

**Virbac Danmark A/S**  
Profilvej 1  
6000 Kolding  
Business Registration No  
16313637

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 31.05.2019

### **Chairman of the General Meeting**

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Name: Signe Winther

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## Entity details

### Entity

Virbac Danmark A/S

Profilvej 1

6000 Kolding

Central Business Registration No (CVR): 16313637

Registered in: Kolding

Financial year: 01.01.2018 - 31.12.2018

### Board of Directors

Hubert Marie-Noelle Antoine Joseph Trentesaux

Signe Winther

Henrik Thorlund Andersen

### Executive Board

Signe Winther

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Virbac Danmark A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Kolding, 31.05.2019

### Executive Board

Signe Winther

### Board of Directors

Hubert Marie-Noelle Antoine  
Joseph Trentesaux

Signe Winther

Henrik Thorlund Andersen

# Independent auditor's extended review report

## To the shareholders of Virbac Danmark A/S

### Conclusion

We have performed an extended review of the financial statements of Virbac Danmark A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

### Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

## Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 31.05.2019

## Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Suzette Demediuk Steen Nielsen

State Authorised Public Accountant

Identification No (MNE) mne32207

## Management commentary

### Primary activities

The Company's activities consist in sale and marketing of veterinary pharmaceutical specialties, pet food, free trade commodities as well as products containing specific nutritional properties on the Danish, Swedish and Norwegian markets.

### Development in activities and finances

The profit after tax for the year amounted to DKK 2.575k against a profit of DKK 1.774k last year. The result is in line with budget and is therefore satisfactory.

A positive result is also expected for the financial year 2019.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
<b>Gross profit</b>		<b>35.066.087</b>	<b>32.554.390</b>
Distribution costs	1	(25.519.229)	(23.745.620)
Administrative expenses	1, 2	<u>(6.253.906)</u>	<u>(6.024.840)</u>
<b>Operating profit/loss</b>		<b>3.292.952</b>	<b>2.783.930</b>
Other financial income	3	788.555	809.557
Other financial expenses	4	<u>(717.840)</u>	<u>(1.313.948)</u>
<b>Profit/loss before tax</b>		<b>3.363.667</b>	<b>2.279.539</b>
Tax on profit/loss for the year	5	<u>(788.352)</u>	<u>(505.494)</u>
<b>Profit/loss for the year</b>		<b><u>2.575.315</u></b>	<b><u>1.774.045</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		1.600.000	2.500.000
Retained earnings		<u>975.315</u>	<u>(725.955)</u>
		<b><u>2.575.315</u></b>	<b><u>1.774.045</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Acquired intangible assets		1.262.462	1.447.041
<b>Intangible assets</b>	6	<b>1.262.462</b>	<b>1.447.041</b>
Plant and machinery		20.166	31.166
Other fixtures and fittings, tools and equipment		0	0
Leasehold improvements		0	0
<b>Property, plant and equipment</b>	7	<b>20.166</b>	<b>31.166</b>
Deposits		241.410	235.221
<b>Fixed asset investments</b>		<b>241.410</b>	<b>235.221</b>
<b>Fixed assets</b>		<b>1.524.038</b>	<b>1.713.428</b>
Manufactured goods and goods for resale		18.364.819	16.462.061
<b>Inventories</b>		<b>18.364.819</b>	<b>16.462.061</b>
Trade receivables		7.099.368	7.724.337
Receivables from group enterprises		1.965.312	1.156.363
Other receivables		0	76.191
Income tax receivable		299.751	792.478
Prepayments		284.846	132.864
<b>Receivables</b>		<b>9.649.277</b>	<b>9.882.233</b>
<b>Cash</b>		<b>1.187.595</b>	<b>403.387</b>
<b>Current assets</b>		<b>29.201.691</b>	<b>26.747.681</b>
<b>Assets</b>		<b>30.725.729</b>	<b>28.461.109</b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital	8	500.000	500.000
Retained earnings		10.158.214	9.182.899
Proposed dividend		<u>1.600.000</u>	<u>2.500.000</u>
<b>Equity</b>		<b><u>12.258.214</u></b>	<b><u>12.182.899</u></b>
Deferred tax	9	<u>111.804</u>	<u>35.461</u>
<b>Provisions</b>		<b><u>111.804</u></b>	<b><u>35.461</u></b>
Bank loans		2.613.939	4.077.350
Trade payables		3.119.744	2.456.914
Payables to group enterprises		7.987.283	5.504.985
Other payables	10	<u>4.634.745</u>	<u>4.203.500</u>
<b>Current liabilities other than provisions</b>		<b><u>18.355.711</u></b>	<b><u>16.242.749</u></b>
<b>Liabilities other than provisions</b>		<b><u>18.355.711</u></b>	<b><u>16.242.749</u></b>
<b>Equity and liabilities</b>		<b><u>30.725.729</u></b>	<b><u>28.461.109</u></b>
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## Statement of changes in equity for 2018

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	500.000	9.182.899	2.500.000	12.182.899
Ordinary dividend paid	0	0	(2.500.000)	(2.500.000)
Profit/loss for the year	0	975.315	1.600.000	2.575.315
<b>Equity end of year</b>	<b>500.000</b>	<b>10.158.214</b>	<b>1.600.000</b>	<b>12.258.214</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	13.445.482	12.207.102
Pension costs	1.037.930	972.320
Other social security costs	776.324	864.758
Other staff costs	591.569	852.853
	<b>15.851.305</b>	<b>14.897.033</b>
Average number of employees	<b>22</b>	<b>22</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	184.579	174.754
Depreciation on property, plant and equipment	11.000	11.000
Profit/loss from sale of intangible assets and property, plant and equipment	(10.000)	0
	<b>185.579</b>	<b>185.754</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Other financial income</b>		
Exchange rate adjustments	788.363	802.326
Other financial income	192	7.231
	<b>788.555</b>	<b>809.557</b>
	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>4. Other financial expenses</b>		
Financial expenses from group enterprises	78.424	162.192
Other interest expenses	87.143	104.622
Exchange rate adjustments	550.756	1.046.287
Other financial expenses	1.517	847
	<b>717.840</b>	<b>1.313.948</b>

## Notes

	<b>2018</b>	<b>2017</b>	
	<b>DKK</b>	<b>DKK</b>	
<b>5. Tax on profit/loss for the year</b>			
Current tax	723.249	304.722	
Change in deferred tax	76.343	180.558	
Adjustment concerning previous years	(11.240)	20.214	
	<b>788.352</b>	<b>505.494</b>	
		<b>Acquired intangible assets DKK</b>	
<b>6. Intangible assets</b>			
Cost beginning of year		1.824.150	
<b>Cost end of year</b>		<b>1.824.150</b>	
Amortisation and impairment losses beginning of year		(377.109)	
Amortisation for the year		(184.579)	
<b>Amortisation and impairment losses end of year</b>		<b>(561.688)</b>	
<b>Carrying amount end of year</b>		<b>1.262.462</b>	
	<b>Plant and machinery DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>	
<b>7. Property, plant and equipment</b>		<b>Leasehold improve- ments DKK</b>	
Cost beginning of year	675.238	187.229	2.990.520
<b>Cost end of year</b>	<b>675.238</b>	<b>187.229</b>	<b>2.990.520</b>
Depreciation and impairment losses beginning of year	(644.072)	(187.229)	(2.990.520)
Depreciation for the year	(11.000)	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(655.072)</b>	<b>(187.229)</b>	<b>(2.990.520)</b>
<b>Carrying amount end of year</b>	<b>20.166</b>	<b>0</b>	<b>0</b>

## Notes

### 8. Contributed capital

The Company holds treasury shares of DKK 2,000 nominal (ownership share is 0,4% of the share capital). The holding is included in the annual report at the nominal value under the share capital and is set off against the Company's distributable reserves. There has been no changes in or value adjustments of the holding of treasury shares in the financial year.

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>9. Deferred tax</b>		
Intangible assets	73.393	23.763
Property, plant and equipment	(23.736)	(30.487)
Receivables	(519)	0
Other taxable temporary differences	62.666	42.185
	<b>111.804</b>	<b>35.461</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK</b>	<b>DKK</b>
<b>10. Other payables</b>		
VAT and duties	1.565.610	1.615.921
Wages and salaries, personal income taxes, social security costs, etc payable	1.481.624	1.241.046
Holiday pay obligation	1.561.467	1.328.115
Other costs payable	26.044	18.418
	<b>4.634.745</b>	<b>4.203.500</b>

### 11. Contingent liabilities

The company has concluded a lease agreement on the lease of Profilvervej 1, Kolding, Denmark with a 6 months' notice. The lease for 6 months amounts to DKK 483k.

Operating lease contracts on truck, copying machine and 10 cars have been concluded for the years 2018 – 2023. The remaining liability amounts to DKK 1,230k.

### 12. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Virbac S.A., 1 Avnue, 2065 M-Lid BP 27, F-06516 Carros Cedex, France.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other operating income.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

## Accounting policies

### Production costs

Production costs comprise cost of sales for the financial year, including ordinary write-down of inventories and other costs incurred to earn revenue for the financial year, including wages and salaries as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment.

### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

### Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights (software).

Software is measured at cost less accumulated amortisation and amortised on a straight-line basis over the expected useful life. Straight-line amortisation is made on the basis of a specific assessment of the useful lives of each asset. The amortisation period is estimated to three to ten years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Property, plant and equipment

Plant and machinery, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	7-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

## Accounting policies

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.