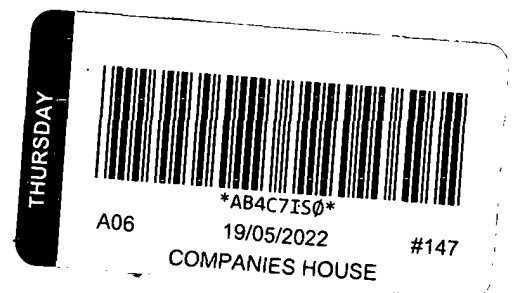


Registered number: 07402799

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M Ellis (appointed 18 February 2020, resigned 19 October 2021) GM Rhodes (appointed 24 June 2016) R Das Gupta (appointed 7 December 2021)
Registered number	07402799
Registered office	The Point 9th Floor 37 North Wharf Road London England W2 1AF
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

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COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Principal activities, business review and future developments

The principal activity of the company is that of a holding company for the Covetrus Animal Health business and it is intended to remain as such going forward.

The business continues to look for new investments.

Principal risks and uncertainties

The principal risks and uncertainties of the company is that associated with managing the net worth of the subsidiaries and associates. These do not cause concern to the directors.

This report was approved by the board and signed on its behalf.

GM Rhodes
Director



Date:

15/05/22



COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020. The presentation currency of the financial statements is the US Dollar.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

As at 31 December 2020, the company's Net current liabilities were \$(512,962) (2019 - Net current assets \$23,471,550). The directors of the company are confident that the entity can continue to meet its liabilities as they fall due for the foreseeable future and therefore no material uncertainty exists around its ability to continue as a going concern.

The current pandemic of Covid-19 and Brexit has brought uncertainties to the markets the company operates in. Like many businesses the company is exposed to the effects but has continued to trade with no material impact.

The directors have analysed that the company has sufficient resources to continue to trade for the foreseeable future under all reasonably foreseeable scenarios. Based on the measures the company has taken to date and the provisions in place to manage this situation the directors are confident the company is well positioned once the period of uncertainty passes. Additionally, the company has also received a Letter of Support from the parent group emphasizing that Covetrus, Inc. will provide financial support and funding to Covetrus Animal Health Holdings Limited so that it can meet all its obligations as they fall due and remains a going concern throughout that period.

Post balance sheet events

On 24 February 2022, Russian armed forces began a military invasion of Ukraine. The directors have assessed that there is no impact on the business from this conflict.

Results and dividends

The loss for the year, after taxation, amounted to \$21,090,249 (2019 - loss \$34,713,333).

The directors do not recommend the payment of a dividend (2019 - \$Nil)

Directors

The directors who served during the year and up to the date of this report were:

M Ellis (appointed 18 February 2020, resigned 19 October 2021)

GM Rhodes (appointed 18 February 2020)

R Das Gupta (appointed 7 December 2021)

Future developments

The principal activity of the company is that of a holding company for the Covetrus Animal Health business and it will continue as a holding company going forward.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



GM Rhodes
Director

Date:

15/05/22



COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVETRUS ANIMAL HEALTH HOLDINGS LIMITED (CONTINUED)

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Covetrus Animal Health Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVETRUS ANIMAL HEALTH HOLDINGS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVETRUS ANIMAL HEALTH HOLDINGS LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The procedures we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement such as carrying value of investments subject to impairment reviews;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2020.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COVETRUS ANIMAL HEALTH HOLDINGS LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh
Date 16 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Administrative expenses		(472,501)	99,635
Operating (loss)/profit	4	<u>(472,501)</u>	<u>99,635</u>
Intercompany receivables write off		(606,819)	(16,996,785)
Interest payable and similar charges	7	(20,010,929)	(19,297,249)
Loss before tax		<u>(21,090,249)</u>	<u>(36,194,399)</u>
Tax on loss	8	-	1,481,066
Loss for the financial year		<u>(21,090,249)</u>	<u>(34,713,333)</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>(21,090,249)</u>	<u>(34,713,333)</u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.


The notes on pages 12 to 21 form part of these financial statements.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED
REGISTERED NUMBER: 07402799

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
Fixed assets			
Investments	9	647,839,670	647,243,155
		647,839,670	647,243,155
Current assets			
Debtors: amounts falling due within one year	10	29,164,608	27,440,163
Cash at bank and in hand	11	5,885	321,905
		29,170,493	27,762,068
Creditors: amounts falling due within one year	12	(29,683,455)	(4,290,518)
Net current (liabilities)/assets		(512,962)	23,471,550
Total assets less current liabilities		647,326,708	670,714,705
Creditors: amounts falling due after more than one year	13	(398,733,120)	(401,030,868)
Net assets		248,593,588	269,683,837
Capital and reserves			
Called up share capital	14	4	4
Share premium account	15	9,159,966	9,159,966
Capital redemption reserve	15	409,274,425	409,274,425
Profit and loss account	15	(169,840,807)	(148,750,558)
		248,593,588	269,683,837

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


GM Rhodes
 Director

Date: 15/05/22

The notes on pages 12 to 21 form part of these financial statements.



COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 1 January 2020	4	9,159,966	409,274,425	(148,750,558)	269,683,837
Comprehensive income for the year					
Loss for the year	-	-	-	(21,090,249)	(21,090,249)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(21,090,249)	(21,090,249)
Total transactions with owners	-	-	-	-	-
At 31 December 2020	4	9,159,966	409,274,425	(169,840,807)	248,593,588

The notes on pages 12 to 21 form part of these financial statements.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	\$	\$	\$	\$	\$
At 31 December 2018	4	9,159,966	409,274,425	(114,037,225)	304,397,170
Comprehensive income for the year					
Loss for the year	-	-	-	(34,713,333)	(34,713,333)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(34,713,333)	(34,713,333)
Total transactions with owners	-	-	-	-	-
At 31 December 2019	<u>4</u>	<u>9,159,966</u>	<u>409,274,425</u>	<u>(148,750,558)</u>	<u>269,683,837</u>

The notes on pages 12 to 21 form part of these financial statements.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Covetrus Animal Health Holdings Limited is a private limited company incorporated in England and Wales under the Companies Act 2006.

The registered address is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Covetrus Inc as at 31 December 2020 and these financial statements may be obtained from 7 Custom House St, Portland, Maine, USA.

2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Going concern

After making enquiries, the directors have confirmed that the company will continue to be supported by the Group and have reasonable expectation that the Group has adequate resources to provide that support and to continue in operational existence for the foreseeable future. The current and future financial position of the company, its cash flows and liquidity have been reviewed by the directors. The directors have confirmed that the company will continue to be supported by the Group and are confident that the existing funding facilities will provide sufficient headroom to meet forecast cash requirements having considered any additional requirements that would be contingent on a downturn in activity over the same period. The company is part of a large Group and would have access to the Group's resources should they be required.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and judgements relate to determining whether there are indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the underlying companies.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020	2019
	\$	\$
Exchange loss/(gain)	<u>403,999</u>	<u>(117,878)</u>

5. Auditor's remuneration

	2020	2019
	\$	\$
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>15,000</u>	<u>15,000</u>

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Directors	<u>2</u>	<u>3</u>

The company has no employees other than the directors, who did not receive any remuneration (2019 - \$Nil).

7. Interest payable and similar charges

	2020	2019
	\$	\$
Group loan interest payable	<u>20,010,929</u>	<u>19,297,249</u>
	<u>20,010,929</u>	<u>19,297,249</u>

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Taxation

	2020 \$	2019 \$
Corporation tax		
Current tax on profits for the year	-	(1,481,066)
Total current tax	<u>-</u>	<u>(1,481,066)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>-</u>	<u>(1,481,066)</u>

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 \$	2019 \$
Loss on ordinary activities before tax	<u>(21,090,249)</u>	<u>(36,194,399)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(4,007,147)	(6,876,936)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,519,478	5,395,870
Group relief surrendered	1,460,247	-
Movement in deferred tax not recognised	1,027,422	-
Total tax charge for the year	<u>-</u>	<u>(1,481,066)</u>

Factors that may affect future tax charges

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

9. Fixed asset investments

	Unlisted investments \$
Cost or valuation	
At 1 January 2020	647,243,155
Additions	36,953,432
Disposals	(36,356,917)
At 31 December 2020	<u>647,839,670</u>

On 19 March 2020 the company contributed its investment in the Scil animal-care business ("Scil") valued at \$36,356,917 to its subsidiary, Covetrus Finance Holding Ltd in exchange for an issuance of 125 new shares, each with a nominal value of \$1 per share.

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
Sugar Creek Software Systems (Proprietary) Ltd.	South Africa	Software Development	100 %
WA Butler Company	U.S.	Holding Company	100 %
Butler Animal Health Holding Company LLC	U.S.	Holding Company	100 %
Butler Animal Health Supply , LLC	U.S.	Vet Product Distribution	100 %
Purchasing Services Holdings, LLC	U.S.	Holding Company	100 %
Veterinarian Debit Cards, LLC	U.S.	Wholesale Services	100 %
VPG Holdings LLC	U.S.	Holding Company	100 %
Vetboost LLC	U.S.	Vet Product Distribution	100 %
Animal Healthcare Services Ltd.	United Kingdom	Vet Product Distribution	100 %
Kruuse Svenska AB	Sweden	Vet Product Distribution	100 %
Jorgen Kruuse A/S	Denmark	Vet Product Distribution	100 %
Kruuse Norge AS	Norway	Vet Product Distribution	100 %
Kruuse UK Ltd.	United Kingdom	Vet Product Distribution	100 %
Kruuse Polska Sp. Z.o.o.	Poland	Vet Product Distribution	100 %
E-Vet A/S	Denmark	Vet Product Distribution	100 %
Covetrus IE Ltd. (f/k/a C&M Vetlink Ltd.)	Ireland	Vet Product Distribution	100 %
Covetrus Belgium Holding NV (f/k/a AUV Belgium Holding NV)	Belgium	Vet Product Distribution	100 %
Covetrus NV	Belgium	Vet Product Distribution	100 %
Nerum NV	Belgium	Vet Product Distribution	100 %
VS&L NV	Belgium	Vet Product Distribution	100 %
Yourvet B.V	Netherlands	Vet Product Distribution	100 %
Nationale Dierenapotheek BV	Netherlands	Vet Product Distribution	100 %
Animal Health Logistics, LLC	U.S.	Logistics	100 %
Covetrus Software Services, LLC	U.S.	Wholesale Services	100 %
OHCP III Equine, Inc.	U.S.	Holding Company	100 %
Smartpak Equine LLC	U.S.	Vet Product Distribution	100 %
Animalytix LLC	U.S.	Vet Product Distribution	16.67 %
Vedco, Inc.	U.S.	Vet Product Distribution	25 %
Pelican Holdco (Pty) Ltd.	Australia	Holding Company	100 %
Pelican Acquisition Company (Pty) Ltd.	Australia	Holding Company	100 %
Provet Holdings Pty. Ltd.	Australia	Holding Company	100 %
Vet Quip (Pty.) Ltd.	Australia	Vet Product Distribution	100 %
Anitek Pty. Ltd.	Australia	Vet Product Distribution	100 %
Provet (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet NZ (Pty.) Ltd.	Australia	Vet Product Distribution	100 %
Provet Australasia (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet NZ Pty Ltd (NZ Dist Branch)	New Zealand	Vet Product Distribution	100 %
Medivet SA	Poland	Vet Product Distribution	100 %
Maravet SRL	Romania	Vet Product Distribution	100 %
Provet Victoria (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet Queensland (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet SA (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet (NSW) (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet Riverina (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet WA (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet VMS (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Petsite (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Provet IT (Pty) Ltd.	Australia	Vet Product Distribution	100 %
Kruuse Hong Kong Limited	Hong Kong	Vet Product Distribution	100 %

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Holding
Kruise Trading (Shanghai) Ltd.	China	Vet Product Distribution	100 %
Covetrus Brazil Holding S.A.	Brazil	Holding Company	61.16 %
Vettec Produtos Agropecuários EIRELI	Brazil	Vet Product Distribution	61.16 %
Granda Produtos Veterinários EIRELI	Brazil	Vet Product Distribution	61.16 %
Abase Comércio e Representações Ltda	Brazil	Vet Product Distribution	61.16 %
Covetrus Holding B.V.	Netherlands	Vet Product Distribution	100 %
Victory Alpha Ltd.	United Kingdom	Holding Company	100 %
Henry Schein SE Europe Holding Srl	Romania	Holding Company	100 %
Project Gold Aps	Denmark	Holding Company	100 %
Project Silver Aps	Denmark	Holding Company	100 %
Clemton Investments Sp. Z.o.o..	Poland	Holding Company	100 %
Taiken Comercio e Distribuicao de Produtos Agropecuarios Ltda.	Brazil	Vet Product Distribution	60.50 %
Rosedale Investments Sp. Z.o.o.	Poland	Holding Company	100 %
ABIC Polska Sp. Z.o.o.	Poland	Vet Product Distribution	100 %
Covetrus Finance Holding, Ltd.	United Kingdom	Holding Company	100 %
Covetrus Animal Health Finance Ltd.	United Kingdom	Holding Company	100 %
Covetrus B.V	Netherlands	Vet Product Distribution	100 %

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

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10. Debtors

	2020	2019
	\$	\$
Amounts owed by group undertakings	29,155,297	27,428,378
Other debtors	9,311	11,785
	29,164,608	27,440,163

11. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	5,885	321,905
Less: bank overdrafts	(29,586,474)	(4,205,879)
	(29,580,589)	(3,883,974)

12. Creditors: Amounts falling due within one year

	2020	2019
	\$	\$
Bank overdrafts	29,586,474	4,205,879
Accruals and deferred income	96,981	84,639
	29,683,455	4,290,518

13. Creditors: Amounts falling due after more than one year

	2020	2019
	\$	\$
Amounts owed to group undertakings	398,733,120	401,030,868
	398,733,120	401,030,868

14. Share capital

	2020	2019
	\$	\$
Allotted, called up and fully paid		
4 (2019 - 4) Ordinary shares shares of \$1.00 each	4	4

COVETRUS ANIMAL HEALTH HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Reserves

Share premium account

This reserve represents any premiums received on issue of share capital.

Capital contribution reserve

The capital contribution reserve represents a contribution of capital, in the form of funds, to the company by the ultimate parent.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Related party transactions

The company is a member of the Covetrus, Inc. group and, during the year, was under the control of Vet Intermediate HoldCo II, LLC.

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, 33.1, "Related Party Transactions", not to disclose any transactions with any wholly owned entities that are included in the consolidated financial statements of Covetrus, Inc. as these financial statements are publicly available.

17. Controlling party

The Company is controlled by Vet Intermediate Holdco II LLC its immediate parent company, registered in the USA, with registered address Custom House Square, 7, Custom House St, Portland, Maine 04101. Covetrus, Inc, incorporated and registered in the USA, is the Company's ultimate parent undertaking and is the largest and smallest group of which Covetrus Animal Health Holdings Limited is a member and for which group financial statements are drawn up. Copies of Covetrus, Inc. group financial statements are available from Custom House Square, 7, Custom House St, Portland, Maine 04101.