €75 million, of which around 50% from vaccines. With strong footholds in Japan, Sasaeah develops, manufactures and markets a large portfolio of veterinary products targeting both farm animals and companion animals.

Virbac will benefit from Sasaeah’s manufacturing sites in Japan and in Vietnam, its R&D capabilities as well as more than 500 passionate and skilled employees. Virbac will be propelled as a leading animal health player in Japan, with an opportunity to leverage these capabilities within the Group.

Finalization of the acquisition of Globion's minority shares’ on June 21, 2024

On June 21, 2024, we finalized the acquisition of Globion's minority shares, bringing our stake to 100%. As planned, this transaction follows the acquisition of a 74% majority stake concluded on November 1, 2023.

Founded in 2005, as a joint venture between Suguna Group, one of the leading Indian poultry conglomerates, and Lohmann Animal Health, a German poultry vaccines specialist, Globion has developed robust know-how and expertise in the development, manufacturing and commercialization of live and inactivated vaccines targeting a large array of avian pathogens.

Globion is based in Hyderabad where its industrial and R&D facilities employ around 120 full-time employees and generated approximately €12 million of revenue in 2023.

EVENTS SUBSEQUENT TO JUNE 30, 2024

Virbac executive management change

At the beginning of July, the Group has announced the resignation of Sébastien Huron from his position as chief executive officer, by September 27, 2024, for personal reasons.

The board of directors has decided to appoint Habib Ramdani, currently chief financial officer and deputy chief executive officer, as interim CEO, to replace Sébastien Huron, while the appointments and compensation committee recruits the next chief executive officer. Backed by the board of directors, Habib will be able to count on the full support of the Group executive committee in executing the roadmap of our Virbac 2030 project.

ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

Performance of revenue

Over the first half of the year, our revenues amounted to €702.9 million, compared with €610.5 million, representing an overall decrease of +15.1% compared with the same period in 2023. Excluding the unfavorable impact of exchange rates, revenues rose by +16.1%. The integration of recently acquired companies (Globion in India and Sasaeah in Japan) contributes +4.8 points of growth. At constant exchange rates and scope, organic growth for the first half reached +11.3%, favourably impacted by the concomitant increase in volumes and prices (price effect estimated at ~3.5 points of growth) despite a slowdown in inflation. Please note that this half-year benefits from a favorable basis of comparison linked in particular to the restoration of our production capacity for dog and cat vaccines since the start of this year.

Performance by segment

in € million	2024.06 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	65.0				5.2%		
Immunology	48.3						32.5%
Antibiotics/dermatology	61.5						17.1%
Specialties	80.7						20.6%
Equine	16.2			1.7%			
Specialized petfood	64.2					12.4%	
Others	65.9					13.2%	
Sasaeah	9.4						
Companion animals	**411.2**						**15.1%**
Bovine parasiticides	45.2				9.5%		
Bovine antibiotics	43.9		-2.7%				
Other ruminants products	108.1			3.6%			
Pig/poultry antibiotics	15.6					10.8%	
Other pig/poultry products	28.6					10.7%	
Aquaculture	22.2						43.1%
Sasaeah	9.8						
Farm animals	**273.4**				**7.0%**		
Other businesses	**18.3**		**-3.3%**				
Revenue	**702.9**					**11.3%**	

Companion animals

During the first semester, this business line represented 59% of revenue, up 15.1% at constant exchange rates and scope compared with 2023, driven by the good dynamics of our dental, dermatology, petfood and speciality products ranges as well as our range of dog and cat vaccines following the increase in our production capacities.

Farm animals

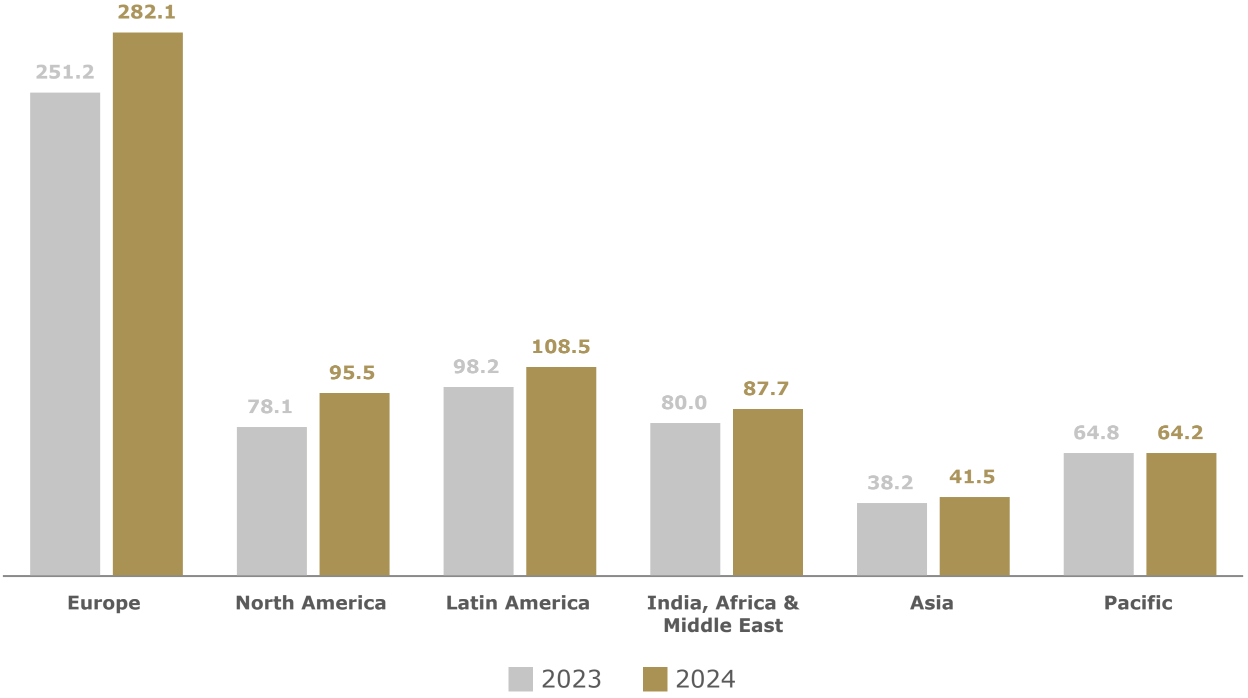
During the period, this business line represented 39% of revenue, showing an increase of +7.0% at constant exchange rates and scope, mainly driven by the ruminant sector as well as the strong growth in the aquaculture segment.

Other business lines

These business lines, which represent 2% of consolidated revenue over half-year 2024, correspond to markets of lesser strategic importance and mainly include the toll manufacturing produced for third parties in the United States and Australia (mainly the sales of Sentinel® Spectrum® to MSD Animal Health).

Performance by geographic areas (at constant rates and perimeter)

in € million



Following a managerial reorganization of our regions, India is now included in the India, Africa & Middle East area (and no longer in Asia). France is now in the Europe area. The comparative information as of June 30, 2023 has been restated accordingly.

The Europe area (+12.3% at constant exchange rates and scope) accounted for almost half of the Group's organic growth, benefiting from a strong rebound in the dog and cat vaccine range, as well as increased demand for our petfood/pet care ranges. As the beginning of 2023 was marked by distributors' destocking effect, the performance of North America (+22.2% at constant exchange rates and scope) benefited from a favorable base effect together with sustained sales momentum on our specialty products for companion animals. Latin America (+10.5% at constant exchange rates and scope) benefited from remarkable performances in Chile, Mexico and Central America, which more than offset the slight downturn in Uruguay and Brazil. India continues to fuel our expansion in the IMEA area (+9.6% at constant exchange rates and scope), recording a significant increase (~20% at actual scope) thanks to the expansion of our portfolio following the acquisition of Globion's poultry vaccines. China and South East Asia countries were behind our growth in Asia (+8.8% at constant exchange rates and scope). Despite the rebound seen in the second quarter, the Pacific area ended the half-year slightly down (-0.8% at constant exchange rates and scope), penalized by an unfavorable basis for comparison, as business benefited from a particularly favorable agricultural and climatic context (prices and herd stock increases) in early 2023.

Analysis of the results

Changes in results

in € million	2024.06	%	2023.06	%	Variation
Revenue from ordinary activities	**702.9**	**100.0**	**610.5**	**100.0**	***15.1%***
Margin on purchasing costs	**482.8**	**68.7**	**403.0**	**66.0**	**19.8%**
Current operating expenses	-309.8	44.1	-273.0	44.7	13.5%
Depreciations and provisions	-22.7	3.2	-20.2	3.3	12.4%
Current operating profit before depreciation of intangible assets arising from acquisitions	**150.4**	**21.4**	**109.9**	**18.0**	**36.9%**
Depreciations of intangible assets arising from acquisitions	-1.7	0.2	-1.9	0.3	-10.8%
Operating profit from ordinary activities	**148.7**	**21.2**	**108.0**	**17.7**	**37.7%**
Other non-current income and expenses	-2.0		0.5		0.0%
Operating profit	**146.7**	**20.9**	**108.5**	**17.8**	**35.1%**
Financial income and expenses	-4.8	0.7	0.9	-0.1	-647.2%
Profit before tax	**141.8**	**20.2**	**109.4**	**17.9**	**29.7%**
Income tax	-47.3		-35.1		35.0%
Share from companies' result accounted for by the equity method	0.3		0.4		-17.4%
Result for the period	**94.9**	**13.5**	**74.8**	**12.2**	**26.9%**
Net result attributable to the non-controlling interests	0.2		-0.3		-181.1%
Net result attributable to the owners of the parent company	**94.7**	**13.5**	**75.0**	**12.3**	**26.2%**

For performance of revenue, see previous section.

The increase in margin is partly due to a combination of increased revenue, driven by growth in almost all regions (see "Performance of revenue" above) as well as the increase in our production capacity for dog and cat vaccines since the beginning of this year, and a better product mix.

The increase in net expenses of €36.8 million is explained to the tune of €8.4 million by the scope-of-consolidation effects on Globion and Sasaeah. At constant scope of consolidation, net expenses increased by €28.4 million. Almost half of this variation is generated by the external expenses, and more specifically the expenditure on marketing, travel and fees, as well as consulting costs, and subcontracting costs, in connection with the increase in activity. Certain projects in some countries, a relative increase in certain R&D expenses, and to a lesser extent, from phasing in certain expenses also explain this variation.
HR costs have also increased, mainly due to the impact of pay rises and strengthening of our workforce in R&D functions in particular, but also commercial and industrial costs, items noted in 2023 and continued in 2024, having a full-year impact in 2024.
Finally, other operating income decreased by €3.7 million, partly due to the drop in tax credit (due to the recognition phase in part), the increase in royalties paid, directly due to the increase in revenue, and reversals of provisions in 2023 that did not recur in 2024.

Current operating profit, before depreciation of assets arising from acquisitions, amounted to €150.4 million, compared to €109.9 million as of June 30, 2023, representing an increase of +36.9%, as a result of the increase in activity over the period.

Operating profit amounted to €146.7 million, compared to €108.5 million as of June 30, 2023, an increase of 35.1% at actual rates.

As of June 30, 2024, other non-recurring income and expenses constitute a net expense of €2.0 million, and consist of:
- costs related to the acquisition of Sasaeah in the amount of -€4.7 million;

partly offset by:
- €2.5 million through the sale by Virbac Corporation of assets related to the sale of Sentinel in 2020;
- and to a lesser extent, by €0.2 million by the unused portion of the provision for restructuring in Chile.

Net financial results amount to -€4.8 million compared to +€0.9 million as of June 30, 2023. This variation is mainly explained by the increase in the cost of debt to the tune of €2.4 million, by the decrease in foreign exchange income of -€3.7 million due to the unhedged exposure, mainly unrealized, in Chilean peso and currency depreciation over the period; to a lesser extent, other financial income and expenses offset this deterioration since they are up +€0.5 million.

The profit attributable to the owners of the parent company amounts to €94.7 million, compared to €75 million over the same period in 2023. Sasaeah and Globion generated €4.4 million and €1.4 million of this result respectively.

Analysis of the financial situation

Consolidated balance sheet

in € million	2024.06	2023.12
Net assets	903.3	664.6
Operating WCR, including deferred tax assets	402.3	253.8
Invested capital	**1,305.6**	**918.3**
Equity attributable to the owners of the parent company	993.8	900.3
Non-controlling interests and other equity, including provisions and deferred tax liabilities	56.9	70.4
Net debt	254.9	-52.4
Financing	**1,305.6**	**918.3**

Assets are up significantly during the period, which is explained by:

- the consolidation of the Sasaeah subgroup, with a net value of tangible assets amounting to €77.4 million, which comprises several industrial sites, and that of the intangible assets amounting to €0.6 million. It should be noted that these assets will be subject to potential revaluations in the context of fair value measurement of the assets and liabilities acquired in the context of the business combination (see note A1 of the consolidated accounts);
- €146.7 million in provisional goodwill in connection with the acquisition of Sasaeah (see note A1 of the consolidated accounts).

The WCR items increased by €149 million compared to December 31, 2023:

- stocks increased by €67.5 million, including €44 million for Sasaeah. Excluding scope-of-consolidation and foreign-exchange effects, stocks are slightly down in proportion to revenue;
- trade receivables net of financial rebates due increased by €76.9 million, partly due to the change in the scope of consolidation for the period, with €23.6 million of trade receivables for Sasaeah; the rest of the variation is explained by the increase in activity, trade receivables remaining relatively stable in proportion to revenue;
- trade payables remain stable, and decreased slightly in proportion to revenue, due to the phasing of payments;
- the other WCR items mainly include other various receivables and payables, and amount to -€6.2 million, compared to -€10.5 million as of December 31, 2023. The details of the variations of these line items are shown in notes A11 and A17.

Equity, Group share, increased in relation to the income for the period.
Non-controlling interests and other equity, including provisions and deferred taxes, decreased mainly in connection with the buyback of Globion's minority shares, and to a lesser extent due to the decline in certain provision line items.

Finally, net debt increased significantly, in connection with the acquisition of Sasaeah (see note A1 of the consolidated accounts and below).

Financing

In the first half of 2024, our net debt amounted to €254.9 million, up €307.3 million compared to December 31, 2023. In addition to the seasonal increase in our working capital requirements and the payment of dividends (€11 million), this increase is explained by the acquisition of Sasaeah in Japan on April 1, and the finalization of the buyback of Globion's minority shares in India on June 21.

In March 2024, in order to finance the acquisition of Sasaeah, we set up a bridging loan of €300 million, for a twelve-month period with two options to extend by six months, available in euros and Japanese yen. This credit facility was only drawn up to the equivalent of €200 million to pay the purchase price and repay the existing loan, the remainder of the purchase price having been financed by part of the available funds in the Group and our syndicated loan.

At the same time, following our request to activate the accordion feature clause of our syndicated loan agreement, the banks in our pool agreed to increase their commitment by €150 million, taking our new available funding commitment to €350 million.

Finally, at the same time, our request for an amendment to include a new €100 million accordion facility in this syndicated contract was unanimously accepted by our banks, increasing the potential amount of our credit to €450 million.

Thus, in order to ensure our liquidity, in terms of bank and disintermediated funding, our status is as follows:

- a syndicated loan of €350 million, at variable rate, repayable *in fine* in October 2028 after being extended by two years, with a so-called "accordion" clause to increase funding by €100 million and which includes commitments in connection with our CSR policy;
- a bridging loan of 22.7 billion Japanese yen (approximately €132 million) at a variable rate, repayable *in fine* in March 2025 with two options to extend by six months;
- a market-based contract (*Schuldschein*) for a total of €6 million, with maturity April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €11.3 million, depreciable and maturing in July 2027 and June 2032;
- factoring contracts with recourse for US $25.1 million (*i.e*. approximately €23.4 million) in Chile;
- loans for CLP 24.3 billion (*i.e*. approximately €24.2 million) in Chile too;
- uncommitted credit lines in the United States for US $37 million (*i.e*. approximately €34.6 million).

As of June 30, 2024, the funding position, which amounts to €362 million, is broken down as follows:

- the syndicated loan was drawn for €151 million;
- 22.7 billion Japanese yen on the bridging loan (approximately €132 million);
- market-based contract amounted to €6 million;
- the Bpifrance financing amounted to €11.3 million;
- the equivalent of CLP 45.6 billion (*i.e*. approximately €45.3 million) on the various financing lines in Chile;
- US $17 million (*i.e*. approximately €15.9 million) in drawdowns on our credit lines in the United States.

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

As at June 30, 2024, we are in compliance with the financial ratio covenants, which is 0.89, thus placing it below the contractual financial covenant limit of 4.25.

[1]for the purpose of calculating the covenant, consolidated net debt refers to the sum of other current and non-current financial liabilities, namely the following items: loans, bank loans, accrued interest liabilities, liabilities related to finance leases, profit sharing, interest rate and foreign exchange derivatives, and others; minus the amount of the following items: cash and cash equivalents, term deposits, and foreign exchange and interest rate assets derivatives as shown in the consolidated accounts
[2]the consolidated Ebitda refers to operating profit for the last twelve months (that of the last six months of 2023 added to that of the first half-year 2024), 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 2023 annual report, available on the web site corporate.virbac.com.

OPERATIONS WITH RELATED PARTIES

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

OUTLOOK

We confirm our revised forecasts: in line with our press release of July 8, 2024, at constant exchange rates and scope, we now anticipate revenue growth between 7% and 9%, and an adjusted Ebit[1] ratio of around 16%. The contribution of recent external growth operations[2] is expected at around +5.5 growth points on revenue, with a slightly accretive impact on Group profitability. At constant exchange rates and actual scope, revenue growth is therefore expected to be between 12.5% and 14.5%.

[1]"Current operating profit before amortization of assets resulting from acquisitions" to "Revenue" ratio
[2]acquisitions of Globion in India and Sasaeah in Japan

Condensed consolidated accounts

CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

in € thousand	Notes	2024.06	2023.06
Goodwill	**A1-A3**	314,259	165,372
Intangible assets	**A2-A3**	185,151	185,109
Tangible assets	**A4**	345,232	268,016
Right of use	**A5**	35,905	32,940
Other financial assets	**A6**	13,593	6,243
Share in companies accounted for by the equity method	**A7**	4,722	4,244
Deferred tax assets	**A8**	20,078	22,323
Non-current assets		**918,941**	**684,246**
Inventories and work in progress	**A9**	407,125	339,663
Trade receivables	**A10**	222,597	167,977
Other financial assets	**A6**	4,421	2,636
Other receivables	**A11**	86,291	85,302
Cash and cash equivalents	**A12**	156,857	175,906
Current assets		**877,291**	**771,484**
Assets classified as held for sale	**A13**	—	—
Assets		**1,796,232**	**1,455,730**
Share capital		10,573	10,573
Reserves attributable to the owners of the parent company		983,678	889,728
Equity attributable to the owners of the parent company		**994,251**	**900,301**
Non-controlling interests		-9	9,616
Equity		**994,241**	**909,917**
Deferred tax liabilities	**A8**	34,153	31,560
Provisions for employee benefits		14,002	19,606
Other provisions	**A14**	6,866	7,299
Lease liability	**A15**	25,752	25,001
Other financial liabilities	**A16**	187,424	40,689
Other payables	**A17**	3,167	22,612
Non-current liabilities		**271,364**	**146,767**
Other provisions	**A14**	1,422	2,309
Trade payables	**A18**	149,776	149,629
Lease liability	**A15**	11,295	10,144
Other financial liabilities	**A16**	187,325	47,709
Other payables	**A17**	180,808	189,256
Current liabilities		**530,626**	**399,047**
Liabilities related to assets held for sale	**A13**	—	—
Liabilities		**1,796,232**	**1,455,730**

Income statement

in € thousand	Notes	2024.06	2023.06	*Variation*
Revenue from ordinary activities	**A19**	**702,933**	**610,467**	***15.1%***
Purchases consumed	**A20**	-220,118	-207,449	
External costs	**A21**	-115,961	-100,582	
Personnel costs		-186,589	-169,972	
Taxes and duties		-8,473	-7,320	
Depreciations and provisions	**A22**	-22,669	-20,175	
Other operating income and expenses	**A23**	1,231	4,896	
Current operating profit before depreciation of assets arising from acquisitions[1]		**150,353**	**109,865**	***36.9%***
Depreciations of intangible assets arising from acquisitions	**A22**	-1,652	-1,852	
Operating profit from ordinary activities		**148,701**	**108,013**	***37.7%***
Other non-current income and expenses	**A24**	-2,048	514	
Operating result		**146,653**	**108,526**	***35.1%***
Financial income and expenses	**A25**	-4,805	878	
Profit before tax		**141,848**	**109,404**	***29.7%***
Income tax	**A26**	-47,317	-35,055	
Share from companies' result accounted for by the equity method	**A7**	350	424	
Result for the period		**94,881**	**74,773**	***26.9%***
attributable to the owners of the parent company		94,667	75,036	*26.2%*
attributable to the non-controlling interests		213	-263	*-181.1%*
Profit attributable to the owners of the parent company, per share	**A27**	11,31 €	8,86 €	*27.7%*
Profit attributable to the owners of the parent company, diluted per share	**A27**	11,29 €	8,84 €	*27.7%*

[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)

Comprehensive income statement

in € thousand	2024.06	2023.06	*Variation*
Result for the period	**94,881**	**74,773**	***26.9%***
Conversion gains and losses	1,890	-5,099	
Effective portion of gains and losses on hedging instruments	-640	-785	
Items subsequently reclassifiable to profit and loss	**1,250**	**-5,884**	***-121.3%***
Actuarial gains and losses	204	-76	
Items not subsequently reclassifiable to profit and loss	**204**	**-76**	***-367.7%***
Other items of comprehensive income (before tax)	**1,454**	**-5,960**	***-124.4%***
Tax on items subsequently reclassifiable to profit and loss	165	203	
Tax on items not subsequently reclassifiable to profit and loss	-51	20	
Comprehensive income	**96,449**	**69,035**	***39.7%***
attributable to the owners of the parent company	96,177	69,291	*38.8 %*
attributable to the non-controlling interests	272	-256	*-206.3 %*

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 01/01/2023	**10,573**	**6,534**	**718,475**	**-17,885**	**121,943**	**839,639**	**-351**	**839,288**
2022 allocation of net income	—	—	110,802	—	-110,802	**—**	—	**—**
Distribution of dividends	—	—	—	—	-11,165	**-11,165**	-7	**-11,172**
Treasury shares	—	—	753	—	—	**753**	—	**753**
Changes in scope	—	—	—	—	—	**—**	—	**—**
Other variations	—	—	3	—	—	**3**	—	**3**
Comprehensive income as at 06/30/2022 restated[1]	—	—	-639	-5,106	75,036	**69,291**	-256	**69,035**
Equity as at 06/30/2023	**10,573**	**6,534**	**829,395**	**-22,992**	**75,012**	**898,522**	**-614**	**897,907**
Equity as at 12/31/2023	**10,573**	**6,534**	**791,269**	**-29,373**	**121,298**	**900,301**	**9,616**	**909,917**
2023 allocation of net income	—	—	110,245	—	-110,245	**—**	—	**—**
Distribution of dividends	—	—	—	—	-11,053	**-11,053**	-4	**-11,057**
Treasury shares	—	—	744	—	—	**744**	—	**744**
Changes in scope	—	—	8,008	—	—	**8,008**	-9,893	**-1,884**
Other variations	—	—	74	—	—	**74**	—	**74**
Comprehensive income	—	—	-322	1,832	94,667	**96,177**	272	**96,449**
Equity as at 06/30/2024	**10,573**	**6,534**	**910,018**	**-27,542**	**94,667**	**994,250**	**-9**	**994,242**

[1]restatement following the IAS 12 amendment related to deferred tax assets and liabilities arising from the same transaction, applicable as at January 1, 2023

The general shareholders’ meeting of Virbac, which was held on June 21, 2024, approved the payment of a dividend of €1.32 per share for the 2023 financial year, for a total amount of €11,164,560 (reduced to €11,054,464 given the number of outstanding shares).

The “Changes in scope” line essentially reflects the impact of the acquisition of Globion's non-controlling interests which was finalized on June 21, 2024. The debt relating to the acquisition of non-controlling interests had been recognized in the Group's equity as of December 31, 2023. In accordance with the provisions of IFRS 10, the effects of the subsequent change in debt were recognized via equity.

Cash position statement

in € thousand	2024.06	2023.06
Cash and cash equivalents	175,906	177,383
Bank overdraft	-2,517	-639
Accrued interests not yet matured	-31	-65
Opening net cash position	**173,358**	**176,679**
Cash and cash equivalents	156,857	221,026
Bank overdraft	-3,963	-17,790
Accrued interests not yet matured	-52	-53
Closing net cash position	**152,842**	**203,183**
Impact of currency conversion adjustments	-893	-2,431
Impact of changes in scope[1]	56,748	5,250
Net change in cash position	**-76,371**	**23,686**

[1]see cash flow statement

Cash flow statement

in € thousand	Notes	2024.06	2023.06
Result for the period		**94,881**	**74,773**
Elimination of share from companies' profit accounted for by the equity method	**A7**	-350	-424
Elimination of depreciations and provisions	**A14-A22**	24,217	22,384
Elimination of deferred tax change	**A8**	3,273	151
Elimination of gains and losses on disposals	**A23**	1,321	737
Other income and expenses with no cash impact		-7,201	-5,219
Cash flow		**116,140**	**92,402**
Net financial interests paid	**A25**	2,464	28
Tax currently payable		43,879	34,701
Cash flow before financial interests and tax currently payable		**162,484**	**127,131**
Effect of net change in inventories	**A9**	-25,816	-9,202
Effect of net change in trade receivables	**A10**	-33,903	-28,675
Effect of net change in trade payables	**A18**	-6,850	-13,088
Income tax paid		-20,666	-32,554
Effect of net change in other receivables and payables	**A11-A17**	-38,659	-27,083
Effect of change in working capital requirements		**-125,894**	**-110,602**
Net cash flow generated by operating activities		**36,591**	**16,529**
Acquisitions of intangible assets	**A2-A18**	-5,401	-6,975
Acquisitions of tangible assets	**A4-A18**	-21,801	-15,402
Disposals of intangible and tangible assets	**A23**	100	107
Change in financial assets	**A6**	-1,263	616
Change in debts relative to acquisitions		-3,301	-925
Acquisitions of subsidiaries or activities[1]		-335,580	-10,098
Disposals of subsidiaries or activities		—	—
Dividends received		—	475
Net cash flow allocated to investing activities		**-367,245**	**-32,201**
Dividends paid to the owners of the parent company		-11,054	-11,165
Dividends paid to the non-controlling interests		-2	19
Change in treasury shares		—	231
Transactions between the Group and minority interests not changing control[2]		-17,614	
Increase/decrease of capital		—	—
Cash investments		—	—
Debt issuance	**A16**	321,727	75,479
Repayments of debt	**A16**	-30,327	-19,429
Repayments of lease obligation	**A15**	-5,983	-5,750
Net financial interests paid	**A25**	-2,464	-28
Net cash flow from financing activities		**254,283**	**39,358**
Change in cash position		**-76,371**	**23,686**

[1]the line "Acquisitions of subsidiaries or activities" comprises a part paid to the seller and a repayment of bank loan of the targeted acquisition simultaneously to the transaction. Added to the scope impacts of the "Cash position statement", it reflects the value of the Sasaeah business acquired for a total amount of approximately €280 million
[2]the acquisition of the second tranche of Globion's shares was illustrated on this line. As the transaction does not modify the control exercised over the entity, it is analyzed as a flow from financing activities

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 farm 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 2024 condensed consolidated accounts for the first half-year were approved by the board of directors on September 13, 2024.

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

Key events over the period

Sasaeah's acquisition on April 1, 2024

On April 1, 2024, we completed the acquisition of Sasaeah. This strategic acquisition brings Virbac a leadership position in the farm animal vaccines market in Japan, notably in the cattle segment, and a large portfolio of pharmaceutical products for all the major species.

Formed through the combination of two legacy animal health providers (Fujita Pharmaceutical Co. Ltd. and Kyoto Biken Laboratories Inc.) under the stewardship of ORIX Corporation, Sasaeah generates annual revenues of about €75 million, of which around 50% from vaccines. With strong footholds in Japan, Sasaeah develops, manufactures and markets a large portfolio of veterinary products targeting both farm animals and companion animals.

Virbac will benefit from Sasaeah's manufacturing sites in Japan and in Vietnam, its R&D capabilities as well as more than 500 passionate and skilled employees. Virbac will be propelled as a leading animal health player in Japan, with an opportunity to leverage these capabilities within the Group.

Finalization of the acquisition of Globion's minority shares' on June 21, 2024

On June 21, 2024, we finalized the acquisition of Globion's minority shares, bringing our stake to 100%. As planned, this transaction follows the acquisition of a 74% majority stake concluded on November 1, 2023.

Founded in 2005, as a joint venture between Suguna Group, one of the leading Indian poultry conglomerates, and Lohmann Animal Health, a German poultry vaccines specialist, Globion has developed robust know-how and expertise in the development, manufacturing and commercialization of live and inactivated vaccines targeting a large array of avian pathogens.

Globion is based in Hyderabad where its industrial and R&D facilities employ around 120 full-time employees and generated approximately €12 million of revenue in 2023.

Significant events after the closing date

Virbac executive management change

At the beginning of July, the group has announced the resignation of Sébastien Huron from his position as chief executive officer, by September 27, 2024, for personal reasons.

The board of directors has decided to appoint Habib Ramdani, currently chief financial officer and deputy chief executive officer, as interim CEO, to replace Sébastien Huron, while the appointments and compensation committee recruits the next chief executive officer. Backed by the board of directors, Habib will be able to count on the full support of the Group executive committee in executing the roadmap of our Virbac 2030 project.

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, 2023.
With the exception of the standards, amendments or interpretations of application which are compulsory starting from January 1, 2024, 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, 2023. 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, 2024.
The standards and interpretations of the IFRS as adopted by the European Union are available on the European Commission's website.

New standards and interpretations

Mandatory standards and interpretations as at January 1, 2024

- **Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current & non-current liabilities with covenants**

- **Amendments to IAS and IFRS 7- Supplier finance arrangements**

- **Amendments to IFRS 16 - Leases contracts: lease liability in a sale and leaseback**

IFRIC decisions applicable over the period

- **Amendment to IFRS 3 Business combination and IAS 27 Separated financial statements - merger between parent and subsidiary**

- **Amendment to IFRS 3 Business combination - Payment contingent on continued employment during a post-acquisition handover period**

- **Amendment to IAS 37 Provisions, contingent assets and liabilities – Climate-related commitments**

These new texts have had no material impact on our accounts.

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, 2024 include the financial statements of the companies that Virbac controls indirectly or directly, in law or in fact. The list of consolidated companies is provided in note A31.
All transactions between Group companies, as well as inter-company profits, are eliminated from the consolidated accounts.

Foreign exchange conversion methods

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

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

- **Conversion of foreign company accounts**

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

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

Use of estimations and assumptions

The drawing up of consolidated financial statements implies that the Group makes a number of estimates and assumptions that have a material impact on the value of the assets and liabilities recognized into the statement of financial position, the information related to these assets and liabilities, the expenses and revenues recognized into the profit and loss statement, and the commitments related to the period.
The current global context had no impact on the critical judgements exercised by the Group to apply the accounting methods and the main sources of uncertainty relating to estimations. They are described into the consolidated financial statements of the period closed December 31, 2023.
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 12/31/2023	Impairment value as at 12/31/2023	Book value as at 12/31/2023	Increases	Sales	Impairment	Conversion gains and losses	Book value as at 06/30/2024
Japan	—	—	**—**	154,358	—	—	-7,669	**146,669**
United States	62,201	-3,650	**58,551**	—	—	—	1,835	**60,386**
Chile	24,095	—	**24,095**	—	—	—	-707	**23,388**
New Zealand	14,520	-154	**14,366**	—	—	—	-77	**14,289**
India	34,755	—	**34,755**	—	—	—	346	**35,102**
SBC	7,594	—	**7,594**	—	—	—	93	**7,686**
Denmark	4,643	—	**4,643**	—	—	—	—	**4,643**
Uruguay	4,306	—	**4,306**			—	139	**4,445**
Peptech	3,371	—	**3,371**	—	—	—	39	**3,409**
Australia	3,214	-312	**2,902**	—	—	—	19	**2,921**
Italy	1,585	—	**1,585**	—	—	—	—	**1,585**
Colombia	1,552	—	**1,552**	—	—	—	-40	**1,512**
Greece	1,358	—	**1,358**	—	—	—	—	**1,358**
Other CGUs	8,015	-1,722	**6,293**	—	—	—	553	**6,866**
Goodwill	**171,210**	**-5,838**	**165,372**	**154,358**	**—**	**—**	**-5,470**	**314,259**

In addition to the conversion differences, the change in this item is explained by the acquisition of Sasaeah on April 1, 2024. The information relating to acquisition accounting is presented below.

Business combination

On April 1, 2024, we completed the 100% acquisition of Sasaeah. This strategic acquisition brings Virbac a leadership position in the farm animal vaccines market in Japan, notably in the cattle segment, and a large portfolio of pharmaceutical products for all the major species.

This operation meets the criteria for a business combination defined by IFRS 3 and has, therefore, been accounted for accordingly. As of June 30, 2024, the fair value measurement of the assets and liabilities acquired is ongoing; provisional goodwill in the amount of €154.4 million has been recorded in the half-year accounts; an update to the valuation of the goodwill and the fair value of the assets and liabilities acquired in the context of the business combination is scheduled for December 31, 2024.

in € thousand	Valuation
Tangible assets and right of use	79,400
Intangible assets	628
Trade receivables and other receivables	26,147
Cash and cash equivalents	56,748
Inventories	44,389
Other financial assets and deferred tax asset	3,724
Goodwill	154,358
Total acquired assets	**365,394**
Trade payables and other payables	-18,125
Loans and financial debts, incl. lease liability	-143,359
Fair value of acquired liabilities	**-161,484**
Acquisition price	**203,910**

The purchase price consists of a payment of €203.9 million, and of the reimbursement of a debt acquired upon acquisition for €138.4 million. There is no earn-out payment. Further, it should be noted that the purchase price includes the acquisition of cash in the amount of €56.7 million.

Goodwill, which corresponds to the difference between the price paid and the fair value of the acquired net assets recorded in the Group’s consolidated accounts, is provisional at 30 June 2024.

The sales performed by this company over the first semester total circa €34 million (of which €19.2 million since the acquisition date) for a net result close to €5 million (of which €4 million since the acquisition date).

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 12/31/2023	**116,747**	**119,533**	**82,958**	**27,072**	**346,311**
Acquisitions and other increases	—	72	174	3,277	**3,523**
Disposals and other decreases	—	—	-2,526	-239	**-2,765**
Changes in scope	8	95	1,608	—	**1,711**
Transfers	—	—	962	-943	**19**
Conversion gains and losses	501	397	64	261	**1,223**
Gross value as at 06/30/2024	**117,257**	**120,097**	**83,240**	**29,428**	**350,022**
Depreciation as at 12/31/2023	**-3,180**	**-88,571**	**-68,745**	**-707**	**-161,203**
Depreciation expense	—	-2,726	-2,151	—	**-4,877**
Impairment losses (net of reversals)	—	—	—	—	**—**
Disposals and other decreases	—	—	2,333	—	**2,333**
Changes in scope	—	-30	-1,019	—	**-1,049**
Transfers	—	-40	40	—	**—**
Conversion gains and losses	—	-36	-31	-9	**-76**
Depreciation as at 06/30/2024	**-3,180**	**-91,403**	**-69,573**	**-716**	**-164,871**
Net value as at 12/31/2023	**113,568**	**30,963**	**14,213**	**26,366**	**185,109**
Net value as at 06/30/2024	**114,078**	**28,694**	**13,668**	**28,712**	**185,151**

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, 2024, the item “Concessions, patents, licenses and brands” comprised the following:

As at June 30, 2024

in € thousand	Acquisition date	Brands	Patents and know-how	Marketing authorizations and registration rights	Customers lists and others	Total
United-States: iVet	2021	1,150	—	—	144	**1,294**
SBC	2015	—	3,833	1,980	—	**5,813**
Uruguay: Santa Elena	2013	3,662	9,297	116	—	**13,075**
Australia: Axon	2013	896	516	—	—	**1,412**
Australia: Fort Dodge	2010	1,504	447	—	—	**1,952**
New Zealand	2012	3,125	467	170	777	**4,540**
Centrovet	2012	15,900	24,411	12	1,389	**41,713**
Multimin	2011-2012	3,088	2,104	—	—	**5,192**
Peptech	2011	963	—	—	—	**963**
Colombia: Synthesis	2011	1,394	—	137	—	**1,530**
Schering-Plough Europe	2008	1,711	—	—	—	**1,711**
India: GSK	2006	10,093	—	—	—	**10,093**
Others		31,851	4,065	9,485	8,082	**53,483**
Total concessions, patents, licenses and brands		**75,338**	**45,142**	**11,900**	**10,392**	**142,772**

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 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).
The “Transfers” line indicates the commissioning of these projects.

A3. Impairment of assets

In accordance to IAS 36, we perform impairment tests of the assets included in each of our cash generating units, once a year, and independently from the existence of indicators of loss of value.

As part of the preparation of the half-yearly consolidated accounts, we analyze quantitative and qualitative criteria in order to identify possible indicators of loss of value, and carries out impairment tests when these indicators are recognized.

As of June 30, 2024, impairment tests were carried out on three CGUs showing indicators of loss of value. The comfort margins of each of them did not lead us to recognize any impairment in our condensed consolidated accounts.

A4. Tangible assets

Change in tangible assets

in € thousand	Lands	Buildings	Technical facilities, materials and equipment	Other tangible assets	Tangible assets in progress	Tangible assets
Gross value as at 12/31/2023	**27,235**	**222,558**	**264,451**	**36,557**	**34,686**	**585,487**
Acquisitions and other increases	—	271	1,734	1,064	14,679	**17,748**
Disposals and other decreases	—	—	-7,409	-230	-907	**-8,546**
Changes in scope	14,600	106,378	56,764	531	14,241	**192,513**
Transfers	—	1,357	3,460	271	-5,001	**86**
Conversion gains and losses	-681	-3,811	-1,596	-107	-511	**-6,706**
Gross value as at 06/30/2024	**41,154**	**326,753**	**317,404**	**38,086**	**57,187**	**780,582**
Depreciation as at 12/31/2023	**—**	**-123,527**	**-167,103**	**-26,344**	**-499**	**-317,473**
Depreciation expense	—	-5,396	-8,001	-1,492	—	**-14,889**
Impairment losses (net of reversals)	—	—	—	—	499	**499**
Disposals and other decreases	—	—	7,343	215	—	**7,558**
Changes in scope	—	-68,038	-46,506	-530	—	**-115,073**
Transfers	—	2	-107	—	—	**-105**
Conversion gains and losses	—	2,506	1,589	38	—	**4,132**
Depreciation as at 06/30/2024	**—**	**-194,453**	**-212,785**	**-28,113**	**—**	**-435,351**
Net value as at 12/31/2023	**27,235**	**99,033**	**97,348**	**10,213**	**34,187**	**268,016**
Net value as at 06/30/2024	**41,154**	**132,300**	**104,619**	**9,973**	**57,187**	**345,232**

On April 1, 2024, we completed the acquisition of Sasaeah. This acquisition contributes to a net increase in tangible assets of +€77.4 million, which allows us to benefit from Sasaeah's production sites in Japan and Vietnam as well as these facilities.

Conversion gains and losses impact the item “Tangible fixed assets” for a net amount of €-2.6 million.

A5. Right of use

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

Changes in the right of use during the first half of 2024 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 12/31/2023	**38,435**	**3,807**	**17,457**	**4,672**	**734**	**65,106**
Increases	2,426	753	3,907	325	16	**7,426**
Decreases	-511	-471	-2,009	-449	-39	**-3,479**
Changes in scope	1,718	99	850	8	—	**2,674**
Transfers	52	—	—	—	-52	**—**
Conversion gains and losses	285	-12	-280	-29	11	**-24**
Gross value as at 06/30/2024	**42,405**	**4,176**	**19,924**	**4,527**	**670**	**71,703**
Depreciation as at 12/31/2023	**-18,450**	**-2,370**	**-8,652**	**-2,254**	**-440**	**-32,166**
Allowances	-2,407	-454	-2,683	-590	-71	**-6,204**
Termination of contracts	487	444	1,899	459	12	**3,301**
Changes in scope	-365	-18	-325	-4	—	**-713**
Transfers	-44	—	—	—	44	**—**
Conversion gains and losses	-160	10	122	20	-7	**-15**
Depreciation as at 06/30/2024	**-20,939**	**-2,387**	**-9,640**	**-2,369**	**-462**	**-35,797**
Net value as at 12/31/2023	**19,985**	**1,437**	**8,805**	**2,418**	**294**	**32,940**
Net value as at 06/30/2024	**21,466**	**1,789**	**10,285**	**2,157**	**208**	**35,905**

The net value of rights of use increases very slightly over the period (+€3.0 million), the increases being offset by the mechanical action of depreciation for the period. The main increases relate to the renewal of the vehicle fleet in all Group subsidiaries, as well as to real estate contracts, due to new commitments such as in Taiwan, India or China, or revisions of the initial conditions (duration or amount of rent) such as in Denmark or in the United States. The decreases are primarily for expired vehicle leases.

Allowance for depreciations over the period amounted to €6.2 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	-1,023
Rental costs on short-term contracts	-907
Rental costs on assets of low value	-720
Residual rental costs	**-2,651**

A6. Other financial assets

Change in other financial assets

in € thousand	2023.12	Increases	Decreases	Change in scope	Transfers	Conversion gains and losses	2024.06
Loans and other financial receivables	**5,750**	954	-3,359	1,004	—	-167	**4,182**
Currency and interest rate derivatives	**43**	8,788	—	—	—	—	**8,831**
Restricted cash	**124**	—	—	—	—	—	**124**
Other	**325**	1	—	152	—	-23	**455**
Other financial assets, non-current	**6,243**	**9,743**	**-3,359**	**1,156**	**—**	**-191**	**13,592**
Loans and other financial receivables[1]	**140**	138,151	-9	—	-135,659	19	**2,642**
Currency and interest rate derivatives	**2,495**	—	-717	—	—	—	**1,779**
Restricted cash	**—**	—	—	—	—	—	**—**
Other	**—**	—	—	—	—	—	**—**
Other financial assets, current	**2,635**	**138,151**	**-726**	**—**	**-135,659**	**19**	**4,420**
Other financial assets	**8,879**	**147,894**	**-4,085**	**1,156**	**-135,659**	**-172**	**18,013**

[1]the movements on the "Loans and other financial receivables - current" line are canceled and correspond to the intra-group financing related to the acquisition of Sasaeah (see note A16 for more details)

Apart from these movements, "Other financial assets" increased by €9.1 million in the first half of 2024.
The change in scope impact on "Loans and other financial receivables" corresponds in full to the acquisition of Sasaeah during the first half of 2024.

The change in "Currency and interest rate derivatives" mainly comes from Virbac SA in the amount of €8.8 million and is explained by the hedging of the loan to Sasaeah.

The increase in current "Loans and other financial receivables" comes mainly from non-liquid investments in Chile.

Other financial assets classified according to their maturity

As at June 30, 2024

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans and other financial receivables[1]	2,642	3,085	1,097	**6,824**
Currency and interest rate derivatives	1,779	8,831	—	**10,610**
Restricted cash	—	—	125	**125**
Other	—	309	145	**454**
Other financial assets	**4,421**	**12,225**	**1,367**	**18,013**

[1]the loans and other financial receivables of "more than 5 years" are made up of other financial assets acquired in the context of the acquisition of Sasaeah during the semester

As at December 31, 2023

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans and other financial receivables	140	5,661	89	**5,891**
Currency and interest rate derivatives	2,495	43	—	**2,539**
Restricted cash	—	—	124	**124**
Other	—	325	—	**325**
Other financial assets	**2,635**	**6,029**	**214**	**8,879**

A7. Shares in companies accounted for by the equity method

Information about equity-accounted companies

in € thousand	Company's individual accounts using equity method				Consolidated financial statements	
	Balance sheet total	Equity	Sales	Result	Share of equity	Share of result
AVF Animal Health Co Ltd	NA	NA	—	—	4,722	350
Share in companies accounted for by the equity method					**4,722**	**350**

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

Variation in deferred taxes

in € thousand	2023.12	Variations	Transfers	Change in scope	Conversion gains and losses	2024.06
Deferred tax assets	**43,186**	-3,595	300	2,957	-648	**42,201**
Deferred tax liabilities	**52,424**	-487	—	4,590	-250	**56,276**
Deferred tax offset	**-9,237**	**-3,108**	**300**	**-1,632**	**-398**	**-14,075**

The variation in deferred taxes presented above includes, for +€165 thousand, deferred tax on the effective share of profits and losses on hedging instruments recorded in the other elements of the comprehensive income.

In accordance with the IAS 12 standard, which requires under certain conditions the offsetting of tax liabilities and receivables, the deferred tax assets and liabilities have been offset by tax entity in the statement of financial position, for €22,123 thousand.

A9. Inventories and work in progress

in € thousand	Raw materials and supplies	Work in progress	Finished products and goods for resale	Inventories and work in progress
Gross value as at 12/31/2023	**107,142**	**29,061**	**233,649**	**369,852**
Variations	18,396	1,503	3472	**23,371**
Changes in scope	9,073	21,278	13,633	**43,984**
Transfers	—	-28,518	28,518	**—**
Conversion gains and losses	-220	-903	-980	**-2,104**
Gross value as at 06/30/2024	**134,391**	**22,421**	**278,292**	**435,103**
Depreciation as at 12/31/2023	**-5,708**	**-1,290**	**-23,191**	**-30,189**
Allowances	-4,582	—	-9,564	**-14,145**
Reversals	2,118	—	14,462	**16,580**
Changes in scope	—	—	—	**—**
Transfers	—	1,290	-1,290	**—**
Conversion gains and losses	-110	—	-115	**-225**
Depreciation as at 06/30/2024	**-8,281**	**—**	**-19,697**	**-27,978**
Net value as at 12/31/2023	**101,434**	**27,771**	**210,458**	**339,663**
Net value as at 06/30/2024	**126,110**	**22,421**	**258,595**	**407,125**

Excluding the impacts of foreign exchange rates, net inventories increased by €69.8 million, including €44.0 million of changes in scope following Sasaeah's acquisition. At constant scope, the increase of €25.8 million, is mainly observed at Virbac SA, the latter entity producing for the rest of the Group, and in relation to the sustained activity for the semester, and is observed also to a lesser extent in the United States and in Mexico. Net inventories increase by 1.8 percentage point of revenue excluding exchange rate effect (+1.6 percentage point at real rates).

At constant scope and excluding exchange rate effect, the inventory ratio decreases by 0.9 percentage point (-0.8 percentage point at real rates).

A10. Trade receivables

in € thousand	Trade receivables
Gross value as at 12/31/2023	**170,800**
Variations	**33,795**
Changes in scope	**23,240**
Transfers	**—**
Conversion gains and losses	**-2,547**
Gross value as at 06/30/2024	**225,288**
Depreciation as at 12/31/2023	**-2,822**
Allowances	**-502**
Reversals	**610**
Changes in scope	**—**
Transfers	**—**
Conversion gains and losses	**24**
Depreciation as at 06/30/2024	**-2,691**
Net value as at 12/31/2023	**167,977**
Net value as at 06/30/2024	**222,597**

Excluding foreign exchange effects, net trade receivables increased by €57.1 million, including €23.2 million of changes in scope (refer to note A1). The increase of €33.9 million at constant scope, mainly concerned Australia, India, Italy, and France which represent 74% of the increase observed. The change in this item on the balance sheet is mainly due to:

- a higher volume of activity generated at the end of the half-year compared to the end of last year;
- the effect of anticipated payments in India at the end of 2023;
- a decrease of the receivables derecognized in Italy (see below).

It should be noted that receivables derecognized as sold under factoring contracts amounted to €11.2 million as of June 30, 2024 (compared with €12.0 million as of December 31, 2023), this variation mainly coming from our Italian subsidiary.

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

A11. Other receivables

in € thousand	2023.12	Variations	Change in scope	Conversion gains and losses	2024.06
Income tax receivables	**21,392**	-12,319	—	-281	**8,793**
Social receivables	**734**	-123	—	-6	**605**
Other receivables from the State	**41,705**	7,283	2,160	-592	**50,556**
Advances and prepayments on orders	**3,992**	375	12	1	**4,380**
Depreciation on various other receivables	**—**	—	—	—	**—**
Prepaid expenses	**9,319**	1,386	656	25	**11,386**
Other various receivables	**8,160**	2,323	38	51	**10,571**
Other receivables	**85,302**	**-1,076**	**2,866**	**-801**	**86,291**

The “Other receivables” line item decreases overall by -€1.1 million, excluding changes in scope and exchange rate conversion gains/losses.

Income tax receivables decreased by -€12.3 million, mainly for the following countries:

- in France: -€8.2 million, mainly due to a reimbursement obtained from the tax administration during the semester following an overpayment of installments for 2023;
- in India: -€2.1 million;
- in Chile -€1.6 million.

The main line-item increase concerns the "Other receivables from the State" line item in the amount of €7.3 million and is explained by the increase in VAT due by the State to Virbac SA to the tune of €5 million.

The changes in other line items are individually not material.

A12. Cash and cash equivalents

in € thousand	2023.12	Variations	Change in scope	Transfers	Conversion gains and losses	2024.06
Available funds	**79,294**	-2,591	53,924	—	-2,830	**127,798**
Marketable securities	**96,611**	-72,313	2,824	—	1,937	**29,059**
Cash and cash equivalents	**175,906**	**-74,904**	**56,748**	**—**	**-893**	**156,857**
Bank overdraft	**-2,517**	-1,446	—	—	—	**-3,963**
Accrued interests not yet matured	**-31**	-21	—	—	—	**-52**
Overdraft	**-2,548**	**-1,467**	**—**	**—**	**—**	**-4,015**
Net cash position	**173,358**	**-76,371**	**56,748**	**—**	**-893**	**152,842**

Net cash amounted to €152,842 thousand as at June 30, 2024, of which €29,059 thousand was marketable securities consisting mainly of term deposits of shorter than two months.
The decline in marketable securities is due to the use of available funds to pay for part of the acquisitions of Globion and Sasaeah.
The change in scope impact of €56,748 thousand is related to the acquisition of Sasaeah on April 1, 2024 (see note A1).

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

As of the closing date of the 2024 half-year, no assets have been classified as assets held for sale.

A14. Other provisions

in € thousand	2023.12	Allowances	Reversals	Changes in scope	Transfers	Conversion gains and losses	2024.06
Trade disputes and industrial tribunals	**2,690**	115	-45	20	—	-9	**2,773**
Fiscal disputes	**3,704**	300	-1,092	—	36	-281	**2,667**
Various risks and charges	**905**	322	-41	239	—	2	**1,426**
Other non-current provisions	**7,299**	**738**	**-1,178**	**259**	**36**	**-287**	**6,866**
Trade disputes and industrial tribunals	**627**	—	-259	—	—	16	**384**
Fiscal disputes	**—**	—	—	—	—	—	**—**
Various risks and charges	**1,682**	—	-652	—	—	7	**1,038**
Other current provisions	**2,309**	**—**	**-911**	**—**	**—**	**24**	**1,422**
Other provisions	**9,608**	**738**	**-2,089**	**259**	**36**	**-264**	**8,288**

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

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

Contingent liabilities

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

A15. Lease liability

Change in lease liability

in € thousand	2023.12	New contracts and renewals	Repayments and cancellations	Changes in scope	Transfers	Conversion gains and losses	2024.06
Lease liability - non-current	**25,001**	5,121	-230	521	-4,684	23	**25,752**
Lease liability - current	**10,144**	2,118	-5,930	324	4,684	-44	**11,296**
Lease liability	**35,145**	**7,240**	**-6,161**	**845**	**—**	**-21**	**37,047**

Lease liabilities classified according to their maturity

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Lease liability - non-current	—	20,785	4,967	**25,752**
Lease liability - current	11,295	—	—	**11,295**
Lease liability	**11,295**	**20,785**	**4,967**	**37,047**

Information related to financing activities

in € thousand	2023.12	Cash flows	Non-cash flows					2024.06
		Repayments	Increase	Decrease	Changes in scope	Transfers	Conversion gains and losses	
Lease liability	**35,145**	-5,983	7,240	-178	845	—	-21	**37,047**
Lease liability	**35,145**	**-5,983**	**7,240**	**-178**	**845**	**—**	**-21**	**37,047**

Decreases correspond to early terminations with no cash impact.

The increase in debt liabilities stems essentially from the obligations generated by the new contracts relating to the fleet of vehicles together with real estate contracts as mentioned in note A5.

A16. Other financial liabilities

Change in other financial liabilities

in € thousand	2023.12	Increase	Decrease	Changes in scope	Transfer	Conversion gains and losses	2024.06
Loans	**40,618**	161,936	-401	-8	-7,312	-11,383	**183,450**
Employee profit sharing	**21**	3	-7	—	—	—	**17**
Currency and interest rate derivatives	**—**	—	—	—	—	—	**—**
Other	**50**	—	-37	4,147	—	-204	**3,957**
Other non-current financial liabilities	**40,689**	**161,940**	**-445**	**4,139**	**-7,312**	**-11,587**	**187,424**
Loans[1]	**41,830**	159,175	-28,925	138,375	-128,347	-2,891	**179,216**
Bank overdrafts	**2,517**	1,446	—	—	—	—	**3,963**
Accrued interests not yet matured	**31**	21	—	—	—	—	**52**
Employee profit sharing	**1,135**	612	-957	—	—	-22	**768**
Currency and interest rate derivatives	**2,196**	1,129	—	—	—	—	**3,326**
Other	**—**	—	—	—	—	—	**—**
Other current financial liabilities	**47,709**	**162,384**	**-29,882**	**138,375**	**-128,347**	**-2,914**	**187,325**
Other financial liabilities	**88,398**	**324,324**	**-30,327**	**142,514**	**-135,659**	**-14,500**	**374,750**

[1]the flows changes in scope and transfer on the "Loans" line represent the acquired debt of Sasaeah, which was repaid simultaneously to the acquisition, and replaced by a debt within the Group (also refer to note A6 for more details)

In the first half of 2024, our net debt amounted to €254.9 million, up €307.3 million compared to December 31, 2023. In addition to the seasonal increase in our working capital requirements and the payment of dividends (€11 million), this increase is explained by the acquisition of Sasaeah in Japan on April 1, and the finalization of the buyback of Globion's minority shares in India on June 21.

In March 2024, in order to finance the acquisition of Sasaeah, we set up a bridging loan of €300 million, for a twelve-month period with two options to extend by six months, available in euros and Japanese yen. This credit facility was only drawn up to the equivalent of €200 million to pay the purchase price and repay the existing loan, the remainder of the purchase price having been financed by part of the available funds in the Group and our syndicated loan.

At the same time, following our request to activate the accordion feature clause of our syndicated loan agreement, the banks in our pool agreed to increase their commitment by €150 million, taking our new available funding commitment to €350 million.

Finally, at the same time, our request for an amendment to include a new €100 million accordion facility in this syndicated contract was unanimously accepted by our banks, increasing the potential amount of our credit to €450 million.

Thus, in order to ensure our liquidity, in terms of bank and disintermediated funding, our status is as follows:
- a syndicated loan of €350 million, at variable rate, repayable *in fine* in October 2028 after being extended by two years, with a so-called "accordion" clause to increase funding by €100 million and which includes commitments in connection with our CSR policy;
- a bridging loan of 22.7 billion Japanese yen (approximately €132 million) at a variable rate, repayable *in fine* in March 2025 with two options to extend by six months;
- a market-based contract (*Schuldschein*) for a total of €6 million, with maturity April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €11.3 million, depreciable and maturing in July 2027 and June 2032;
- factoring contracts with recourse for US $25.1 million (*i.e.* approximately €23.4 million) in Chile;
- loans for CLP 24.3 billion (*i.e.* approximately €24.2 million) in Chile too;
- uncommitted credit lines in the United States for US $37 million (*i.e.* approximately €34.6 million).

As of June 30, 2024, the funding position, which amounts to €362 million, is broken down as follows:
- the syndicated loan was drawn for €151 million;
- 22.7 billion Japanese yen on the bridging loan (approximately €132 million);
- market-based contract amounted to €6 million;
- the Bpifrance financing amounted to €11.3 million;
- the equivalent of CLP 45.6 billion (*i.e.* approximately €45.3 million) on the various financing lines in Chile;
- US $17 million (*i.e.* approximately €15.9 million) in drawdowns on our credit lines in the United States.

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

As at June 30, 2024, we are in compliance with the financial ratio covenants, which is 0.89, thus placing it below the contractual financial covenant limit of 4.25.

[1]for the purpose of calculating the covenant, consolidated net debt refers to the sum of other current and non-current financial liabilities, namely the following items: loans, bank loans, accrued interest liabilities, liabilities related to finance leases, profit sharing, interest rate and foreign exchange derivatives, and others; minus the amount of the following items: cash and cash equivalents, term deposits, and foreign exchange and interest rate assets derivatives as shown in the consolidated accounts
[2]the consolidated Ebitda refers to operating profit for the last twelve months (that of the last six months of 2023 added to that of the first half-year 2024), 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, 2024

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans	179,216	181,825	1,625	**362,666**
Bank overdrafts	3,963	—	—	**3,963**
Accrued interests not yet matured	52	—	—	**52**
Employee profit sharing	768	17	—	**786**
Currency and interest rate derivatives	3,326	—	—	**3,326**
Other	—	15	3,942	**3,957**
Other financial liabilities	**187,325**	**181,857**	**5,567**	**374,750**

As at December 31, 2023

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans	41,830	38,680	1,938	**82,448**
Bank overdrafts	2,517	—	—	**2,517**
Accrued interests not yet matured	31	—	—	**31**
Employee profit sharing	1,135	22	—	**1,156**
Currency and interest rate derivatives	2,196	—	—	**2,196**
Other	—	50	—	**50**
Other financial liabilities	**47,709**	**38,752**	**1,938**	**88,399**

Information related to financing activities

in € thousand	2023.12	Cash flows		Non-cash flows				2024.06
		Issuance	Repayments	Fair value	Change in scope	Transfers	Conversion gains and losses	
Non-current financial liabilities	**40,618**	161,936	-401	—	-8	-7,312	-11,383	**183,450**
Current financial liabilities	**41,830**	159,175	-28,925	—	138,375	-128,347	-2,891	**179,216**
Employee profit sharing	**1,156**	616	-964	—	—	—	-22	**785**
Currency and interest rate derivatives	**2,196**	—	—	1,129	—	—	—	**3,326**
Others	**50**	—	-37	—	4,147	—	-204	**3,957**
Other financial liabilities	**85,851**	**321,727**	**-30,327**	**1,129**	**142,514**	**-135,659**	**-14,500**	**370,734**

A17. Other payables

in € thousand	2023.12	Variations	Changes in scope	Transfers	Conversion gains and losses	2024.06
Income tax payables	**—**	—	—	—	—	**—**
Social payables	**—**	—	—	—	—	**—**
Other fiscal payables	**—**	—	—	—	—	**—**
Advances and prepayments on orders	**—**	—	—	—	—	**—**
Prepaid income	**1,450**	—	—	—	—	**1,450**
Various other payables	**21,162**	-3,997	-15,237	-36	-175	**1,717**
Other non-current payables	**22,612**	**-3,997**	**-15,237**	**-36**	**-175**	**3,167**
Income tax payables	**10,270**	11,060	1,251	—	-163	**22,419**
Social payables	**66,220**	-10,528	1,958	—	-147	**57,502**
Other fiscal payables	**9,964**	9,792	281	—	-149	**19,888**
Advances and prepayments on orders	**456**	-262	380	—	-11	**563**
Prepaid income	**1,124**	430	—	—	18	**1,572**
Various other payables	**101,223**	-23,230	388	—	484	**78,864**
Other current payables	**189,256**	**-12,739**	**4,258**	**—**	**33**	**180,808**
Other payables	**211,868**	**-16,736**	**-10,979**	**-36**	**-142**	**183,974**

The total "Other payables" line item decreased by €27.8 million excluding foreign exchange effects, including -11.0 million in changes in scope. The main changes are shown below.

The "Various other payables" line, which is the main cause of the decrease in the "Other non-current payables" item, mainly includes a change in scope corresponding to the buyback of the Globion minority shares of -€15.4 million during the first half of 2024, as well as a variation of -€3.3 million corresponding to the payment of the last price complement related to the acquisition of the non-controlling interests in Chile in 2021.

The "Other current payables" line item decreased by €8.5 million (excluding foreign exchange effects) mainly in connection with:

- a decrease in "Various other payables" of -€22.8 million, comprising the vast majority of liabilities entered into on contracts with customers (see details below);
- a decrease in "Social payables" of -€8.6 million, including +€2.0 million in changes in scope. Change in the line item at constant scope mainly concerns France, the United States and Australia, and is explained by the payment of incentive bonuses and other bonuses to personnel accrued at the end of December 2023.

This decrease is partially offset by:

- an increase in income tax payables of €12.3 million, including 1.3 million in changes in scope. The change mainly concerns provisions for income tax in France to the tune of €8.0 million for 2024 fiscal year, and an additional tax under IFRIC 23 for an amount of €1.5 million;
- an increase in other fiscal payables of €10.1 million mainly observed on new entities acquired in Japan, the parent company, Australia and Mexico.

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

in € thousand	2023.12	Variations	Changes in scope	Transfers	Conversion gains and losses	2024.06
Advances and prepayments on orders	**456**	-262	380	—	-11	**563**
Customers - credits to be issued	**93,727**	-23,142	368		424	**71,396**
Customer liabilities	**94,182**	**-23,404**	**768**	**—**	**413**	**71,959**

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. Excluding the impact of foreign exchange rates, the variation of €22.8 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	2023.12	Variations	Changes in scope	Transfers	Conversion gains and losses	2024.06
Current trade payables	**133,201**	-7,052	13,082	—	-1,117	**138,114**
Trade payables - suppliers of intangible assets	**3,061**	-1,878	—	—	1	**1,183**
Trade payables - suppliers of tangible assets	**13,367**	-4,052	1,303	—	-139	**10,479**
Trade payables	**149,629**	**-12,983**	**14,385**	**—**	**-1,255**	**149,776**

This line item amounted to €149.8 million as of June 30, 2024, compared to €149.6 million at the end of 2023, *i.e.* a slight increase of €0.1 million, including €14.4 million in changes in scope offset by -€13.0 million in trade payables due to payment timing differences and -€1.2 in exchange rate effects.

A19. Revenue from ordinary activities

in € thousand	2024.06	2023.06	*Change*
Sales of finished goods and merchandise	809,036	696,562	16.1%
Services	771	547	40.9%
Additional income from activity	1,874	6,556	-71.4%
Royalties paid	158	211	-25.0%
Gross sales	**811,839**	**703,875**	***15.3%***
Discounts, rebates and refunds on sales	-86,405	-73,473	*17.6%*
Expenses deducted from sales	-14,534	-13,438	*8.2%*
Financial discounts	-8,179	-6,121	*33.6%*
Provisions for returns	211	-377	*-156.1%*
Expenses deducted from sales	**-108,907**	**-93,408**	***16.6%***
Revenue from ordinary activities	**702,933**	**610,467**	***15.1%***

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

Over the first half of the year, our revenues amounted to €702.9 million, compared with €610.5 million, representing an overall decrease of +15.1% compared with the same period in 2023. Excluding the unfavorable impact of exchange rates, revenues rose by +16.1%. The integration of recently acquired companies (Globion in India and Sasaeah in Japan) contributes +4.8 points of growth. At constant exchange rates and scope, organic growth for the first half reached +11.3%, favorably impacted by the concomitant increase in volumes and prices (price effect estimated at ~3.5 points of growth) despite a slowdown in inflation. Please note that this half-year benefits from a favorable basis of comparison linked in particular to the restoration of our production capacity for dog and cat vaccines since the start of this year.

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

A20. Purchases consumed

in € thousand	2024.06	2023.06	*Change*
Inventoried purchases	-222,568	-195,613	*13.8%*
Non-inventoried purchases	-18,815	-17,535	*7.3%*
Supplementary charges on purchases	-4,756	-3,243	*46.7%*
Discounts, rebates and refunds obtained	205	152	*34.9%*
Purchases	**-245,935**	**-216,239**	***13.7%***
Change in gross inventories	23,362	12,275	*90.3%*
Allowances for depreciation of inventories	-14,145	-13,866	*2.0%*
Reversals of depreciation of inventories	16,580	10,382	*59.7%*
Net variation in inventories	**25,797**	**8,790**	***193.5%***
Consumed purchases	**-220,137**	**-207,449**	***6.1%***

The increase in purchases consumed by +6.1% is in line with the growth in activity. At constant scope, excluding Globion in India and Sasaeah in Japan, the increase in purchases consumed is 2.8%.

The increase in inventory variation is explained by the joint effects of the increase in activity observed over the half-year, the creation of stocks for the launch of new products, and safety stocks, particularly in production sites such as as in France, the United States and Mexico.

A21. External costs

In the first half of 2024, external expenses amounted to €116.0 million, including €2.7 million related to a scope-of-consolidation effect for the Globion and Sasaeah acquisitions; excluding scope-of-consolidation effect, external expenses were €113.3 million, compared to €100.6 million in the first half of 2023, *i.e.* an increase of 12.7% at actual rates, and down by 0.4 point in proportion to revenue.
The main variations observed were as follows:

- increased marketing and travel costs, in connection with the activity;
- increase in fees and consulting costs, and subcontracting costs, partly related to phasing, an increase in certain R&D expenses, as well as certain projects in some countries;
- increase in other purchases and external expenses, also related to the activity.

A22. Depreciation, impairment and provisions

in € thousand	2024.06	2023.06	***Change***
Allowances for depreciation of intangible assets[1]	-3,225	-3,171	*1.7%*
Allowances for impairment of intangible assets	—	—	—
Allowances for depreciation of tangible assets	-14,889	-13,030	*14.3%*
Allowances for impairment of tangible assets	—	—	—
Allowances for depreciation of right of use	-6,204	-5,545	*11.9%*
Reversals for depreciation of intangible assets	—	—	*-100.0%*
Reversals for impairment of intangible assets	—	770	*-100.0%*
Reversals for depreciation of tangible assets	—	—	—
Reversals for impairment of tangible assets	499	163	*206.4%*
Depreciation and impairment	**-23,820**	**-20,812**	***14.5%***
Allowances of provisions for risks and charges	-738	-445	*65.8%*
Reversals of provisions for risks and charges	1,888	1,082	*74.5%*
Provisions	**1,151**	**637**	***80.5%***
Depreciations and provisions	**-22,669**	**-20,175**	***12.4%***

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

The increase in net allowances for depreciation and provisions corresponds to the depreciation of Sasaeah and Globion. Excluding the effects of changes in scope, net allowances for depreciation and provisions remain stable over the period compared to the first half of 2023.

Allowances for depreciation of intangible assets arising from acquisitions

in € thousand	2024.06	2023.06
Centrovet	-680	-793
Schering-Plough Europe	—	-476
Multimin	-220	-215
New Zealand	-164	-169
Uruguay: Santa Elena	—	-75
Australia: Axon	-60	-62
Colombia: Synthesis	-45	-39
SBC	-24	-24
Globion	-459	—
Depreciations of intangible assets arising from acquisitions	**-1,652**	**-1,852**

A23. Other operating income and expenses

in € thousand	2024.06	2023.06	*Change*
Royalties paid	-1,986	-1,692	17.4%
Grants received (including research tax credit)	5,165	7,413	*-30.3%*
Allowances for depreciation of receivables	-502	-363	*38.3%*
Reversals of depreciation of receivables	610	305	*100.0%*
Bad debts	-97	-8	*1112.5%*
Net book value of disposed assets	-935	-826	*13.2%*
Income from disposal of assets	96	48	*100.0%*
Other operating income and expenses	-1,119	19	*-5989.5%*
Other operating income and expenses	**1,231**	**4,896**	***-74.9%***

The item "Other current income and expenses" shows a decrease of €-3.7 million, which is mainly explained by:

- the decrease in the amount of tax credits recorded in grants, which amounts to €5.1 million as of June 30, 2024, compared to €7.3 million in the first half of 2023, partly due to timing in the recognition of these tax credits;
- the increase in royalties paid linked to the revenue increase;
- the increase in other expenses by 1.1 million; partly related to reversal of provisions in 2023, non recurring in 2024.

The other changes are individually immaterial.

A24. Other non-current income and expenses

As of June 30, 2024, a non-current net expense of €2.0 million was recorded, consisting of the following:

in € thousand	2024.06
Sasaeah acquisition expenses	-4,735
Sale of production equipment following Sentinel© divestiture in the United States (purchase option taken by the buyer as set for by the contract)	2,486
Unused release provision for restructuring in Chile	201
Non-current income or expenses	**-2,048**

Sasaeah acquisition expenses mainly comprise service fees and commissions.

A25. Financial income and expenses

in € thousand	2024.06	2023.06	*Change*
Gross cost of financial debt	-5,965	-4,151	*43.7%*
Income from cash and cash equivalents	3,501	4,123	*-15.1%*
Net cost of financial debt	**-2,464**	**-28**	***8745.5%***
Foreign exchange gains and losses	-10,480	-4,658	*125.0%*
Changes in foreign currency derivatives and interest rate	7,598	5,473	*38.8%*
Other expenses	125	-182	*-168.4%*
Other income	417	273	*52.9%*
Other financial income or expenses	**-2,341**	**906**	***-358.5%***
Financial income and expenses	**-4,806**	**878**	*-647.5%*

The cost of financial debt is up by €2.4 million. This increase is mainly due to a rise of the interest costs of the parent company for €1.2 million due to the use of existing financial loans and a new bridging loan to finance the acquisition of Sasaeah. It is partially offset by a decrease of a -€1.5 million of cash and cash equivalents revenue in India, where investments have been lower this year.

Other financial income and expenses amounted to -€2.4 million compared to +0.9 million; the loss over the period was mainly due to the depreciation of the Chilean peso over the euro and the US dollar.

A26. Income tax

Pursuant to IAS 34, in the financial statements at June 30, 2024, the tax charge was determined by applying to the profit before tax for the period the average tax rate estimated for the year 2024.

Impact of Pilar 2 new regulation

The Finance Bill in France for 2024 transposed the European directive concerning global anti-base erosion rules ("GLOBE" rules) and adopted the OECD Pillar 2 model rules.
The Group, falling within the scope of the new legislation, has fine-tuned the assessment of its potential exposure to the new legislation with its enactment for fiscal year 2023.
This assessment is based on the most recent tax filings, country-by-country reporting and financial statements of the Group's constituent entities.
Based on the assessment, as the Group applies the "safe harbour rules" (*i.e.* de minimis test, the simplified effective tax rates above 15% and the substance test), the Group does not have any exposure to the new legislation for fiscal year 2023.

The Group will reassess the potential exposure on a yearly basis in order to comply with the new requirement. The Group is engaged with tax specialists to assist it with applying the new legislation.

Non-current tax expense

As of June 30, 2024, the amount of non-current income tax amounts to +€0.7 million.

A27. Earnings per share

	2024.06	2023.06
Profit attributable to the owners of the parent company	**94,667,256 €**	**74,772,981 €**
Weighted average number of shares outstanding, before dilution	8,371,335	8,442,610
Impact of dilutive instruments[1]	11,340	15,390
Weighted average number of shares outstanding, after dilution	8,382,675	8,458,000
Profit attributable to the owners of the parent company, per share	**11.31 €**	**8.86 €**
Profit attributable to the owners of the parent company, diluted per share	**11.29 €**	**8.84 €**

[1]the dilutive impact is linked to performance-related stock grant plans, see note below

Information on performance-related stock grant plans

As quoted in our 2023 annual report, with the authorization of the shareholders' meeting, performance-related stock grants were awarded to certain officers and employees of Virbac and its subsidiaries.

The dilutive impact of the performance-related stock grant plans comes from:

- performance-related stock grants allocated in previous years and not paid up as of June 30, 2024;
- performance-related stock grants newly allocated during the period; and

- movements on treasury shares: Virbac holds its treasury shares primarily intended to feed into the performance-related stock grant plans, as well as the stock liquidity contract. The amount of these treasury shares is posted as a reduction in equity. As of June 30, 2024, the number of treasury shares owned by the Group amounts to 83,406 shares (compared to 14,938 as of June 30, 2023 and 88,281 as of December 31, 2023 (the increase in treasury shares is consequent to the launch of the treasury shares buy-back program in June 2023).

A28. Operating segments

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

- Europe;
- Latin America;
- North America;
- Asia;
- Pacific;
- India, Africa & Middle East (IMEA).

It should be noted that following a managerial reorganization of our regions, India is now included in the India, Africa and Middle East area (and no longer in Asia). France is now in the Europe area. The comparative information as of June 30, 2023 has been restated below.

The Group's operating activities are organized and managed separately, according to the nature of the markets.
The two market segments are companion animals (representing 59% of the sales as at June 30, 2024, that is €411,3 millions) and farm animals (representing 39% of the sales as at June 30,2024, that is €273,4 millions) 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 farm 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 area. 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 Europe include the head office expenses and a substantial proportion of our research and development expenses.

As at June 30, 2024

in € thousand	Europe	Latin America	North America	Asia	Pacific	India, Africa & Middle East	Total
Revenue from ordinary activities	285,448	111,588	95,463	57,381	62,497	90,555	**702,933**
Current operating profit before depreciation of assets arising from acquisitions[1]	60,449	22,278	8,928	7,967	21,976	28,754	**150,353**
Result attributable to the owners of the parent company	33,810	10,854	8,642	4,204	15,198	21,960	**94,667**
Non-controlling interests	1	2	-333	77	—	467	**213**
Group consolidated result	**33,811**	**10,856**	**8,309**	**4,280**	**15,198**	**22,427**	**94,881**

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

in € thousand	Europe	Latin America	North America	Asia	Pacific	India, Africa & Middle East	Total
Assets by geographic area	535,700	270,726	234,834	449,528	143,788	161,655	**1,796,232**
Intangible investment	3,221	27	62	20	20	174	**3,523**
Tangible investment	10,896	2,152	1,817	971	1,709	204	**17,748**

No customer reaches more than 10% of revenue.

As at June 30, 2023

in € thousand	Europe	Latin America	North America	Asia	Pacific	India, Africa & Middle East	Total
Revenue from ordinary activities	255,376	98,260	78,128	36,683	64,760	77,260	**610,467**
Current operating profit before depreciation of assets arising from acquisitions[1]	54,087	11,858	-1,169	-1,824	23,448	23,464	**109,865**
Result attributable to the owners of the parent company	41,341	2,391	-2,985	-1,880	16,217	19,953	**75,036**
Non-controlling interests	3	13	-279	—	—	—	**-263**
Group consolidated result	**41,343**	**2,404**	**-3,264**	**-1,880**	**16,217**	**19,953**	**74,773**

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

in € thousand	Europe	Latin America	North America	Asia	Pacific	India, Africa & Middle East	Total
Assets by geographic area restated	478,918	292,088	231,168	96,447	139,318	182,675	**1,420,614**
Intangible investment	3,711	6	—	186	2	4	**3,909**
Tangible investment	6,248	1,292	2,061	786	692	143	**11,222**

A29. Credit risk management

As of June 30, 2024, the proportion of outstanding receivables compared to the total amount of trade receivables remains stable compared to the previous year-end situation at constant scope and in the context of an increase in trade receivables (see note A10).

We do not anticipate any major recoverability issues for these receivables.

In accordance with the managerial reorganization of our regions (see note A28), the comparative information as of December 31, 2023 has been restated below.

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

As at June 30, 2024

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
Europe	68,501	6,977	593	39	—	1,757	**77,867**
Latin America	41,154	4,317	194	—	—	499	**46,163**
North America	19,211	2,871	—	—	—	5	**22,088**
Asia	34,171	161	272	83	1	285	**34,974**
Pacific	25,879	287	141	—	—	1	**26,308**
India, Africa & Middle East	16,145	1,570	29	—	—	144	**17,888**
Trade receivables	**205,061**	**16,183**	**1,229**	**122**	**1**	**2,691**	**225,288**

As at December 31, 2023

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
Europe	59,590	4,621	324	—	—	1,808	**66,343**
Latin America	41,262	2,132	155	—	—	581	**44,130**
North America	17,474	3,096	12	—	—	5	**20,588**
Asia	12,244	94	96	20	—	236	**12,690**
Pacific	10,204	5,562	316	19	—	6	**16,106**
India, Africa & Middle East	9,349	1,193	112	101	2	185	**10,943**
Trade receivables	**150,123**	**16,698**	**1,015**	**140**	**2**	**2,821**	**170,800**

A30. Information on related parties

Virbac's transactions with related parties mainly consist of:

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

Over the first six months of 2024, there are no other significant transactions concluded with a member of the management bodies or a shareholder having a significant influence on the Group.

Over the first half 2024, share-based payment plans voted in 2022 and 2023 were amortized on an on-going basis. The plan voted in 2021 vested during the period.
In addition, a new share-based plan was voted in March 2024, the details of which are disclosed in the 2023 annual report.

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 2024, there was no significant change in the nature of the transactions made by the Group with its related parties compared to December 31, 2023.

A31. Scope of consolidation

Company name	Locality	Country/ region	2024.06		2023.12	
			Control	Consolidation	Control	Consolidation
Europe						
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
Virbac Diagnostics	La Seyne-sur - Mer	France	100.00%	Full	100.00%	Full
Alfamed	Carros	France	99.70%	Full	99.70%	Full
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
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 §irketi	Istanbul	Turkey	100.00%	Full	100.00%	Full
Virbac Ireland Ltd	Dublin	Ireland	100.00%	Full	100.00%	Full
Virbac Czech Republic s.r.o	Praha	Czech Republic	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
Pharma 8 Llc	Wilmington	United States	70.00%	Full	70.00%	Full

[1]pre-consolidated levels

Company name	Locality	Country / Region	2024.06		2023.12	
			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
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	100.00%	Full	100.00%	Full
Centro Veterinario y Agricola Limitada	Santiago	Chile	100.00%	Full	100.00%	Full
Farquimica SpA	Santiago	Chile	100.00%	Full	100.00%	Full
Centrovet Inc	Allegheny	United States	100.00%	Full	100.00%	Full
Centrovet Argentina	Buenos Aires	Argentina	100.00%	Full	100.00%	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
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	50.00%	Equity
Sasaeah Holdings Co.,Ltd.	Tokyo	Japan	100.00%	Full	—%	—
Sasaeah Pharmaceutical Co.,Ltd.	Tokyo	Japan	100.00%	Full	—%	—
Fujita Pharmaceutical Co., Ltd.	Tokyo	Japan	100.00%	Full	—%	—
Kyoto Biken Laboratories, Inc.	Kyoto	Japan	100.00%	Full	—%	—
Kyoto Biken Hanoi Laboratories, Co	Hanoï	Vietnam	85.00%	Full	—%	—
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
India, Africa & Middle East						
Virbac RSA (Proprietary) Ltd[1]	Centurion	South Africa	100.00%	Full	100.00%	Full
Virbac Animal Health India Private Limited	Mumbai	India	100.00%	Full	100.00%	Full
Globion India Private Ltd	Hyderabad	India	100.00%	Full	74.00%	Full

[1] pre-consolidated levels

Statutory auditors' review report on the half-yearly financial information

For the period from January 1 to June 30, 2024

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

To the shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Virbac, for the period from January 1 to June 30, 2024;
- the verification of the information presented in the half-yearly management report.

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

CONCLUSION ON THE FINANCIAL STATEMENTS

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the 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.
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 13, 2024

The statutory auditors (French original signed by)

Novances-David & Associés
Jean-Pierre Giraud

Deloitte & Associés
Hugues Desgranges   Jérémie Perrochon

Statement of responsibility for the half-yearly financial report

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

Carros, September 13, 2024

Sébastien Huron, chief executive officer, Virbac group