Consolidated accounts

CONSOLIDATED FINANCIAL STATEMENTS

Statement of financial position

in € thousand	Notes	2023	2022 restated[1]
Goodwill	A1-A3	165,372	145,110
Intangible assets	A2-A3	185,109	154,397
Tangible assets	A4	268,016	240,643
Right of use	A5	32,940	34,595
Other financial assets	A6	6,243	6,256
Share in companies accounted for by the equity method	A7	4,244	4,423
Deferred tax assets[1]	A8	22,323	24,668
Non-current assets		**684,246**	**610,093**
Inventories and work in progress	A9	339,663	330,909
Trade receivables	A10	167,977	146,290
Other financial assets	A6	2,636	3,538
Other receivables	A11	85,302	65,407
Cash and cash equivalents	A12	175,906	177,383
Current assets		**771,484**	**723,528**
Assets classified as held for sale	A13	—	—
Assets		**1,455,730**	**1,333,620**
Share capital		10,573	10,573
Reserves attributable to the owners of the parent company[1]		889,728	829,066
Equity attributable to the owners of the parent company	A14	**900,301**	**839,639**
Non-controlling interests	A14	9,616	-351
Equity		**909,917**	**839,288**
Deferred tax liabilities[1]	A8	31,560	25,765
Provisions for employee benefits	A15	19,606	18,589
Other provisions	A16	7,299	6,833
Lease liability	A17	25,001	27,392
Other financial liabilities	A18	40,689	18,014
Other payables	A19	22,612	7,154
Non-current liabilities		**146,767**	**103,747**
Other provisions	A16	2,309	1,039
Trade payables	A20	149,629	155,820
Lease liability	A17	10,144	9,415
Other financial liabilities	A18	47,709	43,199
Other payables	A19	189,256	181,113
Current liabilities		**399,047**	**390,585**
Liabilities		**1,455,730**	**1,333,620**

[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 (see "Accounting principles and methods applied")

Income statement

in € thousand	Notes	2023	2022 restated[2]	*Variation*
Revenue from ordinary activities	**A21**	**1,246,901**	**1,216,187**	***2.5%***
Purchases consumed	**A22**	-433,873	-421,192	
External costs	**A23**	-230,155	-235,527	
Personnel costs		-342,840	-321,907	
Taxes and duties		-15,294	-14,188	
Depreciations and provisions	**A24**	-44,652	-42,610	
Other operating income and expenses	**A25**	8,055	5,796	
Current operating profit before depreciation of assets arising from acquisitions[1]		**188,142**	**186,559**	***0.8%***
Depreciations of intangible assets arising from acquisitions	**A24**	-3,265	-3,743	
Operating profit from ordinary activities		**184,876**	**182,816**	***1.1%***
Other non-current income and expenses	**A26**	-878	-3,296	
Operating result		**183,998**	**179,519**	***2.5%***
Financial income and expenses	**A27**	-9,845	-3,077	
Profit before tax		**174,153**	**176,443**	***-1.3%***
Income tax[2]	**A28**	-53,520	-55,673	
Share from companies' result accounted for by the equity method	**A7**	455	525	
Result for the period		**121,088**	**121,295**	***-0.2%***
attributable to the owners of the parent company		121,298	121,943	*-0.5%*
attributable to the non-controlling interests		-210	-648	*-67.6%*
Profit attributable to the owners of the parent company, per share	**A30**	€14.40	€14.43	*-0.2%*
Profit attributable to the owners of the parent company, diluted per share	**A30**	€14.38	€14.42	*-0.3%*

[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. This turned out to have a material impact considering the latest external growth that took place through acquisitions. Therefore, our income statement shows a current operating profit, before depreciation of assets arising from acquisitions (see note A24)

[2]restatement following the IAS 12 amendment related to deferred tax assets and liabilities arising from the same transaction, applicable as at January 1, 2023 (see "Accounting principles and methods applied")

Comprehensive income statement

in € thousand	2023	2022 restated[1]	Variation
Result for the period[1]	**121,088**	**121,295**	***-0.2%***
Conversion gains and losses	-11,951	2,418	
Effective portion of gains and losses on hedging instruments	-1,473	1,180	
Items subsequently reclassifiable to profit and loss	**-13,424**	**3,597**	***-473.1%***
Actuarial gains and losses	-1,939	2,478	
Items not subsequently reclassifiable to profit and loss	**-1,939**	**2,478**	***-178.3%***
Other items of comprehensive income (before tax)	**-15,363**	**6,076**	***-352.9%***
Tax on items subsequently reclassifiable to profit and loss	381	-305	
Tax on items not subsequently reclassifiable to profit and loss	527	-624	
Comprehensive income	**106,632**	**126,442**	***-15.7%***
attributable to the owners of the parent company	107,304	127,068	*-15.6 %*
attributable to the non-controlling interests	-672	-626	*7.3 %*

[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 (see "Accounting principles and methods applied")

Statement of change in equity

in € thousand	Share capital	Share premiums	Reserves	Conversion reserves	Result for the period	Equity attributable to the owners of the parent company	Non-controlling interests	Equity
Equity as at 12/31/2021	**10,573**	**6,534**	**614,947**	**-20,281**	**113,162**	**724,935**	**256**	**725,191**
Impact of IAS 12 amendment[1]	—	—	324	—	—	**324**	—	**324**
Equity as at 01/01/2022 retstated[1]	**10,573**	**6,534**	**615,271**	**-20,281**	**113,162**	**725,259**	**256**	**725,515**
2021 allocation of net income	—	—	102,589	—	-102,589	**—**	—	**—**
Distribution of dividends	—	—	—	—	-10,573	**-10,573**	-17	**-10,590**
Treasury shares	—	—	-2,124	—	—	**-2,124**	—	**-2,124**
Changes in scope	—	—	—	—	—	**—**	28	**29**
Other variations	—	—	9	—	—	**9**	8	**17**
Comprehensive income	—	—	2,729	2,396	121,943	**127,068**	-626	**126,442**
Equity as at 12/31/2022 restated[1]	**10,573**	**6,534**	**718,474**	**-17,885**	**121,943**	**839,640**	**-351**	**839,288**
2022 allocation of net income	—	—	110,779	—	-110,779	**—**	—	**—**
Distribution of dividends	—	—	—	—	-11,165	**-11,165**	-7	**-11,172**
Treasury shares	—	—	-18,289	—	—	**-18,289**	—	**-18,289**
Changes in scope	—	—	-15,865	—	—	**-15,865**	10,647	**-5,219**
Other variations	—	—	-1,325	—	—	**-1,325**	—	**-1,325**
Comprehensive income	—	—	-2,505	-11,488	121,298	**107,304**	-672	**106,632**
Equity as at 12/31/2023	**10,573**	**6,534**	**791,269**	**-29,373**	**121,298**	**900,301**	**9,616**	**909,917**

[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 (see "Accounting principles and methods applied")

The general shareholders' meeting of Virbac, which was held on June 20, 2023, approved the payment of a dividend of €1.32 per share for the 2022 financial year, for a total amount of €11,164,560.

The "Changes in scope" line for the financial year relates to the acquisition of Globion in India (see note A1).

The "Other variations" line corresponds to the impact net of tax of a correction to the amortization of intangible assets. These should be fully amortized. It should be noted, however, that these assets relate to products that we continue to market, and therefore still generate resource inflows for the Group.

Cash position statement

in € thousand	2023	2022
Cash and cash equivalents	177,383	172,787
Bank overdraft	-639	-628
Accrued interests not yet matured	-65	-23
Opening net cash position	**176,679**	**172,136**
Cash and cash equivalents	175,906	177,383
Bank overdraft	-2,517	-639
Accrued interests not yet matured	-31	-65
Closing net cash position	**173,358**	**176,679**
Impact of exchange rates	-5,345	-4,856
Impact of changes in scope	7,977	—
Net change in cash position	**-5,952**	**9,398**

Statement of change in cash position

in € thousand	Notes	2023	2022 restated[1]
Result for the period[1]		**121,088**	**121,295**
Elimination of share from companies' profit accounted for by the equity method	**A7**	-455	-525
Elimination of depreciations and provisions	**A16-A24**	47,618	49,066
Elimination of deferred tax change	**A8**	1,686	-5,739
Elimination of gains and losses on disposals	**A25**	1,973	439
Other income and expenses with no cash impact		-4,090	4,092
Cash flow		**167,820**	**168,627**
Net financial interests paid	**A27**	159	-1,140
Income tax accrued for the period		51,454	61,716
Cash flow before financial interests and income tax		**219,433**	**229,203**
Effect of net change in inventories	**A9**	-9,027	-55,771
Effect of net change in trade receivables	**A10**	-22,040	-37,836
Effect of net change in trade payables	**A20**	-9,941	25,443
Income tax paid		-61,457	-75,428
Effect of net change in other receivables and payables	**A11-A19**	1,673	13,374
Effect of change in working capital requirements		**-100,792**	**-130,219**
Net cash flow generated by operating activities		**118,641**	**98,984**
Acquisitions of intangible assets	**A2-A20**	-18,859	-14,834
Acquisitions of tangible assets	**A4-A20**	-41,042	-38,743
Disposals of intangible and tangible assets	**A25**	203	374
Change in financial assets	**A6**	645	-1,154
Change in debts relative to acquisitions		-925	-475
Acquisitions of subsidiaries or activities		-62,367	—
Disposals of subsidiaries or activities		—	—
Withholding tax on distributions		—	—
Dividends received		475	—
Net cash flow allocated to investing activities		**-121,869**	**-54,832**
Dividends paid to the owners of the parent company	**A36**	-11,165	-10,573
Dividends paid to the non-controlling interests		12	-8
Change in treasury shares		-19,422	-3,451
Transactions between the Group and owners of non-controlling interests		—	—
Increase/decrease of capital		—	—
Cash investments		—	—
Debt issuance	**A18**	88,651	85,439
Repayments of debt	**A18**	-50,492	-96,478
Repayments of lease obligation	**A17**	-10,149	-10,824
Net financial interests paid	**A27**	-159	1,140
Net cash flow from financing activities		**-2,723**	**-34,755**
Change in cash position		**-5,952**	**9,398**

[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 (see "Accounting principles and methods applied")

NOTES TO THE CONSOLIDATED ACCOUNTS

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 (France).

Our consolidated accounts for the 2023 financial year were approved by the board of directors on March 15, 2024. They will be submitted for approval to the shareholders' general meeting on June 21, 2024, which has the power to have the statements amended.
The explanatory notes below form part of the consolidated accounts.

Significant events over the period

Cyberattack

Virbac was the subject of a cyberattack on the night of June 19 to 20, 2023, on several of its sites around the world. Exceptional measures were immediately taken as soon as we became aware of this attack, and a crisis unit, including experts dedicated to cyber security, was set up in order to assess the impacts on our systems and quickly organize the corrective measures necessary to ensure business continuity.
This attack resulted in a slowdown or temporary interruption of some of our services, which was contained thanks to the responsiveness and mobilization of our teams. We have been able to rely on our systems and data (not corrupted) till June 19, and on reinforced measures of internal control implemented from June 20, on.

Corrective action continued throughout the summer, and as of the month of August, we have been operating almost normally across all our operations again. We have also recovered all IT data and applications while further strengthening our IT infrastructures.

Although the impact of the cyberattack on the financial year results is limited, it resulted in additional costs and the major impacts have been related to the vaccine production in Carros.

Inflation

Cost increases continued in 2023, as expected and to a lesser extent compared to 2022. However, their impacts have been limited by price increases in some of our products, as well as the negotiation over several years of certain supply contracts.

Vaccines

2023 has been impacted by temporary limitations in the production capacity of dog and cat vaccines, which were more significant than expected.
This has weighed on our absorption of fixed costs as well as on our sales, given the low level of our vaccine inventories.

Acquisition of GS Partners on May 2, 2023

On May 2, 2023, we completed the acquisition of 100% of the shares of GS Partners, our long-standing distributor in the Czech Republic and Slovakia and also one of our oldest distributors in Central Europe.

This acquisition, which represents several years of successful partnership between our teams and GS Partners, fully aligns with our external growth strategy. It will enable us to become more autonomous in fast-growing markets and to secure and further develop our business in these two countries while strengthening our presence in Central Europe, where our products for animal health are already accessible through our presence in Hungary and Poland.
About twelve GS Partners employees joined Virbac's teams as part of the acquisition.

The acquisition was treated for accounting purposes as a business combination in our consolidated statements, in accordance with IFRS 3. Information relating to IFRS 3 is presented in note 1 to the consolidated accounts.

Acquisition of Globion on November 1, 2023

On November 1, we completed the acquisition of 74% of Globion India Private Ltd. This transaction will strengthen our position as a leader in animal health in India by extending Virbac India's existing poultry ranges to the growing avian vaccine segment.

Founded in 2005, as a joint venture between Suguna Group, one of India's leading poultry conglomerates, and Lohmann Animal Health, a German poultry vaccine specialist, Globion has developed solid know-how and expertise in the development, manufacture and marketing of live and inactivated vaccines targeting a wide range of avian pathogens.

Globion is based in Hyderabad, where its industrial and R&D facilities employ approximately 120 full-time people and generate an annual revenue of approximately €12 million.

The acquisition of this first tranche for 74% of the capital, was treated for accounting purposes as a business combination in our consolidated accounts, in accordance with IFRS 3. Information relating to IFRS 3 is presented in note 1 of the consolidated accounts appendix. The consolidated accounts also include the provisions of the acquisition contract relating to the remaining 26% interest (see notes 1 and 19).

Virbac launches a share buyback program

Following the decision of the board of directors on June 19, 2023 and its approval by the shareholder's meeting, we contemplate to buy back 100,000 of our own shares (less than 1.25% of the capital). The main objective is to decrease the company's share capital by canceling treasury shares purchased.

This buy back program takes place within the limits of the program as set by the shareholder's meeting which are the following:

- nature of shares: ordinary shares;
- maximum of the company's share capital: 10%;
- maximum number of shares: 845,800. It should be noted that in the event of a capital increase through incorporation of reserves and allocation of performance-related stock grants, a share split or reverse shares split, this amount will be adjusted by a multiplier equal to the ratio between the number of shares in the share capital prior to the transaction and the number after the transaction;
- maximum purchase price per share: €1,000.

To implement this program with a view to reducing capital by canceling shares, Virbac's board of directors has appointed an investment services provider, with a mandate expiry date on September 30, 2024. The terms of the mandate will relate to a maximum volume of 100,000 Virbac shares (representing less than 1.25% of the company's capital as of December 31, 2023) for a unit purchase price not exceeding €270 and a total volume of buyback therefore not exceeding €27,000,000. Shares redeemed under this mandate will be fully canceled by our company.

As of December 31, 2023, the number of shares purchased in this context is 67,343 shares representing a total of €17.5 million (see note A14).

Significant events after the closing date

Acquisition of Sasaeah in Japan

On March 6, 2024, Virbac signed a definitive agreement with ORIX Corporation for the acquisition of its animal health subsidiary Sasaeah for an enterprise value of approximately €280 million.

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 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.

Upon completion, this strategic acquisition will bring to Virbac a leadership position in the farm animal vaccine market in Japan, notably in the cattle segment, and a large portfolio of pharmaceutical products for all the major species. Virbac will benefit from Sasaeah's local 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 across Asia.

Completion of the transaction is not subject to any regulatory approval; it is therefore expected to close by the beginning of April 2024.

Accounting principles and methods

Compliance and basis for preparing the consolidated financial statements

The consolidated financial statements cover the twelve-month periods ended December 31, 2023 and 2022.

In line with regulation n°1606/2002 of the European parliament and of the council of July 19, 2002 on the application of international accounting standards, our consolidated financial statements are established in accordance with the international accounting standards and interpretations, which encompasses the IFRS (International financial reporting standards), the IAS (International accounting standards), as well as applicable interpretations by the SIC (Standards interpretations committee) and the Ifric (International financial reporting interpretations committee), whose application was compulsory at December 31, 2023.

Our consolidated financial statements as of December 31, 2023 have been prepared in accordance with the standard published by the IASB (International accounting standards board*)* and the standard adopted by the European Union as of December 31, 2023. The IFRS standard adopted by the European Union as at December 31, 2023 is available under the heading "IAS/IFRS interpretations and standards", on the following website: http://ec.europa.eu/finance/company-reporting/standards-interpretations/index.

The consolidated financial statements have been prepared in accordance with the IFRS general principles: true and fair view, business continuity, accrual basis accounting, consistency of presentation, materiality and consolidation.

New standards and interpretations

Mandatory standards and interpretations as at January 1, 2023

- **IFRS 17 - Insurance contracts - including amendments to IFRS 17**
- **First application of IFRS 17 and IFRS 9 - Comparative information**
- **Amendment to IAS 1 and IFRS practice statement 2 - Disclosure of accounting policies**
- **Amendment to IAS 8 - Accounting policies, change in accounting estimates and errors: definition of change in accounting estimates**
- **Amendments to IAS 12 - Income taxes: deferred tax related to assets and liabilities arising from a single transaction**

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

Indeed, the only impact of these new standards and applications on our consolidated accounts relates to the IAS 12 amendment, which clarifies the exemption of the accounting of deferred tax assets and liabilities arising from a single transaction. This exemption is not applicable if it results in different deductible and taxable temporary differences later on. This exemption was used by the Group since the first application of IFRS 16 Leases, on January 1, 2019. The amendment application being retrospective, we have restated our financial statements to take into account the effect of the amendment in the equity opening balance as at January 1, 2022 (which corresponds to the opening balance of the first comparative period). The impact is a positive adjustment of €0.3 million in the Group equity. The net result impact at December 31, 2023 is a deferred tax loss of €24 thousand.

The economic and social environment in France during the first semester of 2023 has also been impacted by the French pension reform, which was voted on April 14, 2023, which progressively raises the retirement age from 62 to 64 years, and increases the mandatory number of years required to earn a full pension to 43 years. We have assessed the impact of this reform on our retirement plans in France, which is a loss of €0.3 million recognized through equity (see note A15).

Further, in September 2023, the French *Cour de cassation* rendered a decision that confirmed the right to employees to acquire annual leave whilst on a sick leave, regardless of the reasons for the sick leave or the length of it. The application of this decision was immediate. The impact on the Group accounts was nonetheless immaterial.

Last, since 2022, Turkey was added to the list of hyperinflationary economies. However, the operations we carry out in that country are not material at the Group level. Thus, in the absence of significant impact, the provisions of IAS 29 were not applied as at December 31, 2023.

- **Amendments to IAS 12 - Income taxes: international tax reform, Pillar 2 model rules.**

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 carried out an initial assessment of its potential exposure to the new legislation with its entry into force.

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 effective tax rates in the jurisdictions in which the Group operates are above 15%, the Group does not expect any exposure to the new legislation at this stage.

The Group expects to be in a position to reassess the potential exposure in its next interim financial statements for the period ending June 30, 2024. The Group is currently engaged with tax specialists to assist it with applying the new legislation.

Standards and interpretations available for early adoption from January 1, 2023 on but not yet adopted by the EU

The standards and interpretations listed below will be applicable from January 1, 2024 on:

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

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

Standards and interpretations released but not yet applicable as at January 1, 2023

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

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

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

Consolidation rules applied

Consolidation scope and methods

In accordance with IFRS 10 "Consolidated financial statements", our consolidated financial statements include all of the entities controlled, directly or indirectly, by Virbac, whatever equity share 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 ability 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.

In accordance with 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 December 31, 2023 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 A40.

The changes in perimeter that took place during the year were the following: acquisition of GS Partners (now Virbac Czech Republic s.r.o) and of Globion India Private Ltd.

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 on the year-end date. The resulting exchange rate gains and losses are recorded in the income statement.

- **Conversion of foreign company accounts**

In accordance with IAS 21 "Effects of changes in foreign exchange rates", 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.

Accounting principles applied

Goodwill

Goodwill is recognized as an asset in our statement of financial position and represents the excess, at the date of acquisition, of the acquisition cost over the fair value of the identifiable assets and liabilities acquired. It also includes the value of the acquired business goodwill.

In line with IAS 36 "Impairment of assets", goodwill is at the very least tested once annually, at the end of the year, regardless of whether there is an indication of an impairment, and consistently whenever events or new circumstances indicate an impairment.
For the purposes of these tests, the asset values are grouped by CGU (Cash generating unit). In the case of goodwill, the related assets held by the legal entity are typically the smallest identifiable group of cash-flow-generating assets. The legal entity is therefore used as a CGU. In the implementation of goodwill impairment testing, we apply a DCF (Discounted cash flow) approach. This approach consists of calculating the value in use of the CGU by discounting estimated future cash flows. When the value in use of the CGU is less than its net carrying amount, an impairment loss is recognized to reduce the net carrying amount of the CGU assets to their recoverable amount, which is defined as the higher between the net fair value and the value in use. The goodwill is first impaired, before the other assets are impaired in proportion to their weighting in the total assets of the CGU, or group of CGUs.

The future cash flows used for the impairment tests are calculated based on estimates (business plans) over a five-year period. IAS 36 authorizes more distant perspectives to be used in certain situations when they provide a better account of the forecasts. This is especially the case when major product launches are being considered. This option was not selected for the current financial year.
All of the business plans are validated by the subsidiaries' general management, as well as by the Group's Finance Affairs department. The board of directors formally validates the business plans and main assumptions of impairment tests of the most significant CGUs.
For cash flow forecasts, the perpetual growth rates used, which depend on products and market growth expectations, and the discount rates based on the weighted average cost of capital after tax method, are presented in note A3. The calculation of discount rates is made by geographic area, with the support of a valuation firm.
Valuations carried out during the goodwill impairment tests are sensitive to the assumptions used in regards not only to the selling price and future costs, but also to the discount and infinite growth rates. Sensitivity calculations for measuring our exposure to significant variations in these assumptions are performed.

Intangible assets

IAS 38 sets out the six criteria required to account for an intangible asset:
- technical feasibility required to complete the development project;
- intent to complete the project;
- ability to use the intangible asset;
- support proving that the asset will generate future economic benefits;
- availability of technical, financial and other resources in order to complete the project;
- reliable valuation of the development expenditures.

- **Internal development costs**

They are only recorded under intangible assets if all six IAS 38 criteria have been met.
Intangible assets are valued at their historical acquisition cost, including acquisition fees, plus, if applicable, the internal costs of employees who have contributed in the realization of the intangible asset.

- **Research and development projects acquired separately**

Payments made for the separate acquisition of research and development activities are recognized as intangible assets when they meet the definition of an intangible asset, *i.e.* when they are a controlled resource from which future economic benefits are expected to flow, and which is identifiable, that is, separable, or it arises from contractual or legal rights.
In line with paragraph 25 of IAS 38, the first accounting criterion, which relates to the likelihood the intangible asset will generate future economic benefits, is deemed to be met for research and development activities when they are acquired separately. In this respect, amounts paid to third parties in the form of deposits or installments on generic products that have not yet been granted a Marketing authorization (MA) are recognized as an asset.

The amount of the intangible assets is reduced by any accumulated depreciation and, if applicable, accumulated impairment losses.
The intangible assets with finite useful lives are subject to a linear depreciation, as soon as the asset is ready to be used:
- concessions, patents, licenses and marketing authorizations: amortized over their useful lives;
- standard software (office tools, *etc.*): amortized over a period of three or four years;
- ERP: amortized over a period of five to ten years.

Intangible assets with indefinite useful lives are reviewed annually, to ensure that their useful life has not become finite.
During the useful life of an intangible asset, it may seem that the estimation of its useful life has become inadequate. As required by IAS 38, the duration and method of depreciation of this asset are re-examined and if the expected useful life of the asset is different from previous estimations, the depreciation period is consequently modified.
In accordance with IAS 36 "Impairment of assets", the potential impairment loss of intangible assets is assessed each year. In the case of assets with indefinite useful lives, the tests are carried out during the second half year,

regardless of whether there is any indication of impairment, and consistently whenever events or new circumstances indicate an impairment loss for assets with defined useful lives.
For the purpose of these tests, we take into account the sales generated by the CGU. When carrying out intangible assets impairment tests, we take an approach based on estimated future cash flows (estimate of value in use). The future cash flows used for the impairment tests are calculated based on estimates (business plans) over a five-year period (or more if required as mentioned above). All of the business plans are validated by the subsidiaries' general management, as well as by the Group's Finance Affairs department. The board of directors formally validates the business plans and main assumptions of impairment tests of the most significant CGUs.
For cash flow forecasts, the perpetual growth rates used depend on products and market growth expectations, and the discount rates are based on the weighted average cost of capital after tax method. They are presented in note A3.
Valuations carried out during the goodwill impairment tests are sensitive to the assumptions used in regards not only to the selling price and future costs, but also to the discount and infinite growth rates. Sensitivity calculations for measuring our exposure to significant variations in these assumptions are performed.

Tangible assets
In accordance with IAS 16, tangible assets are valued at their historical acquisition cost, including acquisition fees, or at their initial manufacturing cost, plus, if applicable, the internal costs of staff directly contributing to the construction of an tangible asset.
In accordance with IAS 23 revised, borrowing costs are incorporated into the acquisition costs of eligible assets.
The amount of the tangible assets is reduced by any accumulated depreciation and, if applicable, accumulated impairment losses.
If applicable, assets are broken down by component, each component having its own specific depreciation period, in line with the depreciation period of similar assets.
Tangible assets are depreciated over their estimated useful lives, namely:

- buildings:
  - structure: forty years;
  - components: ten to twenty years;
- materials and industrial equipment:
  - structure: twenty years;
  - components: five to ten years;
  - computer equipment: three or four years;
- other tangible assets: five to ten years.

Right of use
Our Group recognizes assets related to those leases falling within the scope of the IFRS 16 standard. Consequently, the Group has decided to separately identify the rights of use on a dedicated balance sheet line. The rights of use are generally amortized over the residual term of the contracts or over a longer term in the event of likely renewal.

Inventories and work in progress
Inventories and work in progress are accounted for at the lowest value of the cost and the net realizable value.
The cost of inventories includes all acquisition costs, transformation costs and other costs incurred to bring the inventories to their current location and condition. The acquisition costs of inventories include the purchase price, customs fees and other non-retrievable taxes, as well as transport and handling costs and other costs directly attributable to their acquisition. Rebates granted to clients and other similar items are deducted from this cost.
Inventories in raw materials and supplies are evaluated in accordance with the weighted average cost method.
Inventories in trading goods are also evaluated in accordance with the weighted average cost method. The acquisition cost of raw material inventories includes all additional purchase costs.
The manufacturing work in progress and the finished products are valued at their actual manufacturing cost, including direct and indirect production costs.
Finished products are valued in each of our subsidiaries at the price invoiced by the Group's selling company, plus distribution costs; the margin included in these inventories is eliminated in the consolidated accounts, taking into account the complete average production cost stated for the Group's selling company.
The inventories of spare parts are valued on the basis of the last purchase price.
An impairment loss is recorded where necessary to value inventories at their net realizable value, when the products become out-of-date or unusable or sometimes based on the sales forecasts of certain products in dedicated markets.

Trade receivables
Trade receivables are classified as current assets to the extent that they form part of our normal operating cycle.
Trade receivables are recognized and recorded for the initial amount of the invoice, minus any impairment recorded in the income statement. An estimation of the total bad debt is made when it becomes unlikely that the full amount will be recovered. Bad debts are written off when identified as such.
In accordance with IFRS 9, they are subject to impairment, corresponding to the estimated expected losses, determined by application of an impairment matrix (application of the simplified impairment model provided for by IFRS 9). This approach consists of applying, to each ageing bracket, an impairment rate based on the history of credit losses, adjusted, if applicable, to take into account elements of a prospective nature.
Receivables assigned as part of a factoring contract without recourse are subject to a substantial factoring contract analysis based on the criteria set out in IFRS 9. These receivables are deconsolidated, if applicable.

Other financial assets
The other financial assets recognized in our accounts include mainly loans, other receivables, non-available cash items, and financial derivatives.

Loans and other receivables are accounted for at amortized cost, derivatives are recognized at fair value (see note A6).

Other financial assets at fair value
All of our financial assets are valued at fair value using observable data. The only financial assets that come under this category are hedging instruments and marketable securities (see note A32).

Cash and cash equivalents
The cash position is made up of bank balances, securities and cash equivalents highly liquid, readily convertible to known amounts and that can therefore be used to meet short-term cash commitments.
The majority of these investments are UCITS (Undertakings for collective investment in transferable securities) and futures contracts with maturities that are generally under three months, or, when above - without exceeding twelve months - they are easily available and can be called back without material penalties. These are in place with first-class counterparties.

The bank accounts subject to restrictions (restricted accounts) are excluded from the cash flow and reclassified as other financial assets.

Treasury shares
Shares in the parent company held by the parent company or its consolidated subsidiaries (whether classified in the statutory accounts as non-current financial assets or marketable securities), are recognized as a deduction from shareholders' equity at their purchase cost. Any gain or loss on disposal of these shares is directly recognized (net of tax) in shareholders' equity and not recognized in income for the year.

Conversion reserves
This item represents the conversion variance of net opening positions for foreign companies, arising from the differences between the conversion rate at the date of entry into the consolidation and the closing rate of the period, and also other conversion differences recorded on the profit for the period arising from differences between the conversion rate of the income statement (average rate) and the closing rate for the period.

Reserves
This item represents the share attributable to the owners of the parent company in the reserves accumulated by the consolidated companies, since their entry into the scope of consolidation.

Non-controlling interests
This item represents the share of the shareholders outside the Group in the equity and the income of the consolidated companies.

Derivative instruments and hedge accounting
We hold derivative financial instruments only for the purpose of reducing our exposure to rate or exchange risks on balance sheet items and our firm or highly likely commitments.
We use hedge accounting to offset the impact of the hedged item and of the hedging instrument in the income statement, on a quasi-systematic basis, when the following conditions are met:
- the impact on the income statement is significant;
- the hedging links and effectiveness of the hedging can be properly demonstrated.

We hedge most of our significant and certain foreign exchange positions (receivables, liabilities, dividends, intra-group loans), as well as our future sales and purchases (see note A33).

Trade payables
Trade payables and other debts fall within the category of financial liabilities valued at amortized cost, as defined by the IFRS 9 "Financial instruments". These financial liabilities are initially recorded at their nominal value.

Other financial liabilities
The other financial liabilities consist primarily of bank loans and financial debts. Loan and debt instruments are valued initially at the fair value of the consideration received, minus the transaction costs directly attributed to the operation. Thereafter, they are valued at their amortized cost.

Lease liability
The Group recognizes in its financial statements a liability relating to leases falling within the scope of the IFRS 16. We have chosen to isolate lease liabilities, for their current and non-current part, on a dedicated balance sheet line. These debts are discounted on the basis of rates determined with the support of an actuary, according to the country risk, the category of the underlying asset and the lease period.

Retirement plans, severance pay and other post-employment benefits

- **Defined-contribution retirement plans**

The advantages associated with defined contribution retirement plans are expensed as incurred.

- **Defined-benefit retirement plans**

Our liabilities arising from defined benefit retirement plans are determined using the projected unit credit actuarial method. These liabilities are measured at each reporting date. The method used to calculate the liabilities is based on a number of actuarial assumptions. The discount rate is determined in relation to the yield on investment grade corporate bonds (issuers rated "AA"). The Group's obligations are subject to a provision for their amount, net of the fair value of the hedging assets. In accordance with IAS 19 revised, actuarial differences are recorded in the other items of the comprehensive income.

Other provisions
A provision is recognized when the Group has a present obligation resulting from a past event which will probably lead to an outflow of economic benefits that can be reasonably estimated. The amount recorded under provisions is the best estimate of the expenditure required to settle the existing obligation on the balance sheet date, and is discounted if the effect is material.

Taxation
Our subsidiaries account for their taxes based on the respective tax regulations applicable locally. The parent company and its French subsidiaries are part of a fiscally integrated group. Under the terms of the tax consolidation agreement, each consolidated company is required to account for tax as if it were taxed separately. The income or expense of tax consolidation is recognized in the parent company's accounts.
The Group recognizes deferred taxes on timing differences between the carrying amount and the tax base of an asset or liability. Tax assets and liabilities are not discounted.
In accordance with the IAS 12, which allows under certain conditions the offsetting of tax liabilities and receivables, the deferred tax assets and liabilities have been offset by tax entity. In situations involving a net deferred tax asset on tax loss carryforwards, it is only recognized in accordance with IAS 12 if there are strong indications that it can be offset against future taxable profits.

Non-current assets held with a view to sale and discontinued activities
IFRS 5 states that an activity is considered discontinued when the classification criteria of an asset being held with a view to sale have been fulfilled, or when the Group ceases the activity. An asset is classified as held for sale if its carrying amount will be mainly recovered through sale rather than through continued use.
As at December 31, 2023, no asset was classified as held for sale.

Revenue from ordinary activities
In accordance with IFRS 15, revenue recognition is assessed in light of performance obligations and transfer of control. In relation to the accounting of the sale of products, the transfer of risks and rewards is an indicator of transfer of control, even if this is not always the key criterion.
Our income from ordinary activities reflects the sale of animal health and nutrition products. Revenue comprises the fair value before tax of the goods and services sold by the integrated companies as part of their normal operations, after elimination of intra-group sales.
Returns, discounts and rebates are recorded over the accounting period for underlying sales and are deducted from revenue. These amounts are calculated as follows:

- provisions for rebates related to the achievement of objectives are measured and recognized at the time of the corresponding sales;
- provisions for product returns are calculated based on management's best estimate of the amount of products that will eventually be returned by customers. Provisions for returns are estimated based on past experience with returns, but also on items such as: inventory levels in the various distribution channels, product expiration dates, and information on the potential discontinuation of products. In each case, provisions are regularly reviewed and updated based on the most recent information at management's disposal.

Other income accounted for into our accounts consists mainly of license fees. Each contract is subject to specific analysis in order to identify the performance obligations and to determine the progress of each one of them towards achievement at the closing date of our consolidated accounts, and revenue is recognized accordingly.

Employee costs
Employee costs mainly include the cost of retirement plans. In accordance with the revised IAS 19 standard, actuarial differences are recorded in the other items of the comprehensive income.
They also include optional and compulsory profit-sharing.

Taxes and duties
We have opted for a classification of the business value added contribution/tax in the "Taxes and duties" item of the operating profit.

Operating profit
Operating profit corresponds to income from ordinary activities, minus operating expenses.
Operating expenses include:

- purchases consumed and external costs;
- employee costs;
- taxes and duties;
- depreciations and provisions;
- other operating income and expenses.

Operating items also include tax credits that may qualify for government grants and that meet the IAS 20 criteria (relates primarily to the research tax credit).

■ **Current operating profit, before depreciation of assets arising from acquisitions**

In order to provide a clearer picture of our economic performance, we use the current operating profit before depreciation of assets arising from acquisitions, as the main indicator of performance. To this end, we isolate the impact of the depreciation of intangible assets resulting from acquisition transactions. Indeed, these have a material effect considering the latest external growth that took place through recent acquisitions.

- **Operating profit from ordinary activities**

Operating profit from ordinary activities corresponds to operating profit, excluding the impact of other non-current income and expenses.

- **Other non-current income and expenses**

Other non-current income and expenses are non-recurring income and expenses, or income and expenses resulting from non-recurring decisions or operations for an unusual amount. They are presented on a separate line in the income statement in order to make it easier to read and understand current operational performance.
They mainly include the following items which, where appropriate, are described in a note to the consolidated financial statements (note A26):

- restructuring costs where material;
- impairment or scrapping of assets where material according to quantitative criteria;
- the effect of revaluing inventories acquired as part of a business combination at fair value;
- the disposals of assets of significant value;
- any revaluation of the participation in a subsidiary previously held, in the event of a change in control;
- profits or costs incurred by the acquisition or sale of an asset, where material according to quantitative criteria (unless a specific treatment is set for by an applicable standard).

Net result from ordinary activities

Net profit from ordinary activities represent the net profit restated for the following items:

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

Financial income and expenses

Financial expenses mainly include interest paid for the Group's financing, interests on lease liabilities, negative changes in the fair value of financial instruments recognized in the income statement, as well as realized and unrealized foreign exchange losses.
Financial income includes interest income, positive changes in the fair value of financial instruments recognized in the income statement, realized and unrealized foreign exchange gains, as well as gains and losses on disposal of financial assets.

Earnings per share

The net earnings per share is calculated by dividing the net result attributable to the shareholders of the parent company by the weighted average number of shares issued and outstanding at the end of each reporting period (that is, net of treasury shares). Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding, plus, in the event of the issue of dilutive instruments, the maximum number of shares that could be issued (upon conversion into ordinary shares of Virbac equity instruments, thereby giving deferred access to Virbac capital).

Main sources of uncertainty relating to estimations

Our consolidated financial statements have been established in accordance with international accounting standards, and include a number of estimates and assumptions considered as realistic and reasonable.
Certain facts and circumstances could lead to changes in estimates and assumptions, which could affect the value of assets, liabilities, equity and Group results.

Acquisition prices

Some acquisition contracts relating to business combinations or the purchase of intangible assets, include a clause that could impact the acquisition price, based on the financial performance, the success or failure of a marketing authorization, or the outcome of clinical trials.
We estimate accordingly the acquisition price at the end of the fiscal year, based on the most realistic assumptions in relation to the achievement of these objectives.

Goodwill and other intangible assets

We own intangible assets that were purchased or acquired through business combinations, in addition to the resulting goodwill. As indicated in the section "Accounting policies and methods", we perform at least an annual impairment test of goodwill, intangible assets in progress and assets with an indefinite life, based on an assessment of future cash flows incremented by a terminal value. Valuations carried out during the goodwill impairment tests are sensitive to the assumptions used in regards not only to the selling price and future costs, but also to the discount and infinite growth rates. Sensitivity calculations for measuring our exposure to significant variations in these assumptions are performed.
In the future, we may have to depreciate these goodwill items and other intangible assets in the event of a deterioration in the outlook for the return of these assets, based on the result of the impairment tests of one of these assets.
As of December 31, 2023, the net total goodwill was €165,372 thousand and the value of the intangible assets was €185,109 thousand.

Deferred taxes

Deferred tax assets are recognized on deductible temporary differences between tax and accounting values of assets and liabilities. Deferred tax assets, and in particular those relating to tax loss carryforwards, are recognized

only if it is probable, in line of IAS 12, that sufficient future taxable profits will be available within a reasonable period of time, which involves a significant amount of judgment.
At each balance sheet date, we analyze the origin of losses for each of the tax entities in question and re-measure the amount of deferred tax assets based on the likelihood of making sufficient taxable profits in the future.

Provisions for pension schemes and other post-employment benefits
As indicated in note A15, the Group has established retirement plans as well as other post-employment benefits.
The corresponding commitments were calculated using actuarial methods that take into account certain assumptions such as the benchmark salary for scheme beneficiaries and the likelihood of the persons in question being able to benefit from the scheme, and the discount rate. These assumptions are updated at each year-end. Actuarial differences are immediately recognized in the other items of the comprehensive income.
The net amount of commitment relating to employee benefits was €19,606 thousand as at December 31, 2023.

Other provisions
Other provisions mainly relate to miscellaneous commercial and social liabilities and disputes.
No provisions are established if the company deems that the liabilities are contingent (as defined by IAS 37).
As at December 31, 2023, the amount of other provisions was €9,608 thousand.

Uncertain tax positions
Ifric 23 requires the valuation and recognition of tax liabilities and tax assets in the balance sheet on the basis of uncertain tax positions. The standard creates a 100% risk of detection and introduces the following methods: the most likely amount or mathematical expectation corresponding to the weighted average of the various assumptions.
Our analysis of the new tax risks identified during the year, as well as those previously accrued in accordance with IAS 37 and IAS 12, and re-evaluated at the closing date, led to the determination of a tax liability of €6.2 million in our accounts as of December 31, 2023.

A1. Goodwill

Changes in goodwill by CGU

in € thousand	Gross value as at 12/31/2022	Impairment value as at 12/31/2022	Book value as at 12/31/2022	Increases	Sales	Impair-ment	Conversion gains and losses	Book value as at 12/31/2023
United States	64,251	-3,650	**60,601**	—	—	—	-2,050	**58,551**
India	13,007	—	**13,007**	22,241	—	—	-493	**34,755**
Chile	25,911	—	**25,911**	—	—	—	-1,816	**24,095**
New Zealand	15,123	-154	**14,969**	—	—	—	-603	**14,366**
SBC	7,873	—	**7,873**	—	—	—	-279	**7,594**
Denmark	4,643	—	**4,643**	—	—	—	—	**4,643**
Uruguay	4,461	—	**4,461**		—	—	-155	**4,306**
Peptech	3,493	—	**3,493**	—	—	—	-122	**3,371**
Australia	3,274	-312	**2,962**	—	—	—	-60	**2,902**
Italy	1,585	—	**1,585**	—	—	—	—	**1,585**
Colombia	1,353	—	**1,353**	—	—	—	199	**1,552**
Greece	1,358	—	**1,358**	—	—	—	—	**1,358**
Other CGUs	4,616	-1,722	**2,894**	4,667	—	—	-1,268	**6,293**
Goodwill	**150,948**	**-5,838**	**145,110**	**26,908**	**—**	**—**	**-6,646**	**165,372**

The change in this item results in part from the acquisition of GS Partners, our distributor in the Czech Republic, on May 2, and Globion, in India on November 1, and from exchange differences for -€6.6 million.

Business combination

GS Partners acquisition

On May 2, 2023, we completed the acquisition of 100% of the shares of our historic distributor in the Czech Republic and Slovakia, also one of our oldest distributors in Central Europe.

This acquisition allows us to become more autonomous in fast-growing markets and to secure and further develop our business in these two countries while strengthening our presence in Central Europe, where our products for animal health are already accessible through our subsidiaries in Hungary and Poland (vaccines, reproduction, parasiticide and auricular ranges).
About twelve GS Partners employees joined Virbac's teams as part of the acquisition.

This operation meets the criteria for a business combination defined by IFRS 3 and has, therefore, been accounted for accordingly. The fair value valuation of acquired assets and liabilities taken over is detailed below and leads to the recognition of a final goodwill of €4.7 million.

in € thousand	Valuation
Inventories sale price	2,092
Costs to incur to sell inventories	-172
Fair value of inventories acquired	**1,920**
Tangible assets	48
Trade receivables and other receivables	718
Cash and cash equivalents	5,250
Goodwill	4,667
Fair value of acquired assets	**10,683**
Trade payables and other payables	-892
Deferred tax liabilities arising from IFRS 3	-157
Fair value of acquired liabilities	**-1,049**
Acquisition price	**11,554**

The purchase price consists of a payment of €10.1 million, a debt on securities of €0.6 million paid during the second semester, and an earn-out clause payable in four installments, the cumulative amount of which cannot exceed €0.8 million, to be paid over four fiscal years. These earn-outs, the payment of which is deemed highly probable, were recorded in the other current financial liabilities in the amount of €0.2 million and non-current in the amount of €0.6 million.

It should be noted that the purchase price includes the acquisition of cash in the amount of €5.3 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, reflects the expected synergy effects and is mainly explained by:
- the integration of the downstream margin of our distributor in the Czech Republic and Slovakia;
- the integration of an experienced sales team;
- the strengthening of our position in Central Europe, from now on, with a direct commercial presence in both countries, which will facilitate future launches of new products.

The sales performed by this company total €6.1 million (of which €3.9 million since the acquisition date) for a net result close to €2.3 million (of which €0.2 million since the acquisition date).

Acquisition of Globion India Private Ltd
On November 1, 2023, we acquired, through our subsidiary Virbac Animal Health India Private Ltd, a majority stake in Globion India Private Ltd from Suguna Holding Private Ltd.

This transaction allows us to strengthen our position as a leader in animal health in India by extending Virbac India's existing poultry ranges to the growing avian vaccine segment.

Founded in 2005, as a joint venture between Suguna Group, one of India's leading poultry conglomerates, and Lohmann Animal Health, a German poultry vaccine specialist, Globion has developed solid know-how and expertise in the development, manufacture and marketing of live and inactivated vaccines targeting a wide range of avian pathogens.

At the end of this agreement, Virbac bought 74% of the shares (first tranche). The contract also sets the terms of acquisition of the remaining 26% (second tranche). These lead to a firm buyout commitment on the part of Virbac, subject to the lifting of a condition precedent which the Group does not have at hand, and which has not been carried out on the closing date. The purchase price of both tranches is fixed.

Given established governance arrangements, Virbac has full control of the company within the meaning of IFRS 10. Globion is therefore consolidated in the Group's accounts using the full consolidation method. Furthermore, as the parties are contractually committed to the execution of tranche 2, IAS 32 § 23 requires the recognition of a debt that we have chosen to charge to the Group's share of equity, and which explains the "change in scope" line in the statement of change in equity. This debt amounts to €18.5 million before discounting. However, the uncertain nature of the lifting of the condition precedent associated with this tranche 2 justifies the maintenance of the rights of minority interests and therefore the recognition of non-controlling interests in the statement of financial position. The amount of non-controlling interests recognized in the accounts thus amount to €10.6 million.

This transaction constitutes a business combination within the meaning of IFRS 3, and it was recorded as such in the consolidated accounts. It was recorded using the partial goodwill method.

As the acquisition took place at the end of the year, the additional work in progress could lead to the reassessment, by the closing of the accounts for the first half of 2024, of the fair value of the net assets acquired and the associated tax impact. Indeed, IFRS 3 allows for a period not exceeding twelve months, to reflect newly obtained information regarding facts that prevailed on the date of acquisition and to retrospectively adjust the amounts of the business combination that were not final at the end of the first financial year during which the combination took place. The calculation of goodwill presented below is therefore provisional. It reflects the expected synergies in the poultry segment described above.

in € thousand	**Fair value in the consolidated accounts at December 31,2023**
Total amount paid as at December 31, 2023 (first tranche)	52,544
Group part of the fair value of the net assets acquired (74%)	30,302
Provisionnal Goodwill	**22,241**

in € thousand	Fair value in the consolidated accounts at December 31,2023
Intangible assets	33,381
Tangible assets	11,614
Other assets	204
Inventory and work-in-progress	2,177
Cash and cash equivalents	2,726
Provisions	-157
Deferred tax liability	-9,021
Financial liabilities	-277
Other operating receivables and payables	301
Total	**40,949**

The sales performed by this company total €12 million (of which €1.9 million since the acquisition date) for a net result close to €1 million (of which €0.3 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 12/31/2022	**112,337**	**112,049**	**80,897**	**21,288**	**326,570**
Acquisitions and other increases	208	2,241	962	13,256	**16,666**
Disposals and other decreases	-15,956	-2,554	-99	-671	**-19,280**
Changes in scope	25,622	7,274	61	530	**33,487**
Transfers	244	4,223	1,611	-6,989	**-911**
Conversion gains and losses	-5,707	-3,699	-473	-342	**-10,221**
Gross value as at 12/31/2023	**116,747**	**119,533**	**82,958**	**27,072**	**346,311**
Depreciation as at 12/31/2022	**-19,131**	**-87,185**	**-64,612**	**-1,245**	**-172,174**
Depreciation expense	—	-5,174	-4,465	—	**-9,639**
Impairment losses (net of reversals)	126	386	—	513	**1,025**
Disposals and other decreases	15,827	1,846	84	—	**17,757**
Changes in scope	—	-47	-58	—	**-106**
Transfers	-1	-984	-14	—	**-999**
Conversion gains and losses	—	2,587	321	26	**2,933**
Depreciation as at 12/31/2023	**-3,180**	**-88,571**	**-68,745**	**-707**	**-161,203**
Net value as at 12/31/2022	**93,206**	**24,864**	**16,284**	**20,043**	**154,397**
Net value as at 12/31/2023	**113,568**	**30,963**	**14,213**	**26,366**	**185,109**

The other intangible assets relate essentially to IT projects, in several of the Group' subsidiaries. They all have defined useful lives.
The increase in intangible assets is explained for €33.3 million by the acquisition of Globion. The rest of the increase is linked to investments in IT projects, particularly at Virbac in France (parent company) and to R&D investments relating to new licensing contracts.
The outflows mainly come from the derecognition of assets that were fully amortized or depreciated in previous financial years and which no longer generate an inflow of resources for the Group (assets relating to the Leishmaniosis vaccine in particular).
The "Transfers" line materializes the commissioning of these projects.

Concessions, patents, licenses and brands

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

- rights relating to the patents, know-how and Marketing 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 accounted for in accordance with IAS 38, as well as assets acquired as part of external growth transactions, as defined by IFRS 3.

As at December 31, 2023

in € thousand	Acquisition date	Brands	Patents and know-how	Marketing authorizations and registration rights	Customers lists and others	Total
United States: iVet	2021	1,114	—	—	1,273	**2,387**
SBC	2015		3,735	2,035		**5,770**
Uruguay: Santa Elena	2013	3,548	9,007	112		**12,667**
Australia: Axon	2013	885	571			**1,457**
Australia: Fort Dodge	2010	1,487	442			**1,929**
New Zealand	2012	3,143	499	206	919	**4,767**
Centrovet	2012	16,381	25,350	12	1,936	**43,679**
Multimin	2011-2012	3,037	2,297			**5,334**
Peptech	2011	952				**952**
Colombia: Synthesis	2011	1,443		186		**1,630**
Schering-Plough Europe	2008	1,711	—	—		**1,711**
India: GSK	2006	9,802				**9,802**
Others		31,004	4,206	8,751	8,486	**52,446**
Total intangible assets		**74,508**	**46,107**	**11,302**	**12,614**	**144,530**

The "Other" line is mainly explained by the acquisition of Globion; the amounts of intangible assets identified during the business combination are likely to change, the amount of goodwill being provisional as of December 31, 2023.

As at December 31, 2022

in € thousand	Acquisition date	Brands	Patents and know-how	Marketing authorizations and registration rights	Customers lists and others	Total
United States: iVet	2021	1,154	—	—	1,494	**2,648**
SBC	2015		3,923	2,123	—	**6,046**
Uruguay: Santa Elena	2013	3,675	9,432	210	—	**13,318**
Australia: Axon	2013	918	719	—	—	**1,636**
Australia: Fort Dodge	2010	1,541	458	—	—	**2,000**
New Zealand	2012	3,275	581	286	1,245	**5,386**
Centrovet	2012	17,615	27,691	7	3,168	**48,481**
Multimin	2011-2012	3,218	2,867	—	—	**6,085**
Peptech	2011	987	—	—	—	**987**
Colombia: Synthesis	2011	1,197	—	229	—	**1,426**
Schering-Plough Europe	2008	1,711	—	347	—	**2,058**
India: GSK	2006	10,217	—	—	—	**10,217**
Others		6,573	3,426	5,922	1,861	**17,782**
Total intangible assets		**52,082**	**49,096**	**9,123**	**7,769**	**118,070**

The classification of intangible assets, based on the estimated useful life, is the result of the analysis of all relevant economic and legal factors, to conclude on 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 based on Virbac's past experience.

As at December 31, 2023

in € thousand	Intangible assets with indefinite life	Intangible assets with finite life	Total
Brands	74,508	—	**74,508**
Patents and know-how	36,742	9,364	**46,107**
Marketing authorizations (MA) and registration rights	2,302	8,999	**11,302**
Customers lists and others	15	12,599	**12,614**
Total intangible assets	**113,568**	**30,963**	**144,530**

As at December 31, 2022

in € thousand	Intangible assets with indefinite life	Intangible assets with finite life	Total
Brands	52,082	—	**52,082**
Patents and know-how	38,643	10,453	**49,096**
Marketing authorizations (MA) and registration rights	2,376	6,747	**9,123**
Customers lists and others	104	7,664	**7,769**
Total intangible assets	**93,206**	**24,864**	**118,070**

No brands are classified as intangible assets with finite useful lives. Therefore, no trademarks are amortized.

A3. Impairment of assets

At end of the 2023 financial year, we have conducted intangible assets impairment tests. These involve comparing their net carrying amount, including acquisition goodwill, to the recoverable amount of each Cash-generating unit (CGU).

A fair value assessment of assets acquired during the financial year is conducted on the date of acquisition.

CGUs are homogeneous groups of assets whose continued use generates cash inflows that are substantially independent of cash inflows generated by other groups of assets.
The net carrying amount of the CGUs includes acquisition goodwill, tangible and intangible assets as well as other assets and liabilities that can be directly assigned to the CGUs and that contribute directly to the generation of future cash flows.

CGUs recoverable amount is determined using the value in use. This is based on estimates of future discounted cash-flows positions, commonly known as the Discounted cash flow (DCF) method.

Future cash flows are flows net of tax and are valued based on cash flow forecasts consistent with the budget and the latest mid-term estimates (business plans).
All business plans are validated by our subsidiaries' management as well as by the Group's Financial Affairs department. The board of directors formally validates the business plans and main assumptions of impairment tests of the most significant CGUs.
Beyond the finite horizon for forecasting future cash flows set at five years for all the CGUs, an infinite growth rate is applied to the terminal value.
We have considered a zero infinite growth rate for MA and patents. The infinite growth rate was set up at 2% for subsidiaries based in mature markets such as Europe, Australia, Japan and New Zealand, except for North America, Uruguay, Colombia and Republic South Africa where we used a rate of 2.5%, consistent with the country's long-term inflation rate, at 3.5% for Chile and at 5% for emerging markets such as India.
The discount rates used for these calculations are based on the average weighted cost of capital estimated for each of the Group's cash-generating units. These are after-tax discount rates, determined by region or country (applied to after-tax cash flows) and are prepared with the support of a valuation firm.

For the 2023 financial year, the discount rates used are the following:
- 10.8% for the United States;
- 9.8% for Europe;
- 11.3% for Chile and 10.6% for the rest of Latin America;
- 11.2% for India and 9.7% for the rest of Asia;
- 9.1% for Oceania and South Africa.

Sensitivity tests

We have also performed sensitivity analyses on key assumptions for all of the tested CGUs. Changes in assumptions are as follows:

- increase of +2.0 points in the discount rate;
- decrease of -2.0 points in the infinite growth rate.

These two variations in key assumptions would not result in any impairment of the assets tested except for the Chilean CGU, for which the increase of +2 points in WACC would result in an impairment of €8.3 million.

The three CGUs most sensitive to these sensitivity analyses are Chile, SBC and the United States.

Furthermore, for the five most significant CGUs, namely the United States, Chile, India, Australia and New Zealand (representing 55% of the gross value of intangible assets and goodwill as of December 31, 2023), we have carried out additional sensitivity tests by changing the Ebit ratio after tax on revenue, by more or less 2 points compared to the basis scenario.

Assuming a drop of -2.0 points in this ratio and a discount rate higher than at least +1.0 point, it would be appropriate to depreciate the Chile CGU by €5.3 million. And assuming a drop of -2.0 points in this ratio and a discount rate higher than at least +2.0 points, it would be appropriate to depreciate the United States CGU to the tune of €7.4 million.

The changes in this ratio to arrive at break-even point, at constant discount rates and terminal growth rates, would be as follows:

- -3.7 point change for the United States CGU;
- -3.7 point change for the Chile CGU;
- -29.2 point change for the India CGU;
- -23.5 point change for the Australia CGU;
- -19.7 point change for the New Zealand CGU.

We also conduct additional sensitivity analyses based on the break-even point for all of the tested CGUs. The break-even point refers to the discount rate, combined with a zero perpetual growth rate, on the basis of which Virbac would have to record an impairment.

For the major CGUs, the results of the break-even point are presented below.

in € thousand	Net book value of CGU as at 12/31/2023	Discount rate, combined into a zero perpetual growth rate, from which impairment is established
United States	161,119	13.0%
Chile	96,472	10.3%
India: GSK	46,747	90.4%
Australia	40,117	49.7%
New Zealand	28,502	27.2%
Uruguay	34,344	35.3%
SBC	29,148	17.3%
Antigenics	14,778	96.7%
Peptech	10,401	393.6%
Multimin	8,640	174.2%
Denmark	8,533	81.8%

A4. Tangible assets

The main assets constituting the Group's tangible assets are:

- lands;
- constructions, which include:
  - the buildings;
  - the development of buildings;
- technical facilities, materials and industrial equipment;
- other tangible assets, which notably include:
  - IT equipment;
  - office furniture.

in € thousand	Lands	Buildings	Technical facilities, materials and equipment	Other tangible assets	Tangible assets in progress	Tangible assets
Gross value as at 12/31/2022	**18,342**	**207,672**	**245,342**	**34,105**	**26,597**	**532,059**
Acquisitions and other increases	6,751	5,316	7,597	2,493	24,205	**46,362**
Disposals and other decreases	—	-583	-2,121	-807	-275	**-3,787**
Changes in scope	2,761	4,760	4,301	14	—	**11,836**
Transfers	—	6,641	7,975	1,057	-15,591	**81**
Conversion gains and losses	-619	-2,899	-3,555	-406	-249	**-7,729**
Gross value as at 12/31/2023	**27,235**	**220,906**	**259,539**	**36,456**	**34,686**	**578,823**
Depreciation as at 12/31/2022	**—**	**-114,423**	**-152,666**	**-24,326**	—	**-291,416**
Depreciation expense	—	-9,295	-14,014	-3,047	—	**-26,356**
Impairment losses (net of reversals)	—	—	310	—	-499	**-189**
Disposals and other decreases	—	439	1,889	777	—	**3,105**
Changes in scope	—	—	-174	—	—	**-174**
Transfers	—	—	14	—	—	**14**
Conversion gains and losses	—	1,405	2,450	352	—	**4,207**
Depreciation as at 12/31/2023	**—**	**-121,874**	**-162,191**	**-26,243**	**-499**	**-310,807**
Net value as at 12/31/2022	**18,342**	**93,248**	**92,676**	**9,779**	**26,597**	**240,642**
Net value as at 12/31/2023	**27,235**	**99,033**	**97,348**	**10,213**	**34,187**	**268,015**

The increase in tangible assets of €46.4 million (in gross value at constant scope), corresponds for more than half to investments made on the historic site of Carros in the fitting out of our buildings, as well as in the acquisition of land, but also new industrial equipment in order to increase our production capacities. Other significant investments during the period took place on our production sites in the United States, Australia, Uruguay, and to a lesser extent in our R&D centers.
Furthermore, the 2023 acquisition of Globion in India contributed to a net increase in tangible assets of €11.7 million.

The "Transfers" line essentially shows the commissioning of fixed assets.

A5. Right of use

In presenting our financial statements, we have chosen to isolate the right of use resulting from the contracts that fall within the scope of the IFRS 16, on a separate line in the statement of financial position.
Changes in the right of use during 2023 are analyzed as follows:

in € thousand	Right of use
Gross value as at 12/31/2022	**62,478**
Increases	10,685
Decreases	-7,565
Changes in scope	277
Transfers	-101
Conversion gains and losses	-669
Gross value as at 12/31/2023	**65,106**
Depreciation as at 12/31/2022	**-27,883**
Allowances	-11,524
Impairment losses (net of reversals)	—
Termination of contracts	6,991
Changes in scope	-173
Transfers	101
Conversion gains and losses	322
Depreciation as at 12/31/2023	**-32,166**
Net value as at 12/31/2022	**34,595**
Net value as at 12/31/2023	**32,940**

The table below shows the right of use for each asset category:

in € thousand	Lands and buildings	Technical facilities, materials and equipment	Transportation equipment	Hardware /software	Office equipment and others	Total
Gross value as at 12/31/2022	**38,996**	**3,494**	**15,130**	**4,097**	**761**	**62,478**
Increases	1,871	896	6,954	854	110	**10,685**
Decreases	-1,856	-553	-4,714	-322	-121	**-7,565**
Changes in scope	277	—	—	—	—	**277**
Transfers	—	-29	-101	29	—	**-101**
Conversion gains and losses	-853	-1	189	14	-16	**-669**
Gross value as at 12/31/2023	**38,435**	**3,807**	**17,457**	**4,672**	**734**	**65,106**
Depreciation as at 12/31/2022	**-15,642**	**-1,929**	**-8,426**	**-1,447**	**-439**	**-27,883**
Allowances	-4,884	-816	-4,586	-1,084	-154	**-11,524**
Termination of contracts	1,820	349	4,384	322	117	**6,991**
Changes in scope	-173	—	—	—	—	**-173**
Transfers	—	34	74	-34	27	**101**
Conversion gains and losses	429	-7	-98	-11	9	**322**
Impairment as at 12/31/2023	**-18,450**	**-2,370**	**-8,652**	**-2,254**	**-440**	**-32,166**
Net value as at 12/31/2022	**23,354**	**1,565**	**6,704**	**2,650**	**322**	**34,595**
Net value as at 12/31/2023	**19,985**	**1,437**	**8,805**	**2,418**	**294**	**32,940**

The increase in rights of use is related to new contracts signed during the period, or renewal options approved by our subsidiaries in 2023. The main increases relate to the car fleet in all subsidiaries (+€7.0 million), real estate leases relating to offices and warehouses in Philippines and China in particular, and IT contracts in France.

However, the net value of the rights of use decreased slightly during the period (-€1.7 million), due to the allowances for depreciation amounting to €11.5 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	-1,580
Rental costs on short-term contracts	-1,282
Rental costs on assets of low value	-1,260
Residual rental costs	**-4,122**

A6. Other financial assets

Change in other financial assets

in € thousand	2022	Increases	Decreases	Change in consolidation scope	Transfers	Conversion gains and losses	2023
Loans and other financial receivables	**5,730**	350	-114	100	—	-316	**5,750**
Currency and interest rate derivatives	**89**	—	-46	—	—	—	**43**
Restricted cash	**118**	11	—	—	—	-5	**124**
Other	**319**	—	-2	—	1	7	**325**
Other financial assets, non-current	**6,256**	**362**	**-162**	**100**	**1**	**-313**	**6,243**
Loans and other financial receivables	**1,050**	—	-892	—	—	-17	**140**
Currency and interest rate derivatives	**2,488**	7	—	—	—	—	**2,495**
Restricted cash	**—**	—	—	—	—	—	**—**
Other	**—**	—	—	—	—	—	**—**
Other financial assets, current	**3,538**	**8**	**-892**	**—**	**—**	**-17**	**2,636**
Other financial assets	**9,794**	**369**	**-1,054**	**100**	**1**	**-330**	**8,879**

The amount of other financial assets is relatively stable. The main variation comes from the reduction in security deposits paid under factoring contracts, particularly in the United States.

Other financial assets classified according to their maturity

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	**2,636**	**6,029**	**214**	**8,879**

As at December 31, 2022

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans and other financial receivables	1,050	4,963	767	**6,780**
Currency and interest rate derivatives	2,488	89	—	**2,577**
Restricted cash	—	72	46	**118**
Other	—	319	—	**319**
Other financial assets	**3,539**	**5,443**	**813**	**9,794**

A7. Information about IFRS 12

Information about non-controlling interests

Since the acquisition of the non-controlling interests of the company Holding Salud Animal (HSA) during 2021 second semester, increasing hence our ownership to 100% in all Chile's entities, the portion of non-controlling interests in our equity remains insignificant, as most of the fully consolidated entities are wholly owned. The following entities contribute to the non-controlling interests:

- Pharma 8 Llc: entered into the consolidation scope during the 2022 financial year, this company carries our farm animal activities in the United States. This is not material;
- Globion India Private Ltd: acquired at the end of 2023, this entity specializing in the avian sector only contributes 0.2% of the Group's sales over the integration period.

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	—	—	4,244	455
Share in companies accounted for by the equity method					**4,244**	**455**

In line with IFRS 12, companies consolidated through equity method are not considered material to our financial statements, therefore information disclosed is limited to aforementioned items.

A8. Deferred taxes

In accordance with IAS 12 standard, allowing offsetting of tax liabilities and receivables under certain conditions, deferred tax assets and liabilities have been offset by tax entity.

Variation in deferred taxes

in € thousand	2022 restated[1]	Variations	Transfers	Change in consolidation scope	Conversion gains and losses	2023
Deferred tax assets	**46,663**	-3,402	576	41	-690	**43,186**
Deferred tax liabilities	**47,759**	-2,097	-2	9,216	-2,453	**52,423**
Deferred tax offset	**-1,096**	**-1,305**	**578**	**-9,176**	**1,763**	**-9,237**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023.

The change in deferred taxes presented above includes, for +€381 thousand, deferred tax on the effective portion of profits and losses on hedging instruments recognized in other comprehensive income.

Deferred taxes breakdown by nature

Below table indicates deferred tax positions breakdown by nature as of December 31, 2023:

in € thousand	Deferred tax assets	in € thousand	Deferred tax liabilities
Internal margin on inventories	16,557	Adjustments on intangible assets	28,020
Retirement and end of career severance commitments	4,275	Adjustments on tangible assets	6,094
Sales adjustments (IFRS 15)	1,994	Adjustments on fiscal provisions	8,287
Inventory adjustments (IAS 2)	2,043	Activation of expenses linked to acquisitions	815
Other non-deductible provisions	5,321	Other income taxed in advance	283
Other charges with deferred deduction	1,767	Lease contracts (IFRS 16)	8,923
Lease contracts (IFRS 16)	9,449		
Tax loss carryforwards	1,781		
Total by nature	**43,186**	**Total by nature**	**52,423**
Impact of compensation by fiscal entity	-20,864	Impact of compensation by fiscal entity	-20,864
Deferred net tax assets	**22,322**	**Deferred net tax liabilities**	**31,559**

Deferred tax asset use horizon

The table below details the useful life of deferred deductible expenses:

in € thousand	Deferred tax assets as at 12/31/2023	Use horizon		
		less than 1 year	from 1 to 5 years	more than 5 years
Deferred tax on other charges with deferred deduction in Chile	**1,041**	—	1,041	—
Deferred tax on tax losses carried forward	**1,781**	473	1,308	—
Deferred tax on retirement and end of career severance commitments	**4,275**	1,152	1,074	2,049
Deferred tax on other bases	**36,089**	28,429	6,149	1,511
Total deferred tax assets	**43,186**	**30,053**	**9,572**	**3,560**

Most tax loss carry forwards are carried forward indefinitely. They may only be used by the subsidiaries that generated the corresponding tax losses.

Non-capitalized tax losses

In addition, the amount of non-capitalized tax losses as of December 31, 2023, amounts to €62 million (compared to €65 million as of December 31, 2022), mainly resulting from our subsidiary Virbac Corporation in the United States on the one hand, and Virbac Taiwan on the other hand, whose main focus is on research and development activities. Most tax loss carry forwards (particularly those of our American subsidiary which began to be activated during 2023 up to the tax result of the year) are carried forward indefinitely. The utilization period for tax losses generated by the Taiwan subsidiary is ten years from the date they are generated.

Expiry date	in € thousand
2024	1,101
2025	1,449
2026	252
2027	866
2028	5,619
2029	1,666
2030	481
2031	477
2032	1,310
2033	775
Over 10 years	—
Unlimited	48,019

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 12/31/2022	**108,276**	**25,514**	**220,381**	**354,172**
Variations	-237	3,514	12,428	**15,705**
Changes in scope	540	74	3,483	**4,097**
Conversion gains and losses	-1,437	-41	-2,643	**-4,121**
Gross value as at 12/31/2023	**107,142**	**29,061**	**233,649**	**369,852**
Depreciation as at 12/31/2022	**-5,612**	**-728**	**-16,922**	**-23,262**
Allowances	-2,738	-1,290	-20,082	**-24,110**
Reversals	2,513	728	13,385	**16,625**
Conversion gains and losses	129	—	429	**558**
Depreciation as at 12/31/2023	**-5,708**	**-1,290**	**-23,191**	**-30,189**
Net value as at 12/31/2022	**102,664**	**24,786**	**203,459**	**330,909**
Net value as at 12/31/2023	**101,434**	**27,771**	**210,458**	**339,663**

Excluding foreign exchange, net inventories increased by €12.3 million, including €4.1 million from the impact of changes in scope (see note A1). This increase relates in particular to production in progress as well as finished goods and goods for resale.
This variation is correlated with the increase in activity observed over the year and it also aims to anticipate future orders.
The main contributors to the increase in inventories are Australia, the United Kingdom and France, partially offset by a reduction in inventories in Chile.

A10. Trade receivables

in € thousand	Trade receivables
Gross value as at 12/31/2022	**148,709**
Variations	**22,334**
Changes in scope	**2,740**
Conversion gains and losses	**-2,983**
Gross value as at 12/31/2023	**170,800**
Depreciation as at 12/31/2022	**-2,419**
Allowances	**-941**
Reversals	**646**
Changes in scope	**-149**
Conversion gains and losses	**40**
Depreciation as at 12/31/2023	**-2,822**
Net value as at 12/31/2022	**146,290**
Net value as at 12/31/2023	**167,977**

The net trade receivables item is up by €24.6 million, excluding foreign exchange effects.
This increase mainly concerns the United Kingdom, Brazil and Chile, due to a higher level of activity in the last quarter of 2023 compared to 2022, and the United States following the end of the use of factoring of receivables. Furthermore, in the United Kingdom, the increase in customer receivables is also explained by the late payment of a major distributor whose receivable was collected in January 2024.

It should be noted that receivables de-consolidated as sold under factoring contracts amounted to €12 million as of December 31, 2023 (compared with €16.9 million as of December 31, 2022). This change is due to the termination of the United States program.

The credit risk from trade receivables and other receivables is presented in note A33.

A11. Other receivables

in € thousand	2022	Variations	Change in consolidation scope	Transfers	Conversion gains and losses	2023
Income tax receivables	**11,961**	9,631	—	—	-199	**21,392**
Social receivables	**627**	102	5	—	—	**734**
Other State receivables	**35,765**	5,225	631	—	84	**41,705**
Advances and prepayments on orders	**2,887**	1,033	45	—	26	**3,992**
Depreciation on various other receivables	**—**	—	—	—	—	**—**
Prepaid expenses	**9,296**	88	58	—	-123	**9,319**
Other various receivables	**4,871**	3,150	179	10	-51	**8,160**
Other receivables	**65,407**	**19,229**	**918**	**11**	**-263**	**85,302**

The net increase in this item is +€20.1 million, excluding foreign exchange effects, and is mainly explained by the joint effects of:

- the increase in tax receivables of +€9.9 million from the parent company linked in particular to an amount of tax advances paid in 2023 greater than the provision for tax due for the financial year;
- the increase in other receivables from the French government linked in particular to the parent company to an increase in VAT and in the research tax credit receivables;
- the increase in "Other various receivables" corresponding mainly to receivables owed by the factor in Italy.

The other changes are individually immaterial.

A12. Cash and cash equivalents

in € thousand	2022	Variations	Change in scope	Transfers	Conversion gains and losses	2023
Available funds	**67,265**	5,455	7,977	2	-1,405	**79,294**
Marketable securities	**110,118**	-9,564	—	—	-3,943	**96,611**
Cash and cash equivalents	**177,383**	**-4,109**	**7,977**	**2**	**-5,348**	**175,906**
Bank overdraft	**-639**	-1,877	—	—	—	**-2,517**
Accrued interests not yet matured	**-65**	34	—	—	—	**-31**
Overdraft	**-704**	**-1,843**	**—**	**—**	**—**	**-2,547**
Net cash position	**176,679**	**-5,951**	**7,977**	**2**	**-5,348**	**173,358**

The main investment vehicles used are UCITS and term accounts with a maturity of less than three months. These term deposits have the following characteristics: they are renewable by tacit agreement and may be repaid before maturity.
The increase in marketable securities mainly concerns one of our subsidiaries, which has €83 million in term deposits as at 31 December 2023, held by leading financial institutions.

Bank overdrafts correspond to the overdraft lines negotiated but not confirmed by our banks.

A13. Assets classified as held for sale

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

A14. Equity

in € thousand	2023	2022 restated[1]
Capital	10,573	10,573
Premiums linked to capital	6,534	6,534
Legal reserve	1,089	1,089
Other reserves and retained earnings	650,505	663,874
Consolidation reserves	146,077	58,497
Conversion reserves	-29,377	-17,885
Actuarial gains and losses	-6,398	-4,985
Result for the period	121,298	121,943
Equity attributable to the owners of the parent company	**900,301**	**839,639**
Other reserves and retained earnings	10,358	367
Conversion reserves	-533	-70
Result for the period	-210	-648
Non-controlling interests	**9,616**	**-351**
Equity	**909,917**	**839,288**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023

Capital management policy

Within the framework of capital management, the Group aims to preserve the continuity of operations, to provide a return to shareholders, to procure the advantages from other partners and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Group can:

- adjust the amount of dividends paid to shareholders;
- return capital to shareholders;
- issue new shares; or
- sell assets to reduce the total debts.

The Group uses various indicators, one of which is financial leverage (net debt/equity), which provides investors with a vision of debt for the Group comparative to the total equity. In particular, this equity includes the reserve for variations in the value of cash position flows.

Treasury shares

Virbac holds treasury shares with no voting rights which are intended to supply the allocation of performance-related stock grants. The amount of these treasury shares is posted as a reduction in equity.

Shares with double voting rights

Double voting rights are granted to all shareholders whose shares have been registered in their name for at least two years. Of the 8,458,000 shares making up the share capital, 4,317,248 have double voting rights.

Share buyback program

The June 20, 2023 ordinary shareholders' meeting authorized the Virbac parent company to buy back its treasury shares in accordance with article L225-209 *et seq*. of the French commercial code.
As of December 31, 2023, Virbac owned a total of 88,281 treasury shares acquired on the market for a total amount of €23,363,081 excluding costs, that is, an average cost of €264.64 per share.

During the financial year, the company bought 77,434 treasury shares (at an average price of €267.23) including 4,091 shares under the animation contract, 67,343 shares under the share buyback program in the process of being canceled as well as 6,000 shares under performance share plans. As part of the securities animation contract, 5,005 treasury shares were sold (at an average price of €253.54)

Treasury shares as of December 31, 2023 represent 1.04% of Virbac's capital. They are intended in part for the animation of the security, the allocation of performance shares as well as a securities repurchase program in the process of being canceled in whole or in part in accordance with the twenty-first resolution adopted by the shareholders' meeting of June 20, 2023.

A resolution will be submitted for the approval of the next shareholders' meeting authorizing the company to buy back up to 10% of the capital. Shares may be acquired with a view to:

- ensuring liquidity or supporting the market price via an independent investment services provider pursuant to a liquidity contract in accordance with *AMF* (French financial market authority) regulations;
- allocating performance-related stock grants;

- reducing the company's share capital by cancelling all or part of the shares purchased, subject to the adoption by the ordinary shareholder's meeting of the resolution for authorizing a reduction in the share capital by cancelling repurchased shares.

The maximum unit purchase price may not exceed €1,000 per share. When calculating the maximum number of shares, shares already purchased under the aforementioned prior authorizations will be included, together with those that could be purchased under the liquidity agreement.

It should be noted that the Group suspended the liquidity contract for the share on February 3, 2023.

A15. Employee benefits

The commitments related to employee benefit schemes are calculated using the projected unit credit method. Future commitments are subject to a provision for expenses.
Where a commitment is pre-financed by payments into a fund, the provision corresponds to the difference between the total commitment at the closing date and the amount of the hedging asset. The hedging asset is made up of the amount of the fund plus the investment income and any contributions paid during the year.

Change in provisions by country

in € thousand	2022	Allowances	Reversals	Change in scope	Equity	Conversion gains and losses	2023
France	**9,642**	848	-728	—	1,645	—	**11,406**
Italy	**708**	81	-146	—	11	—	**655**
Germany	**195**	—	-57	—	—	—	**138**
Greece	**128**	21	—	—	—	—	**149**
Mexico	**318**	76	-32	—	-14	37	**385**
Korea	**-213**	111	-141	—	114	12	**-117**
Taiwan	**1,234**	139	-37	—	—	-42	**1,295**
Thailand	**1,294**	118	-502	—	-121	-33	**756**
Philippines	**22**	12	—	—	-3	-1	**31**
Uruguay	**745**	—	-764	—	—	19	**—**
Retirement and severance pay allowances	**14,071**	**1,406**	**-2,407**	**—**	**1,633**	**-8**	**14,697**
Japan	**1,817**	188	-112	—	-26	-183	**1,685**
Defined benefit retirement plans	**1,817**	**188**	**-112**	**—**	**-26**	**-183**	**1,685**
South Africa	**867**	90	-59	—	136	-99	**936**
Medical coverage	**867**	**90**	**-59**	**—**	**136**	**-99**	**936**
India	**321**	350	-279	157	196	-27	**717**
Allowances for absence	**321**	**350**	**-279**	**157**	**196**	**-27**	**717**
Australia	**1,377**	178	-96	—	—	-48	**1,411**
Austria	**64**	18	—	—	—	—	**81**
Spain	**72**	8	—	—	—	—	**80**
Other long term benefits	**1,513**	**204**	**-96**	**—**	**—**	**-48**	**1,572**
Provisions for employee benefits	**18,589**	**2,239**	**-2,952**	**157**	**1,939**	**-366**	**19,606**

The main impacts on equity mainly concern France due to the updating of data generating a loss of experience of €903 thousand, the reduction in the discount rate generating a loss of €450 thousand, and the shift in retirement age leading to a loss of €291 thousand.

The changes brought about by the pension reform, modifying the minimum retirement age and the conditions for obtaining the full rate, applicable since September 2023 in France, were treated in equity (OCI) according to IAS 19.

The amount of €157 thousand in scope movements in India corresponds to the debt linked to the acquisition of the company Globion on November 1, 2023.

Main commitments

The main existing employee benefit plans are the ones of France, Japan, Australia, Taiwan, and South Africa. As of December 31, 2023, they contributed respectively for 58%, 9%, 7% , 7% and 5% of the total provisions for employee benefit plans.

Retirement and severance pay allowances

- **France**

In accordance with the collective agreement, the Group's French companies pay their employees an allowance on their retirement based on their salary and seniority.
The rights vested (for executives as well as or non-executives) are as follows: 12% of the monthly salary per year of seniority.

- **Taiwan**

Severance pay is due when the employee reaches the age of 65 or in the event of inability to perform his/her duties. In the event of voluntary departure, vesting is subject to the following conditions:

- a minimum of 15 years of service and being at least 55 years of age;
- a minimum of 10 years of service and being at least 60 years of age;
- a minimum of 25 years of service.

The amount paid depends on seniority.
The plan also covers severance pay in the event of dismissal or resignation, the amount of which varies depending on the employment start date (before or after June 30, 2005) and the employee's seniority.

Defined-benefit retirement plans

- **Japan**

The scheme results in payments in the form of capital. To qualify, employees must have at least two years of seniority in the company on the closing date. The amount of capital is calculated from the base salary multiplied by a coefficient based on years of service.

Medical coverage

- **South Africa**

The program implemented by Virbac South Africa stipulates that the company is responsible for handling the contributions paid by retired employees who wish to enroll in voluntary medical insurance.
The eligibility condition is that the employee must have joined the company before April 30, 1995.

The insurance contribution paid by Virbac South Africa is between 50% and 100%, depending on the level of coverage chosen by the beneficiary. In the event that the beneficiary should die, his or her legal successors continue to benefit from the Virbac South Africa holding under certain conditions.

Because the scheme is not restricted only to Virbac South Africa employees, it has been valued based on contributions paid by Virbac South Africa, restated to reflect the inflation rate for medical costs.

Long-service leave

- **Australia**

In accordance with regulations in Australia, Virbac grants employees long-service leave in line with their compensation and years of service. Each employee is entitled to two months' leave after ten years' service, which is acquired as follows:

- if the employee is dismissed after five to ten years' service, he/she is entitled to his/her proportionate share of the acquired rights;
- if the employee leaves the company for any other reason after five to ten years of service, they have no entitlements;
- if the employee leaves the company, for whatever reason, after ten years of service, he/she is entitled to his/her proportionate share of the acquired rights.

The provision is calculated as the sum of the individual rights, calculated pro rata for the ratio of the employee's years of service at the closing date to the years of service for full rights.

Calculation parameters of the main personnel benefits schemes in the Group

Assumptions as at December 31, 2023

	Discount rate	Future salary growth
France	3.15%	2.50%
Japan	1.40%	2.00%
Australia	5.00%	3.00%
South Africa	11.15%	7.40%
Taiwan	1.38%	4.50%

Assumptions as at December 31, 2022

	Discount rate	Future salary growth
France	3.70%	2.50%
Japan	1.10%	2.00%
Australia	3.70%	5.00%
Thailand	2%-2,5%	4.00%
Taiwan	1.50%	4.50%

Discount rates are based on high-quality corporate bond yields with a maturity similar to that of the bond in question. In accordance with IAS 19 revised, the expected return on assets is considered to be equal to the discount rate.
A 0.5-point increase or decrease in the discount rate would entail, respectively, a reduction in the provision for employee benefits of around €749 thousand or an increase of approximately €748 thousand, recognized with the counterparty entry to other comprehensive income.
Moreover, a 0.5-point increase or decrease in the future growth rate of salaries would entail, respectively, an increase in the provision for employee benefits of around €643 thousand or a reduction of approximately €608 thousand, which would be recognized with the counterparty entry to other in other comprehensive income.

Allowance for the year

in € thousand	2023 allowance
Cost of services rendered	1,705
Financial cost	781
Interest income	-247
Change of scheme	—
Immediate recognition of actuarial (gains)/losses in the year	—
Administrative costs recognized in expenses	—
Net cost or gain (-) recognized in income	**2,239**

Employer contributions (including benefits paid directly by the employer) in 2023 totaled €2,952 thousand and are estimated to reach €2,113 thousand in 2024.

Movements of amounts recognized in the statement of financial position

Below table reconciles the movements in the amounts recognized in the statement of financial position (actuarial debt, hedging assets, provision for employee benefits).

in € thousand	Actuarial liability
Present value as at January 1, 2023	**22,380**
Benefits paid by employer	-2,532
Benefits paid by funds	-556
Cost of services rendered and financial cost	2,482
Termination/end of contract	—
Actuarial (gains)/losses due to demographic assumptions	297
Actuarial (gains)/losses due to financial assumptions	457
Actuarial experience (gains)/losses	1,138
Change of scheme	—
Other variations	—
Transfers	157
Conversion gains and losses	-542
Present value as at December 31, 2023	**23,281**

Actuarial liabilities are pre-financed in India, Germany, Taiwan and South Korea through hedging assets (insurance policies) covering annual financial interest.

in € thousand	Hedging assets
Fair value as at January 1, 2023	**3,791**
Contributions paid	420
Benefits paid by funds	-560
Interest income	247
Actuarial gains/(losses)	-46
Tax on premiums paid	—
Other variations	—
Conversion gains and losses	-177
Fair value as at December 31, 2023	**3,674**

in € thousand	Employee benefits
Fair value of hedging assets	-3,674
Present value of actuarial liability	23,281
Assets (-) or liabilities recognized in provisions as at December 31, 2023	**19,606**

in € thousand	Employee benefits
Provision to liabilities as at January 1, 2023	**18,589**
Charge/gain recognized in income - allowance	2,239
Amount recognized in equity	1,939
Employer contributions/benefits paid - reversal	-2,952
Other events	—
Transfers	157
Conversion gains and losses	-366
Provision to liabilities as at December 31, 2023	**19,606**

A16. Other provisions

in € thousand	2022	Allowances	Reversals	Changes in scope	Transfers	Conversion gains and losses	2023
Trade disputes and labor litigation	**2,342**	551	-205	—	—	2	**2,690**
Fiscal disputes	**2,912**	942	-318	—	—	169	**3,704**
Various risks and charges	**1,578**	229	-903	—	—	—	**905**
Other non-current provisions	**6,833**	**1,722**	**-1,426**	**—**	**—**	**171**	**7,299**
Trade disputes and labor litigation	**774**	—	-121	—	—	-27	**627**
Fiscal disputes	**—**	—	—	—	—	—	**—**
Various risks and charges	**265**	1,555	-81	—	—	-56	**1,682**
Other current provisions	**1,039**	**1,555**	**-202**	**—**	**—**	**-83**	**2,309**
Other provisions	**7,872**	**3,277**	**-1,628**	**—**	**—**	**88**	**9,608**

Each situation is analyzed in light of IAS 37 or Ifric 23 when there is uncertainty over the tax treatment. Tax-related provisions are intended to deal with the financial consequences of the Group's tax audits.

Provisions that have become irrelevant over the period, either because they have been used in accordance with the initial purpose, or due to risk's extinction, have been reversed over the period.
No provisions are established if the company deems that the liabilities are contingent, and information is given in the appendix (see note A39).

A17. Lease liability

Change in lease liability

in € thousand	2022	New contracts and renewals	Repayments and cancellations	Change in consolidation scope	Transfers	Conversion gains and losses	2023
Lease liability - Non-current	27,392	6,293	-1	138	-8,480	-343	**25,001**
Lease liability - Current	9,415	3,035	-10,721	—	8,480	-64	**10,144**
Lease liability	**36,807**	**9,328**	**-10,722**	**138**	**—**	**-407**	**35,145**

The IFRS 16 standard introduces a single lessee accounting model for the lease contracts meeting the criteria of application, with the new lease obligation encompassing the liabilities arising from contracts previously capitalized pursuant to IAS 17.

Lease liabilities classified according to their maturity

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Lease liability - Non-current	—	19,381	5,620	**25,001**
Lease liability - Current	10,144	—	—	**10,144**
Lease liability	**10,144**	**19,381**	**5,620**	**35,145**

Information related to financing activities

in € thousand	2022	Cash flows	Non-cash flows					2023
		Repayments	Increase	Decrease	Change in consolidation scope	Transfers	Conversion gains and losses	
Lease liability	36,807	-10,149	9,328	-573	138	—	-407	**35,145**
Lease liability	**36,807**	**-10,149**	**9,328**	**-573**	**138**	**—**	**-407**	**35,145**

Decreases correspond to early terminations with no cash impact.

The increase in debt liabilities stems essentially from the new contracts or extensions of contracts relating to the fleet of vehicles, as well as lease obligations related to new IT contracts or real estate contracts mentioned in note A5.

A18. Other financial liabilities

Change in other financial liabilities

in € thousand	2022	Increase	Decrease	Changes in scope	Transfer	Conversion gains and losses	2023
Loans	**17,995**	31,651	—	—	-2,270	-6,758	**40,618**
Employee profit sharing	**19**	2	—	—	—	—	**22**
Currency and interest rate derivatives	**—**	—	—	—	—	—	**—**
Other	**—**	—	-84	138	—	-4	**50**
Other non-current financial liabilities	**18,014**	**31,653**	**-84**	**138**	**-2,270**	**-6,762**	**40,690**
Loans	**34,953**	56,046	-49,415	—	2,270	-2,025	**41,830**
Bank overdrafts	**640**	1,877	—	—	—	—	**2,517**
Accrued interests not yet matured	**65**	—	-34	—	—	—	**31**
Employee profit sharing	**1,076**	951	-993	—	—	101	**1,135**
Currency and interest rate derivatives	**6,465**	—	-4,269	—	—	—	**2,196**
Other	**—**	—	—	—	—	—	**—**
Other current financial liabilities	**43,199**	**58,874**	**-54,711**	**—**	**2,270**	**-1,924**	**47,709**
Other financial liabilities	**61,213**	**90,527**	**-54,795**	**138**	**—**	**-8,685**	**88,399**

During the financial year 2023, our bank pool responded favorably and unanimously to our request for an extension of the maturity of our syndicated loan by one year, with a new maturity date of October 18, 2028. This credit agreement, signed in October 2021, includes an "accordion" clause that allow us to increase the financing by €150 million, which can bring the total commitment to €350 million. Furthermore, this new financing line includes commitments related to our CSR policy, reflecting our commitment for several years to protect the environment and respect animal ethics. Negotiating these clauses ensures that we have access to controlled financial conditions and support our needs as we evolve. The applicable credit margin is adjustable based on the annual financial ratio and, to a lesser extent, on the annual results of three CSR performance indicators already monitored within our CSR policy.

Thus, in order to ensure our liquidity, in terms of bank and disintermediated funding, our status is as follows:
- a syndicated loan of €200 million, the characteristics of which are explained above;
- market-based contracts (*Schuldschein*) for a total of €6 million, with maturity April 2025, at a fixed rate;
- financing contracts with Bpifrance, for €12.3 million, amortisable and maturing in July 2027 and June 2032;
- factoring contracts with recourse and export loans for US $46 million in Chile;
- uncommited credit lines in the United States for US $37 million.

As of December 31, 2023, the funding position is as follows:
- market-based contracts amounted to €6 million;
- the Bpifrance financing amounted to €12.3 million;
- factoring lines with recourse mobilized in Chile for an amount of US $24.6 million;
- the drawn credit of our subsidiary in the United States amounted to US $18 million;
- the syndicated contract's line of credit is not mobilized.

The financing agreements of the parent company include a financial covenant compliance clause that requires us to comply with an annual financial ratio based on the annual consolidated accounts, corresponding to the consolidated net debt[1] for the period over the consolidated Ebitda[2].

As at December 31, 2023, we comply with the financial ratio clauses, which is -0.24 and therefore below the contractual financial covenant limit of 3.75.

[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]under the contractual definition, consolidated Ebitda refers to operating profit for the period under review, plus the allowances for depreciation and provisions, net of reversals, and dividends received from non-consolidated subsidiaries

The company’s financing capacity is sufficient to fund its cash requirements.

The decrease in liabilities on foreign exchange derivatives is due to the renewal in 2023 of the hedging of our US dollar debt carried out in a market context close to that of the closing, unlike in 2022. Indeed, in 2022, the average price of these hedges dedicated to our US dollar debt was far from the 2022 closing price with an unfavorable market value.

Other financial liabilities classified according to their maturity

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**

The generation of operating cash flow, as well as negotiated overdrafts and factoring make it possible to cover short-term financial liabilities.

As at December 31, 2022

in € thousand	Payments			Total
	less than 1 year	from 1 to 5 years	more than 5 years	
Loans	34,953	15,432	2,563	**52,948**
Bank overdrafts	640	—	—	**640**
Accrued interests not yet matured	65	—	—	**65**
Employee profit sharing	1,076	19	—	**1,095**
Currency and interest rate derivatives	6,465	—	—	**6,465**
Other	—	—	—	**—**
Other financial liabilities	**43,199**	**15,452**	**2,563**	**61,213**

Information related to financing activities

in € thousand	2022	Cash flows		Non-cash flows				2023
		Issuance	Repayments	Fair value	Changes in scope	Transfers	Conversion gains and losses	
Non-current financial liabilities	**17,995**	31,652	—	—	—	-2,270	-6,758	**40,618**
Current financial liabilities	**34,953**	56,046	-49,415	—	—	2,270	-2,025	**41,830**
Employee profit sharing	**1,095**	953	-993	—	—	—	101	**1,156**
Currency and interest rate derivatives	**6,465**	—	—	-4,269	—	—	—	**2,196**
Others	**—**	—	-84	—	138	—	-4	**50**
Other financial liabilities	**60,508**	**88,651**	**-50,493**	**-4,269**	**138**	**—**	**-8,685**	**85,850**

A19. Other payables

in € thousand	2022	Variations	Changes in scope	Transfers	Conversion gains and losses	2023
Income tax payables	**—**	—	—	—	—	**—**
Social payables	**—**	—	—	—	—	**—**
Other fiscal payables	**—**	—	—	—	—	**—**
Advances and prepayments on orders	**—**	—	—	—	—	**—**
Prepaid income	**1,846**	-393	—	—	-3	**1,450**
Various other payables	**5,308**	45	16,763	—	-954	**21,162**
Other non-current payables	**7,154**	**-348**	**16,763**	**—**	**-957**	**22,612**
Income tax payables	**10,221**	8	166	—	-125	**10,270**
Social payables	**61,767**	4,734	198	—	-479	**66,220**
Other fiscal payables	**11,226**	-1,215	41	—	-88	**9,964**
Advances and prepayments on orders	**437**	13	24	—	-19	**456**
Prepaid income	**1,036**	95	—	—	-7	**1,124**
Various other payables	**96,426**	4,272	825	-20	-280	**101,223**
Other current payables	**181,113**	**7,908**	**1,254**	**-20**	**-999**	**189,256**
Other payables	**188,267**	**7,559**	**18,017**	**-20**	**-1,956**	**211,868**

Other payables increased by €25.6 million, excluding foreign exchange effects. The main changes are shown below.

The increase in "Other non-current creditors" mainly results from the recognition of the debt with respect to the commitment to purchase tranche 2 of Globion Group in India, and to a lesser extent from the earn-outs provided for as part of the acquisition of GS Partners in the Czech Republic (see note A1).

The “Other creditors-current” item increases by €9.2 million (excluding foreign exchange effects) mainly in connection with:

- an increase in “Social liabilities” of €1.9 million on the parent company, with an increase in the provision for paid leave and related expenses, and an increase in the United States of €1.1 million corresponding to the provisions for bonuses and overtime worked by employees at the end of the year;
- an increase in “Other miscellaneous liabilities” of €5.1 million. This line largely comprises liabilities on contracts entered into with clients with a change of +€5.6 million over the financial year (see details below). The change is also explained by an increase in provisions on customer returns in the United States (+€0.9 million), offset by a decrease of -€1.9 million in other current liabilities relating to remaining iVet earn-outs, half having been paid, and the last part having been canceled (see note A26).

Below table details the type of contract-related liabilities:

in € thousand	2022	Variations	Changes in scope	Transfers	Conversion gains and losses	2023
Advances and prepayments on orders	**437**	13	24	—	-19	**456**
Customers - credits to be issued	**88,346**	5,572	—	—	-191	**93,727**
Customer liabilities	**88,783**	**5,585**	**24**	**—**	**-210**	**94,182**

Credit notes to be issued arise primarily from changes in transaction pricing, as the majority of the Group's subsidiaries grant customers year-end discounts, the amount of which is contingent on the achievement of sales objectives. The main increases were in France (+€5.1 million), in the United Kingdom (+€1.2 million) and in Australia (+€0.8 million), partially offset by a decrease in the United States (-€1.5 million).

A20. Trade payables

in € thousand	2022	Variations	Changes in scope	Transfers	Conversion gains and losses	2023
Current trade payables	**142,459**	-10,135	2,931	-12	-2,041	**133,201**
Trade payables - suppliers of intangible assets	**5,302**	-2,221	—	—	-21	**3,061**
Trade payables - suppliers of tangible assets	**8,059**	5,321	17	—	-30	**13,367**
Trade payables	**155,820**	**-7,036**	**2,948**	**-12**	**-2,091**	**149,629**

This item amounted to €149.6 million as of December 31, 2023, compared to €155.8 million at the end of 2022, or a net decrease of €4.1 million, excluding foreign exchange effects.
Major changes are observed within the parent company and mainly due to:

- a downward trend in purchases of raw materials impacting the current trade payables item;
- an increase in trade payables from tangible assets related to investments in France in order to increase our production capacity.

A21. Revenue from ordinary activities

in € thousand	2023	2022	*Change*
Sales of finished goods and merchandise	1,437,698	1,390,988	3.4%
Services	468	453	*3.3%*
Additional income from activity	2,894	2,547	*13.6%*
Royalties paid	464	627	*-26.0%*
Gross sales	**1,441,524**	**1,394,615**	***3.4%***
Discounts, rebates and refunds on sales	-148,852	-142,859	*4.2%*
Expenses deducted from sales	-34,347	-25,463	*34.9%*
Financial discounts	-10,854	-8,879	*22.2%*
Provisions for returns	-570	-1,227	*-53.5%*
Expenses deducted from sales	**-194,623**	**-178,428**	***9.1%***
Revenue from ordinary activities	**1,246,901**	**1,216,187**	***2.5%***

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

- amounts paid under commercial cooperation contracts (commercial communication actions, provision 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

In 2023, our annual revenue amounted to €1,246.9 million compared to €1,216.2 million, *i.e.* an overall change of +2.5% compared to the same period of 2022 and +4.9% at constant exchange rates. The impact on revenue growth resulting from the integration of GS Partners (acquisition of our distributor in the Czech Republic closed in May) and Globion (acquisition in India closed in November) is only 0.3 point.
Growth at constant rates excluding these two acquisitions would have been +4.6%. This performance demonstrates, against a backdrop of normalization of market growth, the resilience of our business model significantly tested by two intrinsic and adverse one-off effects over the year. As a reminder, this relates to the temporary limitation of our capacity to produce vaccines for companion animals, and the cyberattack on June 19, which forced us to close factories for several weeks.

All areas are growing in 2023. Europe (+5.7% at constant rates) is mainly driven by France (+4.9% at constant rates), the countries of Northern and Southern Europe (respectively +4.0% and +4.9% at constant rates), as well as by the growth in Turkey, whose business volume more than doubled compared to 2022. In the Asia/Pacific area (+4.0% at constant rates), the main contributors are first India (excluding Globion) (+6.1% at constant rates) then Australia and New Zealand (+4.9% and +6.7% respectively at constant rates) which largely offset the decline observed in China (-10.8% at constant rates) while activity in Southeast Asian countries remains stable. In Latin America (+4.9% at constant rates), we see very good growth dynamics in all our commercial locations, excluding Chile, which, despite a rebound in the second half of the year, remains penalized by the sharp slowdown in our aquaculture activity observed in the first half of the year, particularly with regard to antibiotics and vaccines. Our activity in the United States grew by +3.5% at constant rates despite an inventory reduction effect observed in distribution throughout the year.

A22. Purchases consumed

in € thousand	2023	2022	*Change*
Inventoried purchases	-397,923	-435,854	*-8.7%*
Non-inventoried purchases	-37,509	-33,153	*13.1%*
Supplementary charges on purchases	-7,035	-8,243	*-14.7%*
Discounts, rebates and refunds obtained	374	286	*30.8%*
Purchases	**-442,093**	**-476,964**	***-7.3%***
Change in gross inventories	15,705	61,816	*-74.6%*
Allowances for depreciation of inventories	-24,110	-20,631	*16.9%*
Reversals of depreciation of inventories	16,625	14,586	*14.0%*
Net variation in inventories	**8,220**	**55,771**	***-85.3%***
Consumed purchases	**-433,873**	**-421,192**	***3.0%***

The 3.0% increase in purchases consumed is in line with business growth. The decrease in stock purchases of 7.3% compared to the previous period is due to the decrease in purchases of raw materials and goods, due to the consumption of existing security stocks. The decrease in change in inventory is attributable to a slowdown in the change in inventory of finished products, resulting from the use of existing inventory (see note A9).

A23. External costs

External costs amounted to €230.2 million compared to €235.5 million in 2022, *i.e.* a decrease of 2.3% at real rates for an amount of -€5.4 million. This reduction mainly comes from the decrease in freight transport costs worldwide. These costs had risen sharply since the start of the pandemic but have returned to lower levels. In France, there is a decrease in temporary staff costs, partly offset by the increase in staff charges, as well as a decrease in external study costs. In the United States, marketing expenses are slightly down after a 2022 impacted by the launch of several products (the dental and petfood range, in particular), while subcontracting costs for new projects have increased. Maintenance costs increased slightly over the period but remain relatively stable in proportion to revenue.

A24. Depreciation, impairment and provisions

in € thousand	2023	2022	*Change*
Allowances for depreciation of intangible assets[1]	-6,374	-6,045	*5.4%*
Allowances for impairment of intangible assets	—	-770	*-100.0%*
Allowances for depreciation of tangible assets	-26,356	-24,857	*6.0%*
Allowances for impairment of tangible assets	-499	-33	*1405.6%*
Allowances for depreciation of right of use	-11,524	-11,173	*3.1%*
Reversals for depreciation of intangible assets	—	2	
Reversals for impairment of intangible assets	1,025	80	*1181.3%*
Reversals for depreciation of tangible assets	—	—	
Reversals for impairment of tangible assets	310	327	*-5.2%*
Depreciation and impairment	**-43,418**	**-42,469**	***2.2%***
Allowances of provisions for risks and charges	-2,561	-2,904	*-11.8%*
Reversals of provisions for risks and charges	1,326	2,763	*-52.0%*
Provisions	**-1,235**	**-141**	***775.9%***
Depreciations and provisions	**-44,652**	**-42,610**	***4.8%***

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

Allowances for depreciation of intangible assets arising from acquisitions

in € thousand	2023	2022
SBC	-48	-51
Uruguay: Santa Elena	-100	-154
Australia: Axon	-122	-132
New Zealand	-332	-377
Centrovet	-1,511	-1,507
Multimin	-437	-483
Colombia: Synthesis	-83	-86
Schering-Plough Europe	-476	-954
India: Globion	-157	—
Depreciations of intangible assets arising from acquisitions	**-3,265**	**-3,743**

The decrease in this item is due to the fact that one of the intangible assets resulting from the acquisition of Schering-Plough products was fully amortized as of June 30, 2023.

A25. Other operating incomes and expenses

in € thousand	2023	2022	*Change*
Royalties paid	-3,430	-5,028	-31.8%
Grants received (including research tax credit)	14,111	10,356	*36.3%*
Allowances for depreciation of receivables	-941	-896	*5.0%*
Reversals of depreciation of receivables	646	665	*-2.9%*
Bad debts	-257	-453	*-43.3%*
Net book value of disposed assets	-2,176	-813	*167.7%*
Income from disposal of assets	125	340	*-63.2%*
Other operating income and expenses	-22	1,625	*-101.4%*
Other operating income and expenses	**8,055**	**5,796**	***39.0%***

The item “Other current income and expenses” shows a change of +39%, and is mainly explained by:

- the increase in the amount of tax credits recorded in grants, which amounts to €14.1 million in 2023, compared to €10.4 million in 2022;
- the decrease in royalties paid following the end of a royalty agreement in Australia over the period.

These variations are partially offset by:

- the decrease in other income and expenses, mainly explained by the income of €3.0 million received in March 2022 from Elanco. This was the second and last payment on the €7 million that Elanco committed to pay us, as compensation for Virbac’s continuation of development projects;
- the result of the disposal of intangible and tangible assets, which shows a capital loss of €2.1 million in 2023 mainly due to the scrapping of intangible assets of the parent company individually not significant, compared to a capital loss of €0.5 million in 2022.

The other changes are individually immaterial.

A26. Other non-current income and expenses

As of December 31, 2023, a net charge of €0.9 million was recorded, consisting of the following elements:

in € thousand	2023
Revaluation impact of the debt on iVet shares acquired in the United States in 2021 (earn-out clause)	925
Revaluation of inventories acquired in Czech Republic (purchase accounting method)	-807
Restructuring costs in Chile	-997
Other non-current income and expenses	**-878**

As of December 31, 2022, this item breaks down as follows:

in € thousand	2022
Impairment of assets (brands) and loss of value of related MA	-3,296
Other non-current income and expenses	**-3,296**

In view of market trends, certain brand assets and corresponding MAs, obtained through acquisitions and with an indefinite useful life, will no longer be able to be valued in the future and, as such, have been impaired at December 31, 2022, for the amount of €3.3 million.

A27. Financial income and expenses

in € thousand	2023	2022	*Change*
Gross cost of financial debt	-8,882	-3,691	*140.7%*
Income from cash and cash equivalents	8,724	4,831	*80.6%*
Net cost of financial debt	**-158**	**1,140**	***-113.9%***
Foreign exchange gains and losses	-15,788	-673	*2245.5%*
Changes in foreign currency derivatives and interest rate	5,687	-3,404	*-267.1%*
Other expenses	-273	-398	*-31.3%*
Other income	687	258	*166.3%*
Other financial income or expenses	**-9,687**	**-4,217**	***129.7%***
Financial income and expenses	**-9,845**	**-3,077**	*220.0%*

The cost of financial debt includes the interest charges on borrowings as well as interest on lease liabilities, which amounts to €1,634 thousand as of December 31, 2023.
The €5.2 million increase in the cost of gross debt is mainly related to interest due on bank borrowings in the United States and Chile, where bank financing was put in place.

This impact is offset by a sharp increase in cash position and cash equivalents (+€3.9 million) driven by higher investments in one of our subsidiaries during the year.

In other financial income and expenses, unhedged exposure in Chilean pesos mainly contributes to the change in foreign exchange loss between the two accounting years given the sharp 8% depreciation of the Chilean peso. Net foreign exchange loss amounted to 10.1 million as of December 31, 2023.

A28. Income tax

in € thousand	2023		2022 restated[1]	
	Base	Tax	Base	Tax
Profit before tax	**174,153**		**176,443**	
Adjustment for tax credits	-13,976		-10,139	
Adjustment of non-recurring items	28,202		16,881	
Profit before tax, after adjustments	**188,380**		**183,185**	
Tax currently payable for French companies		-7,144		-14,738
Tax currently payable for foreign companies		-44,691		-46,673
Tax currently payable		**-51,834**		**-61,411**
Deferred tax for French companies		-5,425		129
Deferred tax for foreign companies		3,740		5,610
Deferred tax		**-1,686**		**5,739**
Tax accounted for		**-53,520**		**-55,673**
Restatement of adjustments on tax currently payable		3,330		3,034
Restatement of adjustments on deferred tax		-973		-453
Depreciation of deferred tax assets		—		—
Tax after restatements		**-51,163**		**-53,092**
Effective tax rate		*27.16%*		*28.98%*
Theoretical tax rate		*25.83%*		*25.83%*
Theoretical tax		**-48,658**		**-47,317**
Difference between theoretical tax and recorded tax		**4,862**		**8,356**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023

The theoretical tax rate considered by the Group is the corporate tax rate in effect in France (including the additional contribution of 3.3%).

The effective tax rate in 2023 is 27.16% compared to 28.98% in 2022.

This decline is attributable to the good performance achieved by our subsidiaries located in countries applying corporate tax rates lower than the parent company's tax rate, such as India or Vietnam, and the capitalization of tax losses generating a reduction in the tax charge, particularly in Chile.

Restated profit before tax

The pre-tax profit and the tax charges have been the subject of the restatements described below in order to determine the effective tax rate for the 2023 financial year.

Adjustment for tax credits

These are the main tax credits recognized into the operating profit from ordinary activities in accordance with IAS 20. The amount corresponds to the research tax credit for French entities, as well as the research tax credit equivalent in Chile, Brazil, New Zealand and Australia.

Adjustment for tax bases related to non-taxable items

This amount mainly includes:

- accounting income or expenses with no tax impact, including in particular permanent differences in entities in France and abroad (-€4.9 million);
- as well as losses incurred by subsidiaries for which no deferred tax assets in connection with their tax loss carryforwards are recognized as of December 31, 2023 (mainly the Virbac Corporation, Virbac Taiwan and Virbac Shanghai Trading subsidiaries), for a total amount of -€23.3 million.

Tax after restatements

Adjustments to the tax charges are described below.

Neutralizing the adjustments for the tax currently payable

This amount mainly corresponds:

- to neutralizations of tax expenses without any accounting basis (-€0.3 million);
- to withholding tax and Ifric 23 provisions (-€3.0 million).

Neutralizing the adjustments for the deferred tax expense
This amount represents tax expenses or income without any accounting basis, namely the change in the bases or rates of deferred tax assets and liabilities at the beginning of the financial year (change in estimates).

A29. Bridge from net result to net result from ordinary activities

in € thousand	Net IFRS result	Cancellation of price complement	Restructuring costs	Revaluation of acquired inventories	Non-current tax expense	Net result from ordinary activity
Revenue from ordinary activities	**1,246,901**	—	—	—	—	**1,246,901**
Current operating profit before depreciation of assets arising from acquisitions	**188,142**	**—**	**—**	**—**	**—**	**188,142**
Depreciation of intangible assets arising from acquisitions	-3,265	—	—	—	—	-3,265
Operating profit from ordinary activities	**184,876**	**—**	**—**	**—**	**—**	**184,876**
Other non-current income and expenses	-878	-925	997	807	—	—
Operating result	**183,998**	**-925**	**997**	**807**	**—**	**184,876**
Financial income and expenses	-9,845	—	—	—	—	-9,845
Profit before tax	**174,153**	**-925**	**997**	**807**	**—**	**175,031**
Income tax	-53,520	194	-269	-153	-816	-54,564
Share from companies' result accounted for by the equity method	455	—	—	—	—	455
Result for the period	**121,088**	**-731**	**728**	**654**	**-816**	**120,922**

Net profit from ordinary activities equates to net profit restated for the following items:
- the "Other non-current income and charges" item, the details of which are presented in the A26 note;
- non-current tax, which includes the tax impact of "Other non-current income and expenses", as well as all non-recurring tax income and expenses.

For the record, the operating net profit for the 2022 financial year was as follows:

in € thousand	Net IFRS result restated[1]	Impairment of assets	Restructuring costs	Other items	Non-current tax expense	Net result from ordinary activity
Revenue from ordinary activities	**1,216,187**	—	—	—	—	**1,216,187**
Current operating profit before depreciation of assets arising from acquisitions	**186,559**	**—**	**—**	**—**	**—**	**186,559**
Depreciation of intangible assets arising from acquisitions	-3,743	—	—	—	—	-3,743
Operating profit from ordinary activities	**182,816**	**—**	**—**	**—**	**—**	**182,816**
Other non-current income and expenses	-3,296	3,296	—	—	—	—
Operating result	**179,519**	**3,296**	**—**	**—**	**—**	**182,816**
Financial income and expenses	-3,077	—	—	—	—	-3,077
Profit before tax	**176,443**	**3,296**	**—**	**—**	**—**	**179,739**
Income tax	-55,673	-851	—	—	475	-56,049
Share from companies' result accounted for by the equity method	525	—	—	—	—	525
Result for the period	**121,295**	**2,445**	**—**	**—**	**475**	**124,215**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023

A30. Earnings per share

	2023	2022 restated[1]
Profit attributable to the owners of the parent company	**€121,967,044**	**€121,943,071**
Total number of shares	8,458,000	8,458,000
Impact of dilutive instruments, before dilution	8,421,787	8,448,180
Impact of dilutive instruments	15,426	6,093
Weighted average number of shares, after dilution	8,437,213	8,454,274
Profit attributable to the owners of the parent company, per share	**€14.40**	**€14.43**
Profit attributable to the owners of the parent company, diluted per share	**€14.38**	**€14.42**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023

A31. Operating segments

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

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

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

- nature of the products: the majority of the therapeutic segments are common to companion and 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 zone. Throughout the Group, there is no management structure based on market segments;
- distribution methods: the main distribution channels depend more on the country than the market segment. In certain cases, the sales forces may be the same for both market segments;
- nature of the regulatory environment: the regulatory bodies governing Marketing authorizations are identical regardless of the segment.

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

As at December 31, 2023

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Revenue from ordinary activities	192,164	326,742	213,631	164,927	204,103	115,666	29,668	**1,246,901**
Current operating profit before depreciation of assets arising from acquisitions[1]	45,117	32,396	31,519	-5,573	42,038	39,164	3,481	**188,142**
Result attributable to the owners of the parent company	33,322	24,070	9,682	-10,130	34,907	26,901	2,546	**121,298**
Non-controlling interests	1	—	17	-307	79	—	—	**-210**
Group consolidated result	**33,323**	**24,070**	**9,699**	**-10,437**	**34,985**	**26,901**	**2,546**	**121,088**

[1]in order to present a better vision of our economic performance, we isolate the impact of depreciation charges on intangible assets resulting from acquisition operations. Consequently, our income statement indicates current operating income before amortization of assets resulting from acquisitions (see note A24)

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Assets by geographic area	387,421	131,383	279,811	219,842	292,694	128,593	15,986	**1,455,730**
Intangible investment	12,314	32	349	3,534	426	10	—	**16,666**
Tangible investment	29,358	545	4,239	5,458	2,940	3,588	234	**46,362**

No customer represents more than 10% of total revenue.

In addition to the above information, we also present the revenue of the main countries whose revenue is considered material in relation to their importance within the Group (more than 15% of Group revenue). In 2023, only France is above this threshold with €192.2 million, compared to €191.9 million in 2021.

As at December 31, 2022

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Revenue from ordinary activities	191,858	302,646	196,842	161,893	212,968	117,507	32,473	**1,216,187**
Current operating profit before depreciations of assets arising from acquisitions[1]	47,116	28,848	33,640	-3,974	40,893	35,741	4,296	**186,559**
Profit attributable to the owners of the parent company[2]	34,611	21,750	13,115	-5,995	31,126	24,356	2,980	**121,943**
Non-controlling interests	—	—	31	-680	—	—	—	**-648**
Consolidated profit	**34,611**	**21,750**	**13,146**	**-6,675**	**31,126**	**24,356**	**2,980**	**121,295**

[1]in order to present a better vision of our economic performance, we isolate the impact of depreciation charges on intangible assets resulting from acquisition operations. Consequently, our income statement indicates current operating income before amortization of assets resulting from acquisitions (see note A24)

[2]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023 (see "Accounting principles and methods applied")

in € thousand	France	Europe (excluding France)	Latin America	North America	Asia	Pacific	Africa & Middle-East	Total
Assets by geographic area restated[1]	340,831	100,181	271,661	231,445	244,067	129,700	15,735	**1,333,620**
Intangible investment	10,832	2	255	4,636	93	12	4	**15,835**
Tangible investment	24,148	1,010	3,959	5,069	3,576	2,070	271	**40,102**

[1]restatement following amendment IAS 12 relating to deferred tax assets and liabilities resulting from the same transaction applicable as of January 1, 2023 (see "Accounting principles and methods applied")

A32. Financial assets and liabilities

Breakdown of assets and liabilities measured at fair value

In accordance with IFRS 7, "Financial instruments - Disclosures", measurements at fair value of financial assets and liabilities must be classified according to a hierarchy which comprises the following levels:

- level 1: the fair value is based on (unadjusted) quoted prices in active markets for identical assets or liabilities;
- level 2: the fair value is based on data other than the quoted prices mentioned in level 1, which are directly or indirectly observable for the asset or liability in question;
- level 3: the fair value is based on inputs relating to the asset or liability which are not based on observable market data, but on internal data.

For financial asset and liability derivatives recognized at fair value, we use measurement techniques involving observable market data (level 2), particularly for interest rate swaps, forward purchases and sales, or foreign currency options. The model incorporates various inputs such as the spot and forward exchange rates or the interest rate curve.

Financial assets

The different asset classes are as follows:

As at December 31, 2023

in € thousand	Financial assets at amortized cost	Financial assets at fair value through income	Financial assets at fair value through other comprehensive income	Total	Fair value hierarchy
Non-current derivative financial instruments	—	—	43	**43**	2
Other non-current financial assets	6,200	—	—	**6,200**	3
Trade receivables	167,977	—	—	**167,977**	3
Other receivables	8,160	—	—	**8,160**	3
Current derivative financial instruments	—	1,995	501	**2,495**	2
Other current financial assets	140	—	—	**140**	3
Cash and cash equivalents	174,988	918	—	**175,906**	1
Financial assets	**357,465**	**2,913**	**544**	**360,921**	

As at December 31, 2022

in € thousand	Financial assets at amortized cost	Financial assets at fair value through income	Financial assets at fair value through other comprehensive income	Total	Fair value hierarchy
Non-current derivative financial instruments	—	—	89	**89**	2
Other non-current financial assets	6,167	—	—	**6,167**	3
Trade receivables	146,290	—	—	**146,290**	3
Other receivables	4,872	—	—	**4,872**	3
Current derivative financial instruments	—	1,232	1,256	**2,488**	2
Other current financial assets	1,050	—	—	**1,050**	3
Cash and cash equivalents	175,350	2,033	—	**177,383**	1
Financial assets	**333,729**	**3,265**	**1,345**	**338,339**	

Financial assets at amortized cost

The financial assets valued at depreciated cost are non-debt derivative instruments (loans and receivables in particular) whose contractual cash flows consist only of payments representative of the principal and interest on this principal, and whose management model consists of holding the instrument in order to collect the contractual cash flows.

This category includes other loans and receivables as well as deposits and guarantees (which appear in "Other financial assets"), trade receivables (recorded for the initial amount of the invoice after deduction of provisions for impairment) and other operational receivables excluding tax and social security receivables, as well as the cash and cash equivalents with regard to items almost as liquid as cash, such as term deposits with a maturity of three months or less at the time of purchase, and which are held by leading financial institutions.

The depreciated cost of these assets does not, at the closing date, show a significant difference in relation to their fair value.

Financial assets at fair value through income statement

Interest or exchange rate derivative instruments designated as fair value hedges and financial derivatives not designated as hedges are classified as financial assets at fair value through the income statement.
This category also includes marketable securities acquired by us for sale or redemption in the short term. They are measured at fair value at the balance sheet date, and any fair value changes are recognized in income. The fair values of marketable securities are mainly determined with reference to the market price (buying or selling price as applicable).

Financial assets at fair value through other comprehensive income

The following are classified as financial assets at fair value by other comprehesive income: interest rate or exchange rate derivative instruments qualified as hedging of future cash flows and fair value hedges (for the carry forward/ backward and time value portion of options). With regards to future flows, these hedging instruments are put in place for future exchange exposures (budget) and for interest on the debt/investment at variable rates.
The transfer to profit or loss takes place when cash flows are realized and therefore upon the fall of the instruments.

Financial liabilities

The different classes of financial liabilities are as follows:

As at December 31, 2023

in € thousand	Loans and debts	Financial liabilities at fair value through income	Financial liabilities at fair value through other comprehensive income[1]	Total	Fair value hierarchy
Non-current derivative financial instruments	—	—	—	**—**	
Other non-current financial liabilities	40,690	—	—	**40,690**	3
Trade payables	149,629	—	—	**149,629**	3
Other payables	122,385	—	—	**122,385**	3
Current derivative financial instruments	—	1,589	608	**2,196**	2
Bank overdrafts and accrued interests not yet matured	2,517	31	—	**2,547**	2
Other current financial liabilities	42,965	—	—	**42,965**	3
Financial liabilities	**358,186**	**1,620**	**608**	**360,412**	

As at December 31, 2022

in € thousand	Loans and debts	Financial liabilities at fair value through income	Financial liabilities at fair value through other comprehensive income[1]	Total	Fair value hierarchy
Non-current derivative financial instruments	—	—		**—**	
Other non-current financial liabilities	18,014	—	—	**18,014**	3
Trade payables	155,820	—	—	**155,820**	3
Other payables	101,734	—	—	**101,734**	3
Current derivative financial instruments	—	6,071	394	**6,465**	2
Bank overdrafts and accrued interests not yet matured	640	65	—	**705**	2
Other current financial liabilities	36,029	—	—	**36,029**	3
Financial liabilities	**312,237**	**6,135**	**394**	**318,766**	

[1]hedge accounting is used to record changes in fair value in equity

As of December 31, 2023, the cost of gross financial indebtedness was €8,882 thousand, compared to €3,691 thousand as of December 31, 2022.

A33. Risk management associated with financial assets and liabilities

Our financial risk management policy is controlled centrally by the Group's Financial Affairs department and in particular its Treasury and Financing department.
Strategies for financing, investment, and interest and exchange rate risk hedging are thus systematically reviewed and monitored by the Financial Affairs department. The operations carried out by our local teams are also managed and monitored by the Group's Treasury and Financing department.
The holding of financial instruments is conducted with the sole purpose of reducing exposure to exchange rate and interest rate risks and has no speculation purpose.

We hold derivative financial instruments only for the purpose of reducing our exposure to rate or exchange risks on our balance sheet items and our firm or highly likely commitments.
When it comes to cash position flow hedging, based on backing and maturities, these flows can occur and affect profit in the current-year or in subsequent years.

Credit risk

- **Risk factors**

Credit risk may arise when we grant credit to customers on payment terms. The risk of insolvency, or even default by some of them, may result in non-payment and thus negatively impact our income statement and net cash position.
Trade receivables are subject to impairment, corresponding to the estimated expected losses, determined by application of an impairment matrix (application of the simplified impairment model provided for by the IFRS 9

standard). This approach consists of applying an impairment rate to the respective debtors ageing categories, based on the history of credit losses, adjusted, if applicable, to take into account elements of a prospective nature.
As of December 31, 2023, the Group's maximum exposure to credit risk was €167,977 thousand, which represents the amount of trade receivables as presented in our consolidated accounts.

The risk on sales between Group companies is not material, to the extent that we ensure that our subsidiaries have the necessary financial structure to honor their liabilities.

- **Risk management mechanisms**

We limit the negative consequences of this type of risk thanks to the very high fragmentation and dispersal of our customers throughout all of the countries in which we operate. Our Treasury department recommends maximum payment terms in accordance with the regulations in force, customary uses, the rating, the limits imposed by credit insurance, and sets the customer credit limits to be applied by each operating entity. The Treasury and Financing department manages and controls these credit aspects for the French entities for which it is directly responsible, and recommends the same practices via guidelines and best practices for the Group. In addition, there is a master credit group insurance contract that benefits or can benefit any of our subsidiaries when this type of risk has been identified.

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

As at December 31, 2023

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
France	26,291	946	270	—	—	390	**27,897**
Europe (excluding France)	33,300	3,675	54	—	—	1,418	**38,447**
Latin America	41,262	2,132	155	—	—	581	**44,130**
North America	17,474	3,096	12	—	—	5	**20,588**
Asia	15,281	1,088	209	120	2	421	**17,121**
Pacific	10,204	5,562	316	19	—	6	**16,106**
Africa & Middle-East	6,312	199	—	—	—	1	**6,512**
Trade receivables	**150,123**	**16,698**	**1,015**	**139**	**2**	**2,822**	**170,800**

As at December 31, 2022

in € thousand	Receivables due	Receivables overdue for				Impaired	Total
		< 3 months	3-6 months	6-12 months	> 12 months		
France	31,064	1,158	406	31	—	269	**32,928**
Europe (excluding France)	25,391	2,475	270	24	—	1,269	**29,429**
Latin America	28,128	3,810	203	—	—	732	**32,873**
North America	14,603	1,949	139	—	—	4	**16,695**
Asia	13,084	1,478	63	64	201	137	**15,027**
Pacific	12,479	5,905	107	—	—	6	**18,497**
Africa & Middle-East	3,002	257	—	—	—	2	**3,261**
Trade receivables	**127,751**	**17,032**	**1,188**	**119**	**201**	**2,419**	**148,710**

Receivables due and not settled are periodically analyzed and classified as bad debts whenever the risk that the receivable will not be fully recovered appears. The amount of the provision recorded at closing is defined based on the expected credit loss at maturity.

Bad debts are recognized as losses when identified as such.

Counter-party risk

- **Risk factors**

We are exposed to counterparty risk within the context of the contracts and financial instruments which we subscribe to, in the event that the debtor refuses to honor all or part of its commitment or finds itself ultimately unable to do so.

- **Risk management mechanisms**

We pay particular attention to the choice of financial institutions we use, and we are even more critical when it comes to investing available cash.
Nevertheless, we consider our exposure to counterparty risk to be limited, considering the quality of our major counterparties. In fact, investments are only made with first-class banking entities.
In regards of other financial assets and particularly liquid assets, when possible the cash position surpluses of the subsidiaries are generally pooled by the parent company, which is in charge of managing them centrally, in the form of short-term interest-bearing deposits. We only work with leading banking counterparties.

Liquidity risk

- **Risk factors**

Liquidity is defined as our capacity to meet our financial payment deadlines as part of our current business and to find new funding sources as needed, so as to maintain a continual balance between our income and expenditures. As part of our operations, our program of recurring investments and active policy of external growth, we are thus exposed to the risk of not being sufficiently liquid to fund our growth and development.

- **Risk management mechanisms**

Our policy of pooling surplus cash positions and funding needs in all areas helps to refine our net position and to optimize the management of investments and funding requirements, thus ensuring our ability to meet our financial commitments and to maintain an optimal level of availability commensurate with our size and needs.

In respect to our specific review of the liquidity risk, we regularly carry out a detailed review of our outstanding amounts, thus ensuring compliance with our financial covenant (debt covenant).
As of December 31, 2023, the ratio amounted to -0.24, which is below the contractual financial covenant threshold of 3.75. This ratio is calculated by taking into account the application of the IFRS 16 standard (see notes A18).
During this same period, we primarily have a €200 million revolving credit line maturing in October 2028, which has not been mobilized, and unconfirmed credit lines in the United States amounting to US $37 million, of which US $18 million has been used.
We can also use additional short-term credit lines consisting in non-recourse factoring programs drawn for €12 million as at December 31, 2023.

With regard to our prospects, our cash position and financial resources are sufficient to fund our cash position requirements.

Fraud risks

- **Risk factors**

We are exposed to cases of internal or external fraud that could result in financial losses and affect our reputation.

- **Risk management mechanisms**

We are committed to strengthening internal control and give particular importance to making our teams aware of these issues. Our head office teams regularly provide strong guidance and guidelines on this subject. Segregation of duties, as well as a central, regional and local management control mechanism and the appointment of regional controllers help strengthen control and reduce the probability of such practices occurring. Upon acquiring new companies, we integrate them into these mechanisms for the prevention of unethical practices.
We have proceeded with training and roll-out of best practices processes that, among other things, are intended to prevent the risk of fraud.
We have implemented a tool to check the consistency of the bank details/company tax ID number pair to increase our payment chain security through automation of the control process, as well as to protect us from the risk of wire fraud.
Virbac’s code of conduct underlines the Group’s commitment to pursue our activities in accordance with the law and ethics, and also defines the nature of the relationships we wish to have with our partners.

Market risks

Exchange rate risk

- **Risk factors**

The currency risk arises from the impact of fluctuations in exchange rates on our financial flows when carrying out our activities. Due to our strong international presence, we are exposed to the foreign exchange risk on transactions, and the foreign exchange risk on the conversion of the financial statements of our foreign subsidiaries.
We carry out transactions in currencies other than the euro, our reference currency. The exchange rate risk is monitored using dashboards generated by the IT system (ERP). The items are updated based on *ad hoc* reports.

The majority of our exchange rate risk is centralized on the parent company, which invoices its subsidiaries in their local currency. In the case of sales to countries with exotic currencies, the invoices are denominated in euros or American dollars.
Taking into account our purchases and sales in other currencies, we are exposed to exchange rate risks mainly for the following currencies: US dollar, pound sterling, Swiss franc and various currencies in Asia, the Pacific, and Latin America.
Given our exchange rate risk exposure, currency fluctuations have a significant impact on our income statement, both in terms of conversion and transaction risk.

- **Risk management mechanisms**

In order to protect ourselves against unfavorable variations in the various currencies in which sales, purchases or specific transactions are denominated, our policy we hedge most of our significant and certain foreign exchange positions (receivables, liabilities, dividends, intra-group loans), as well as our future sales and purchases.
Accordingly, we use various instruments available on the market and generally employ foreign exchange forwards or options.

Derivative financial exchange instruments are presented below, at market value:

in € thousand	2023	2022
Fair value hedges	681	-4,666
Cash flow hedges	-107	862
Net investment hedges	—	—
Derivatives not qualifying for hedges	-275	-173
Derivative financial exchange instruments	**299**	**-3,977**

The derivative instruments held at closure do not all qualify for hedging in the consolidated accounts. In such a case, value variations directly impact the profit for the period.

Interest rate risk

- **Risk factors**

Our income statement may be impacted by the interest rate risk. Indeed, unfavorable rate changes can thus have a negative impact on our financing costs and future financial flows.
Our exposure to interest rate risk results from the fact that our main lines of credit are at variable rates; therefore, the cost of debt may increase in the event of an increase in interest rates.
Our exposure to rate risk is mainly due to the revolving credit line indexed to the Euribor set up at Virbac as well as the credit lines in the United States historically indexed to the Libor US$ and more recently to the Secured overnight financing rate (SOFR). As of December 31, 2023, only the United States line has been mobilized for US $18 million.

Following the UK Financial conduct authority (FCA) decision to no longer require banks to contribute to Libor quotes, our financing contracts and rate hedges are now indexed to the risk-free rates (RFR) recommended by the ISDA (International swaps and derivatives association), adjusted in some cases by a spread set according to their methodology, in order to make the transition as economically neutral as possible.

The current amount on the credit lines is the following:

	2023		2022	
in € thousand	Average real interest rate	Book value	Average real interest rate	Book value
Chile: Centrovet	7.8%	23,113	6.0%	24,431
France	1.4%	18,113	1.4%	20,036
Fixed rate debt		**41,225**		**44,466**
Chile: Virbac Chile	10.4%	24,934		
United States	6.0%	16,289	4.8%	6,563
Mexico	—	—	11.4%	1,918
Variable rate debt		**41,223**		**8,481**
Bank overdrafts	—	2,517	—	640
Loans and bank overdrafts		**84,966**		**53,588**

- **Risk management mechanisms**

To manage these risks and optimize the cost of our debt, we monitor developments and market rate expectations, and we limit our exposure by establishing interest rate hedges, with instruments available on the market such as caps or swaps of interest rates (fixed rate) not exceeding the length and value of our actual commitments.
Interest rate derivatives are shown below, at market value:

in € thousand	2023	2022
Fair value hedges	—	—
Cash flow hedges	43	89
Net investment hedges	—	—
Derivatives not qualifying for hedges	—	—
Derivative financial rate instruments	**43**	**89**

Specific impacts from hedging exchange rate and interest rate risks

- **Risk factors**

The purpose of hedge accounting is to offset the impact of the hedged item and of the hedging instrument in the income statement. In order to qualify for hedge accounting, all hedging relationships must satisfy a series of stringent conditions in terms of documentation, likelihood of occurrence, effectiveness of the hedge and measurement reliability.

- **Risk management mechanisms**

We only engage in hedging transactions designed to hedge actual or certain exposure; therefore, we do not create any speculative risk.
Financial derivatives are designated as hedges when the hedging relationship can be demonstrated or documented.
The exchange rate derivatives used for cash flow hedging generally mature within one year at most.

in € thousand	Nominal		Positive fair value		Negative fair value	
	2023	2022	2023	2022	2023	2022
Forward exchange contract	159,835	158,344	2,255	2,166	1,648	6,045
OTC option exchange	61,534	44,542	240	322	549	420
Exchange instrument	**221,370**	**202,886**	**2,495**	**2,488**	**2,196**	**6,465**
Swap rate	—	—	—	—	—	—
Interest rate options	—	—	—	—	—	—
Cross currency swap	7,833	7,833	43	89	—	—
Interest rate instruments	**7,833**	**7,833**	**43**	**89**	**—**	**—**
Derivative financial instruments	**229,202**	**210,719**	**2,539**	**2,577**	**2,196**	**6,465**

Supply risks

The raw materials used to manufacture our products are supplied by third parties. In certain cases, we also use contract manufacturing organizations or industrial partners who have expertise in or master particular technologies.
As far as possible, we diversify our sources of supply by choosing several suppliers, while ensuring that these various sources embody the characteristics of sufficient quality and reliability.
Nevertheless, there are, for certain supplies or certain technologies, situations where diversification is practically impossible, which can result in a disruption to the supply or pressure on prices.

To limit these risks, we take a broad approach to identifying as many diversified suppliers as possible, and may in certain cases secure our supply chain by acquiring the technologies and capacities we lack and that create an excessive dependency. We also mitigate these risks by implementing the appropriate safety inventory policy.

In 2023, we pursued our policy of securing and building up safety stock, which enabled us to cope with certain tensions. The macroeconomic situation generated by the conflict between Russia and Ukraine, characterized by high inflation, continued to adversely impact the cost of some of our supplies. We are committed to implementing measures to limit impacts and to monitor the potential consequences on our supplies due to the tension on maritime navigation in the Red Sea since December 2023.

A34. Composition of Virbac share capital

	2022	Increase	Decrease	2023
Number of authorized shares	**8,458,000**	—	—	**8,458,000**
Number of shares issued and fully paid	**8,458,000**	—	—	**8,458,000**
Number of shares issued and not fully paid	**—**	—	—	**—**
Outstanding shares	**8,442,148**	5,005	-77,434	**8,369,719**
Treasury shares	**15,852**	77,434	-5,005	**88,281**
Nominal value of shares	**€1.25**	—	—	**€1.25**
Virbac share capital	**€10,572,500**	**—**	**—**	**€10,572,500**

A35. Performance-related stock grant plans

The executive board, then the board of directors since the change of governance in December 2020, and in accordance with the authorization from the shareholders' general meeting, granted allocations of performance-related stocks to certain employees and directors at Virbac and its subsidiaries.

Fair value of performance-related stock grant plans

In accordance with IFRS 2, these plans were valued in our consolidated accounts based on the allocated shares' fair value on their allocation date.

The 2021 performance-related stock grants plan, allocated on March 16, 2021, is valued at €1,453,538, which translates into 6,225 shares at €233.50 each. This amount was deferred over a vesting period of 34 months. The impact recognized in the income statement as of December 31, 2023, amounts to €709 thousand, including social contributions.

The March 18, 2022, the board of directors decided to implement a new performance-related stock grants plan for a total of 4,000 shares, granted in two installments:

- 900 shares whose distribution was decided on March 18, 2022, subject to approval by the annual shareholders' meeting held on June 21, 2022 (for shares distributed to corporate officers), for a total value of €302,850 (*i.e* 900 shares valued at €336.50) spread over a vesting period of 30 months;
- as well as 3,100 shares whose distribution was decided by the board of directors on September 13, 2022, for a total valuation of €1,057,100 (*i.e* 3,100 shares valued at €341) spread over a vesting period of 28 months.

The impact recorded on the income statement as of December 31, 2023, for these two installments is €624 thousand, including contribution.

In addition, on March 18, 2022, the board of directors also decided, subject to the approval of the shareholders' meeting of June 21, 2022, which effectively occurred, to allocate a second 2022 performance-related stock grants plan in three installments, with the shares allocated on July 1, 2022, for all three installments:

- an initial installment, representing 1,000 shares, valued at €336.50 (*i.e* a total of €336,500) over a vesting period of 57 months, which generated an expense of €80 thousand for the contribution year included;
- a second installment, representing 1,000 shares, valued at €336.50 (*i.e* a total of €336,500) over a vesting period of 93 months, which generated an expense of €49 thousand for the contribution year included;
- a third installment, representing 3,000 shares, valued at €336.50 (*i.e* a total of €1,009,500) over a vesting period of 129 months, which generated an expense of €107 thousand for the contribution year included.

The March 19, 2023, the board of directors' meeting decided to implement a new performance-related stock grants plan for a total of 4,800 shares, granted in two installments:

- 1,390 shares whose distribution was decided on March 19, 2023, subject to approval by the annual shareholders' meeting held on June 20, 2023 (for shares distributed to corporate officers), which effectively occurred, for a total value of €391,980 (*i.e.*, 1,390 shares valued at €282) spread over a vesting period of 33 months;
- as well as a second installment covering 3,410 shares valued at €285.50 (or €973,555 in total) spread over a vesting period of 30 months.

The impact recorded on the income statement as of December 31, 2023, for these two installments is €362 thousand, including contribution.

A36. Dividends

In 2023, a €11,165 thousand dividend was distributed to the owners of the parent company, representing a €1.32 dividend per share.
For the financial year 2023, a proposal will be made to the shareholders' meeting to allocate a net dividend of €1.32 per share, with a nominal value of €1.25, that is a global amount of €11,165 thousand.

A37. Workforce

Evolution of workforce by geographic area

	2023	2022	*Variation*
France	1,526	1,467	*4.0%*
Europe (excluding France)	397	381	*4.2%*
Latin America	1,041	1,049	*-0.8%*
North America	533	527	*1.1%*
Asia	1,498	1,502	*-0.3%*
Pacific	326	320	*1.9%*
Africa & Middle-East	138	140	*-1.4%*
Workforce	**5,459**	**5,386**	***1.4%***

Distribution of workforce by position

		2023		2022
Manufacturing	1,852	33.9%	1,887	35.0%
Administration	745	13.6%	707	13.1%
Business	2,225	40.8%	2,252	41.8%
Research & Development	637	11.7%	540	10.0%
Workforce	**5,459**	**100.0%**	**5,386**	**100.0%**

A38. Information on related parties

Compensation of the members of the board of directors

	2023		2022	
	Compensation	Directors' fees	Compensation	Directors' fees
Marie-Hélène Dick	€110,000	€27,000	€110,000	€25,000
Pierre Madelpuech	—	€27,000	—	€25,000
Solène Madelpuech	—	€27,000	—	€25,000
Philippe Capron	—	€30,000	—	€28,500
Company OJB Conseil represented by Olivier Bohuon	—	€27,000	—	€25,000
Company Cyrille Petit represented by Cyrille Petit	—	€27,000	—	€25,000
Sylvie Gueguen	—	—	—	—
Non-voting advisor Company XYC Unipessoal Lda represented by Xavier Yon	—	€24,000	—	€22,500
Non-voting advisor, Rodolphe Durand	—	€24,000	—	€22,500
Total	**€110,000**	**€213,000**	**€110,000**	**€198,500**

Compensation of the members of the general management

As at December 31, 2023 - Gross amounts due

	Fixed compensation (including benefit in kind)	Compensation linked to terms of office for administrator on Group companies	Variable compensation	Total compensation
Sebastien Huron	€395,221	€45,000	€233,200	€440,221
Habib Ramdani	€246,263	—	€97,958	€246,263
Marc Bistuer	€252,115	—	€76,424	€252,115
Total	**€893,599**	**€45,000**	**€407,582**	**€1,346,181**

As at December 31, 2022 - Gross amounts due

	Fixed compensation (including benefits in kind)	Compensation linked to terms of office for administrator on Group companies	Variable compensation	Total compensation
Sebastien Huron	€370,282	€45,000	€182,600	**€597,882**
Habib Ramdani	€233,503	€0	€77,433	**€310,936**
Marc Bistuer	€238,976	€0	€52,049	**€291,025**
Total	**€842,761**	**€45,000**	**€312,082**	**€1,199,843**

Compensation paid for the 2023 financial year represents fixed compensation paid in 2023, compensation paid in 2023 in relation to terms of office for directors in the Group companies, variable compensation paid in 2024 in relation to 2023 and benefits in kind granted in 2023 (company car).

Calculation criteria for the variable portion
Each member of the general management has a variable compensation target, which is a percentage of his/her fixed compensation.
The variable compensation for members of the general management is essentially based on the following objectives:

- growth of revenue from ordinary activities;
- growth in operating profit from ordinary activities;
- the Group's cash position and debt management;
- CSR-related targets.

Other benefits
In addition to the various compensation items, general management members enjoy the benefits described below.

- **Company vehicle**

The chief executive officer as well as the deputy chief executive officers receive a company vehicle, in accordance with the policy defined by the compensation committee.

- **Health insurance plan, maternity benefits, pension and retirement**

The chief executive officer and the deputy chief executive officers have the same health insurance, maternity benefits and pension and retirement plans as those provided to all the company's executives, under the same contribution and benefit conditions as those defined for the other company executives.

- **Unemployment insurance plan**

The chief executive officer is covered by the private GSC (unemployment insurance for company's chief executive officers) plan, which is based on the 70-for-one-year formula. The amount of the annual contributions over time shall not exceed €15,000.
The deputy chief executive officers have the same unemployment insurance plan as that provided to the company's employees.

- **Forced retirement severance pay**

The board of directors may decide to grant an indemnity in the event of the termination of the duties of a corporate officer.
The compensation that Sébastien Huron, chief executive officer, could receive is determined on the basis of the following objectives:

- insofar as the Group's operating profit from ordinary activities to net revenue ratio is lower than 4% on average over the last four financial half-years ended (for example: for a departure in May in year N: the period taken into account to calculate the ratio is from January, 1 of year N-2 to December, 31 of year N-1), no compensation will be due;
- insofar as the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to 4% on average over the last four closed accounting half-years (for example: for a departure in May in

year N: the period taken into account to calculate the ratio is from January, 1 of year N-2 to December, 31 of year N-1), the compensation due will be €550,000; however, to the extent that the ratio of operating profit from ordinary activities to the Group's net revenue is greater than or equal to 7% on average over the last two closed accounting half-years (for example: for a departure in August in year N: the period taken into account to calculate the ratio is July, 1 of year N-1 to June, 30 of year N), the compensation will be increased to €700,000.

Severance pay shall only be paid out in the event of a forced departure at the company's initiative. It will not be owed in the event of resignation, full pension retirement, retirement once the age limit for being a chief executive officer is reached or in the event of dismissal for gross negligence.

Deputy chief executive officers do not receive any extra-legal severance pay, but may be entitled to severance pay under their employment contract.

- **Non-competition payments**

Sébastien Huron agreed to a non-competition commitment in the event he leaves office, in consideration of which a non-competition payment is provided for.
In consideration of the non-competition obligation, Sébastien Huron will receive each month, during the entire competition ban period, a payment in an amount equal to 80% of his fixed gross monthly compensation received for the company's last financial year-end (including directors' fees and any other compensation related to his functions within the Virbac group). This payment will be limited, for this eighteen-month period, to a maximum gross amount of €500,000.
Deputy chief executive officers are not subject to any non-competition commitments in connection with their office or their employment contract and are therefore not entitled to receive any non-competition indemnity.

- **Performance-related stock grant plans**

In accordance with the authorization of the shareholders' meeting, certain employees and managers of Virbac and its subsidiaries have received long-term compensation in the form of performance-related stock grants since 2006. The performance conditions to be met for the acquisition of performance-related stock grants are measured against the internal objectives of consolidated operating profit and the Group's consolidated net debt at the close of the second full financial year following the plan's start date. These elements therefore take into account the Group's performance over more than two financial years.

The performance-related stock grant plans granted to members of the general management for the past five financial years are as follows:

	Number of shares 2018 plan	Number of shares 2021 plan	Number of shares 2022 plan	Number of shares 2023 plan
Sebastien Huron	1,600	950	5,500	800
Habib Ramdani	1,000	475	250	350
Marc Bistuer	300	300	150	240
Total	**2,900**	**1,725**	**5,900**	**1,390**

A39. Off-balance sheet commitments

- **Bonds or guarantees granted by Virbac or some of its subsidiaries**

The status of the major bonds and guarantees granted is presented below:

in € thousand	Nature	Validity limit date	2023	2022
Virbac Patagonia	Escrow payment related to the acquisition debt of the non-controlling interests (HSA Group)	—	3,383	3,549
Virbac Uruguay[1]	Mortgage security on the industrial site	Annual renewal	3,620	3,750
Guarantees given			**7,003**	**7,323**

[1]guarantee granted as part of a long-term bank loan not drawn on the closing date

- **Contingent liabilities**

Virbac and its subsidiaries are at times involved in litigation, or other legal proceedings, generally linked to disputes related to intellectual property rights, disputes involving competition law and tax matters.
Each situation is analyzed under IAS 37 or Ifric 23 when it concerns relative uncertainty surrounding tax treatment (see notes A16 and A19).
No provision is made when the company considers a liability to be potential, and information is provided in the notes to the financial statements.

As of December 31, 2023, we have not identified any contingent liabilities.

A40. Scope of consolidation

Company name	Locality	Country	2023		2022	
			Control	Consolidation	Control	Consolidation
France						
Virbac (parent company)	Carros	France	100.00%	Full	100.00%	Full
Interlab	Carros	France	100.00%	Full	100.00%	Full
Virbac France	Carros	France	100.00%	Full	100.00%	Full
Virbac Nutrition	Vauvert	France	100.00%	Full	100.00%	Full
Virbac Diagnostics	La Seyne sur Mer	France	100.00%	Full	100.00%	Full
Alfamed	Carros	France	99.70%	Full	99.70%	Full
Europe (excluding France)						
Virbac Belgium SA	Wavre	Belgium	100.00%	Full	100.00%	Full
Virbac Nederland BV[1]	Barneveld	Netherlands	100.00%	Full	100.00%	Full
Virbac (Switzerland) AG	Glattbrugg	Switzerland	100.00%	Full	100.00%	Full
Virbac Ltd	Bury St. Edmunds	United Kingdom	100.00%	Full	100.00%	Full
Virbac SRL	Milan	Italy	100.00%	Full	100.00%	Full
Virbac Danmark A/S	Kolding	Denmark	100.00%	Full	100.00%	Full
Virbac Pharma Handelsgesellshaft mbH	Bad Oldesloe	Germany	100.00%	Full	100.00%	Full
Virbac Tierarzneimittel GmbH	Bad Oldesloe	Germany	100.00%	Full	100.00%	Full
Virbac SP zoo	Varsovie	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	Barcelone	Spain	100.00%	Full	100.00%	Full
Virbac Österreich GmbH	Vienne	Austria	100.00%	Full	100.00%	Full
Virbac de Portugal Laboratorios Lda	Almerim	Portugal	100.00%	Full	100.00%	Full
Virbac Hayvan Sagligi Limited Şirketi	Istanbul	Turkey	100.00%	Full	100.00%	Full
Virbac Ireland Ltd	Dublin	Ireland	100.00%	Full	100.00%	Full
Virbac Czech Republic s.r.o (former GS Partners)	Prague	Czech Republic	100.00%	Full	—%	—
North America						
Virbac Corporation[1]	Westlake	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	2023		2022	
			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
Bioanimal Corp SpA[2]	Santiago	Chile	—%	Full	100.00%	Full
Productos Quimicos Ehlinger[2]	Santiago	Chile	—%	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
Inversiones HSA Ltda[2]	Santiago	Chile	—%	Full	100.00%	Full
Rentista de capitales Takumi Ltda[2]	Santiago	Chile	—%	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
Virbac Animal Health India Private Limited	Mumbai	India	100.00%	Full	100.00%	Full
AVF Animal Health Co Ltd Hong-Kong	Hong Kong	Hong Kong	50.00%	Equity	50.00%	Equity
AVF Chemical Industrial Co Ltd China	Jinan (Shandong)	China	50.00%	Equity	50.00%	Equity
Shandong Weisheng Biotech Co., Ltd	Jinan (Shandong)	China	50.00%	Equity	50.00%	Equity
Globion India Private Ltd	Hyderabad	India	74.00%	Full	—%	0
Pacific						
Virbac (Australia) Pty Ltd[1]	Milperra	Australia	100.00%	Full	100.00%	Full
Virbac New Zealand Limited	Hamilton	New Zealand	100.00%	Full	100.00%	Full
Africa & Middle-East						
Virbac RSA (Proprietary) Ltd[1]	Centurion	South Africa	100.00%	Full	100.00%	Full

[1] pre-consolidated levels
[2] entities were merged in Centrovet Ltda