

DECHRA VETERINARY PRODUCTS A/S

Mekuvej 9
7171 Uldum
Denmark

CVR no. 10 11 42 41

Annual report 2018/19

The annual report was presented and approved at
the Company's annual general meeting on

_____20_____

Carsten Jeppesen
chairman

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DECHRA VETERINARY PRODUCTS A/S
Annual report 2018/19
CVR no. 10 11 42 41

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DECHRA VETERINARY PRODUCTS A/S for the financial year 1 July 2018 – 30 June 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Uldum 17 December 2019
Executive Board:

Ian David Page

Board of Directors:

Anthony Gerard Griffin
Chairman

Melanie Jane Hall

Ian David Page

Independent auditor's report

To the shareholders of DECHRA VETERINARY PRODUCTS A/S

Opinion

We have audited the financial statements of DECHRA VETERINARY PRODUCTS A/S for the financial year 1 July 2018 – 30 June 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Company's operations for the financial year 1 July 2018 – 30 June 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility 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 that 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 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

Independent auditor's report

effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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's review.

Vejle, 17 December 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Lars Almskou Ohmeyer
State Authorised
Public Accountant
mne24817

Morten Jacobsen
State Authorised
Public Accountant
mne44140

DECHRA VETERINARY PRODUCTS A/S
Annual report 2018/19
CVR no. 10 11 42 41

Management's review

Company details

DECHRA VETERINARY PRODUCTS A/S
Mekuvej 9
7171 Uldum
Denmark

Telephone: +45 76 90 11 00
Website: www.dechra.com

CVR no.: 10 11 42 41
Financial year: 1 July – 30 June

Board of Directors

Anthony Gerard Griffin, Chairman
Melanie Jane Hall
Ian David Page

Executive Board

Ian David Page

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
7100 Vejle
Denmark

Management's review

Financial highlights

DKK'000	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Key figures					
Revenue	1,426,675	1,140,797	1,013,696	951,961	822,322
Gross profit/loss	193,553	165,525	180,360	192,900	168,678
Operating profit/loss	113,648	96,535	118,747	131,570	104,404
Profit for the year	96,521	79,434	91,592	94,223	94,385
Total assets					
Total assets	1,047,271	924,226	870,274	917,671	907,639
Equity					
Equity	555,849	470,783	446,939	360,958	270,984
Ratios					
Gross margin	13.6%	14.5%	17.8%	20.3%	20.5%
Operating margin	8.0%	8.5%	11.7%	13.8%	12.7%
Return on equity	18.8%	17.3%	22.7%	29.8%	25.4%
Solvency ratio	53.1%	50.9%	51.4%	39.3%	29.9%
Average number of full-time employees					
Average number of full-time employees	76	71	73	68	66

Financial ratios are calculated in accordance with the guidelines "Recomendations and Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

Principal activities

Dechra is an international specialist pharmaceutical and related products business. Our expertise is in the development, manufacture and sales and marketing of high quality products exclusively for veterinarians worldwide. The business sells products in several European and overseas markets through subsidiaries and a number of distribution partners. Our customers are veterinary surgeons, predominantly operating out of commercial veterinary practices.

Our Business Model

Our objectives are to innovate, develop, register, supply and market high quality products to the veterinary profession worldwide. We also offer high levels of service, technical support and educational training to support the Dechra brand and develop a strong relationship, and be recognised as an important partner to veterinarians.

Our products

Our products can be divided into four categories: Companion Animal Products (CAP), Food producing Animal Products (FAP), Equine and Nutrition. All are targeted at providing veterinary professionals with solutions for their customers' needs.

CAP is the basis upon which Dechra established its market position and continues to be our strongest sector. The majority of products in our portfolio are Prescription Only Medicines (POMs), prescribed, administered and dispensed by veterinarians working in companion animal practices. We also have a range of associated non-prescription products that complement the licensed pharmaceuticals, such as ear cleaners, dermatologically active shampoos and other topical and nutritional supplements. Key therapeutic sectors consist of endocrinology, dermatology, analgesia and anaesthesia, cardiovascular and critical care.

Dechra entered the FAP sector through the acquisition of Eurovet in 2012 by the parent company of Dechra Veterinary Products A/S. As over 60% of all global animal health sales are FAP, Dechra is underweight relative to the market and our competitors, and it is an increasing area of focus, especially in our plans for geographic expansion. Our products are entirely POMs that are prescribed by veterinarians who work in either specialist veterinary practices or professional farming units. Key therapeutic sectors consist of water soluble antibiotics, poultry vaccines, locomotion (lameness) and pain management.

Equine is a sector in which few animal health companies specialise due to the relatively small number of horses in the world and the fact that in the majority of European countries the horse is classed as a food producing species which adds complexity to the licensing process. Equine veterinarians are specialised in the species and operate out of either mixed practices or, increasingly, specialist equine centres. Key therapeutic sectors consist of lameness and pain management.

Nutrition is our range of pet foods predominantly focused on high quality nutrition to support therapeutic conditions in dogs and cats such as allergies, obesity, heart and kidney disease. They are sold through veterinary practices under the recommendation of either veterinarians or veterinary nurses and are recommended to support therapeutic recovery following diagnosis by a veterinarian of specific conditions.

Management's review

Operating review

Performance

During the 2019 financial year our business has continued to deliver above market growth. With the continued consolidation of veterinary practices we are adapting the support model with an increase in key account managers and resource for the technical support team aimed at supporting these corporate groups in growing their business. Whilst consolidators put pressure on margins they deliver volume. We believe we have strong relationships with the majority of the key players whom we clearly regard as important customers.

CAP continues to perform well with our key therapeutic sectors, especially endocrinology and anaesthesia and analgesia, delivering good growth. This was enhanced further by the launch of the Le Vet range of products during the current year in several of our own territories, following the acquisition of Le Vet B.V. by the parent company of Dechra Veterinary Products A/S.

FAP also continues to deliver growth despite the ongoing pressure on antibiotic reduction. We believe our FAP antibiotic range is now aligned for best prescribing practice and the overall portfolio is in a strong position to continue to deliver future growth. Our range of in-house developed poultry vaccines is also enhancing this position. In the current year, FAP has also had a positive impact from increases in sales prices due to the increase in raw material prices.

Equine products have performed well, and sales of Osphos are developing as its clinical merits are more widely appreciated.

The performance from Nutrition was disappointing as we continued to come under pressure from competitors. In the prior year we launched our refreshed cat diets with a new modern packaging design, a Velcro type sealing system to keep the product fresh once opened and significantly improved palatability, which was received well, and we are looking to launch a similar programme for our dog diets in the next twelve months.

Development in activities and financial position during the year under review and follow-up on forecast development for 2018/19

Company and parent company results and performance were in line with Management expectations.

The Company reports a profit before tax of DKK 124,4 million for 2018/19.

In the past period, the Company realised its planned activities.

The primary objective for 2019/20 will be to continue to focus on our strategic pillars and grow the awareness and presence of the Dechra brand across Europe.

Capital

The capital base of the Company comprises a share capital of a nominal amount of DKK 100 million subscribed at a premium. At 30 June 2019, total equity stood at DKK 555,8 million.

Events after the balance sheet date

There are no reportable post-balance sheet events

Management's review

Operating review

Capital resources

The capital resources are considered sufficient to meet future requirements.

Management of special risks

Effective risk management and control is key to the delivery of our business strategy and objectives. Our risk management and control processes are designed to identify, assess, mitigate and monitor significant risks and can only provide reasonable and not absolute assurance that the Group will be successful in delivering its objectives.

The Board oversees the risk management and internal control framework, and the Audit Committee reviews the effectiveness of the risk management process and the internal control framework.

The Group Senior Executive Team (SET) owns the risk management process and is responsible for managing specific Group risks. The SET is also responsible for embedding sound risk management in strategy, planning, budgeting, performance management and operational processes within their respective Operating Segments and business units.

The Board and SET together set the tone and decide the level of risk and control to be taken in achieving the Group's objectives. The following risks are specific to our business:

Competition

Competitor products launched against one of our leading brands. We mitigate this through focus on lifecycle management strategies for our key products to ensure our products fulfil evolving customer requirements. Product patents are monitored, and defensive strategies are developed towards the end of the patent life or data exclusivity period. We monitor market activity prior to competitor products being launched and develop a marketing response strategy to mitigate competitor impact.

Market risk

The emergence of veterinary buying groups, corporate customers and internet pharmacies. We manage and monitor our national and European pricing policies to ensure equitable pricing for each customer group. Our relationships with larger customers are managed by key account managers, and our marketing strategy is designed to support veterinarians in retaining customers by promoting the benefits of our product portfolio in our major therapeutic areas.

Outlook

Following a strong set of results in 2019, the outlook and performance for year 2019/20 remains in line with management expectations and is in line with 2018/19. Good progress is being made on all parts of our strategy, with several new opportunities being realized and recent Group acquisitions delivering the expected returns. Whilst there are many challenges in the market, which is developing faster than at any time in its history, we believe that our strategy and flexibility to adapt to change positions us well to continue to outperform.

Management's review

Operating review

Corporate social responsibility

Acc. to Section 99(a) of the Danish Financial Statements Act

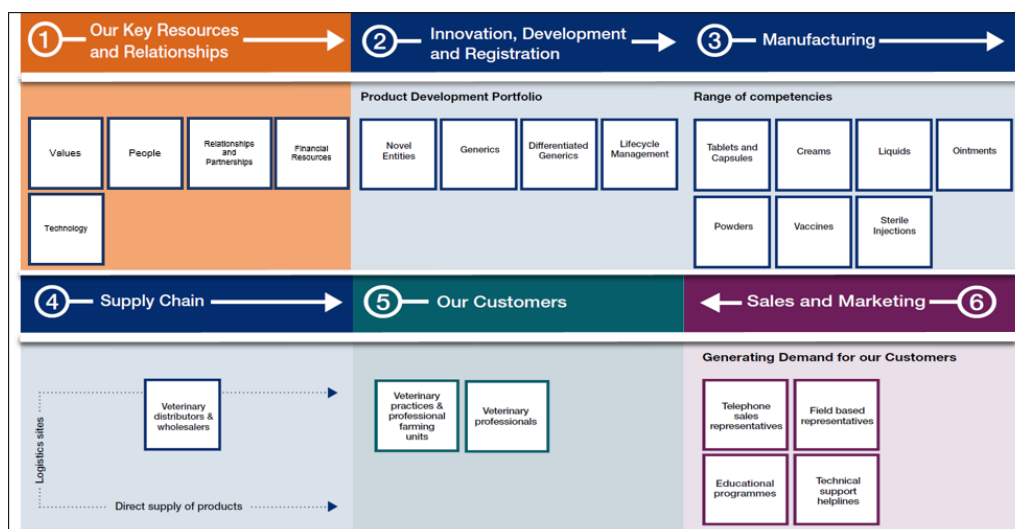
Thinking and acting responsibly towards environment, community and people lies deep in the genes at Dechra Service Center. Ever since the very early days of environmental thinking within the business area in Denmark Dechra Service Center has been among the first movers on thinking and acting responsible in all we do. This is evident in the 2 full CSR reports and a number of preceding reports on environment, work environment and social responsibility in the past years.

In January 2020 we will commence the preparations for our third CSR report which will be closely linked to the Group visions for CSR building on four pillars; Our People, Our Community, Our Environment and Our Business. The Group vision goals are still in the making but we have been invited in to participate in the setting of these goals and look forward to the work.

Business Model

Dechra Service Center is the central warehouse for Dechras' European and International markets as well as North America is supplied from Uldum, Denmark. The vast majority of products manufactured in our manufacturing sites in Skipton, Bladel and Zagreb as well as a large number of in-licensed products are transported and stored in the warehouse in Uldum. From this site they are picked, packed and shipped to our European and International customers. The principal objective is to deliver a customer's order on time and in full every time.

The majority of veterinary practices are supplied through pharma wholesalers and distributors, who are specialised veterinary distribution companies that operate as one-stop shops. They stock the majority of items veterinary practices need and offer high levels of service, often with a next day delivery. These distributors, on the whole, are not proactive in selling product; they predominantly supply to demand where the demand is driven by Dechra's own sales activities within veterinary practices. There are a few markets where we offer direct supply, such as Germany and the Netherlands that are not fully supported by veterinary distributors or where legislation enforces all pharmaceuticals to be sold through pharmacies, such as Denmark, Italy, Norway and Sweden.



Management's review

Operating review

The four CSR pillars

As a pharmaceutical company Dechra Service Center has always had focus on acting responsibly towards our employees and in the local community.

Dechra Values

Our social responsibility approach is closely linked to the Dechra values and all activities in connection with our employees and daily operation with customers, suppliers and business partners are closely linked to the 6 values.



Pillar one - People

Our employees are our most valuable resource. Therefore we want to create a workplace, where we focus on our employees' well-being and desire to engage in the company and the job. An employee of Dechra should be a fulfilled person, who, through his/her job, is replenished with positive energy in the form of job satisfaction and a good working atmosphere.

Dechra Service Center want to create a workplace which will, where possible, seek to help external vulnerable groups by e.g. offering short periods of work as a trainee and other initiatives. To be socially responsible in relation to our own employees, we reserve the right to be honest in assessing whether a positive outcome of such a traineeship is possible.

Management's review

Operating review

Our People Approach

- Maintain and develop a strategy to have a pool of apprentices in the company.
- Stay focused on the optimization of our human resources, taking into account the well-being and good psychological work environment.
- Continue development of our managers to develop and motivate employees.
- Retain our employees.
- Promote Dechra spirit, culture and value
- Demonstrate social responsibility towards the local community and the local authority, partly by helping with activation plans for unemployed and offer knowledge to small and medium sized companies in the local community.

We have for several years employed young people in apprenticeships of 2 years and have in 2019 4 people in the Administration and 2 in the Warehouse. Our young people join the workforce on the same level as all other employees which ensure them a thorough education and we are fortunately often able to offer them to stay after the 2 year period has ended.

We take pride in developing and retaining our staff at all stages of their work life and are open to create a work-life balance which enables our employees to manage family and work in a positive way. We do this by allowing our employees to plan their own day and enabling them to work from home when needed.

In connection with staff having partial loss of ability to work, we try whenever possible to relocate the employees in other job functions. In 2018/2019 we have ensured work retention for two employees, who are now employed on reduced working hours and tasks, but who are still able to have a meaningful and satisfactory life. Furthermore, we have 2 people in work practice who have suffered long-term illnesses, but who have developed and are thriving in the embracing atmosphere from their co-workers.

Our employee demographic is shown below and is monitored actively. Each month we highlight anniversaries and special anniversaries are celebrated with a small reception.

Gender diversity according to Section 99(b) of the Danish Financial Statements Act

Employee Demographic

Gender	
Male	34
Female	46

Employment	
Full-time	77
Part time	6

*Figures from October 2019

Age	
18 - 24	6
25 - 34	17
35 - 44	23
45 - 54	28
55 - 65	9

Employment length	
1 - 3 y	39
3 - 5 y	16
5 - 10 y	10
10 - 15 y	9
15 - 20 y	4
20y or more	9

Management's review

Operating review

Gender Equality on management level

At Dechra Service Center there is a small overweight of female employees in the overall staff count, but a good distribution of males and females in the various management levels.

In the Board of Dechra Veterinary Products A/S, of which Dechra Service Center is a part there are two males and one female all placed off site in UK and the Netherlands. With the current division of males and females we have ensured equal representation at top level.

For the Danish organization below board level we choose to encompass all managers. There is a total of 7 top and middle managers of whom 3 are female. This is a 43% female quota, which is considered to be an equal distribution.

It is our intention to aim to have a min. of 30-40% women in managerial positions and as well in the management team. At present this intention is fulfilled.

In future recruitments to managerial positions we will ensure that the last short list of candidates as a minimum includes 1 female. As we more than live up to the legislation no further actions will at the moment be initiated. Also no real plans on the gender quota have been implemented yet and therefore there are no real actions to follow up on.

Work Environment

Dechra Veterinary Products A/S is at the Danish Working Environment Authority rated with a green smiley, which means we have a good and healthy work environment. Our Health & Safety Board has for many years actively worked to create a safe and healthy work place both physically and psychologically for all employees. Furthermore, Dechra performs regular job satisfaction surveys in order to always be in touch with the needs and development of the organisation.

Since 1995 Dechra has been a voluntary member of CRECEA. (CRECEA is an authorized work environment consultancy company).

Work Environment Approach

- Focus on general stress prevention. Create system that can prepare the staff before entering a stressful period.
- Have an external consultant go through working stations and ergonomic advice.
- Proactively collect and work with data to minimize the risk of incidents and accidents.
- Eliminate products packed in units more than 14 kg.

Management's review

Operating review

Statistics on accidents and near misses

Year:	09	10	11	12	13	14	15	16	17	18	19*
Reported accidents*: *: at least 1 days absense	1 8 June 2009	1 20 July 2010	0	0	1 14 Mar. 2013	1 12 Nov. 2014	3 27 Jan 18 Aug 6 Nov 2015	0	0	0	0
Near misses and accidents, which do not require reporting to authorities.** ** monitored in HSE team	1	1	1	1	0	1	0	1	0	2	3

19* - January – June 2019

In 2018 and 2019 we have seen an increase in near misses, which happened to our young people. This has brought our attention to the need for thorough instruction of all new staff and especially our young people.

At Dechra Service Center we have a long tradition for working actively with all aspects of the work environment in order to create a safe and good place to work for our employees. We have a number of committees/groups in place to capture and secure our high standards and act proactively on observations which need attention.

- An HSE organisation with local groups for the administration and the warehouse
- A “Nutcracker group” for identifying and acting on workplace victimisation
- Regular job satisfaction surveys are performed
- Work Place Assessments are carried through every 3 years
- First Aid and Firefighting courses held every 2 years

Results from Work Place Assessments and other observations are registered and monitored in an online tracking system and followed up at each HSE meeting held 3 times per year.

Management's review

Operating review

Pillar two – Our Community

We seek to be part of the community we are surrounded by, amongst others to support local events/clubs but also by opening our park around the buildings, which includes barbecue areas. Our social responsibility also includes the organization of a Senior Day for former employees and the involvement of the local community in connection with open-house events.

Our commitment to help also shows in the many years of sponsorship to 3 SOS children in Africa to ensure that they go to school and live under good conditions. Also on a yearly basis we sponsor local sports and cultural activities in the community either by donations or volunteer work. Eg. we sponsor a scene at the local Uldum Musical Festival and we participate in the judges team at the HOP-IN Fair for Innovation, Design and Craftsmanship for 7th grade pupils.

We have a big focus on doing business in an ethical way supported by the widely implemented and monitored Anti-bribery and Anti-corruption policy in the business. In addition to this, there is a Code of Conduct/Ethics signed by all employees in Dechra.

We also follow the guidelines in the Data Protection Act in order to handle sensitive information in an ethical way.

Pillar three – Environment

Dechra Service Center has always had focus on good environmental controls and has always worked actively on identifying and implementing measures to minimize the impact on the environment.

Environmental Approach

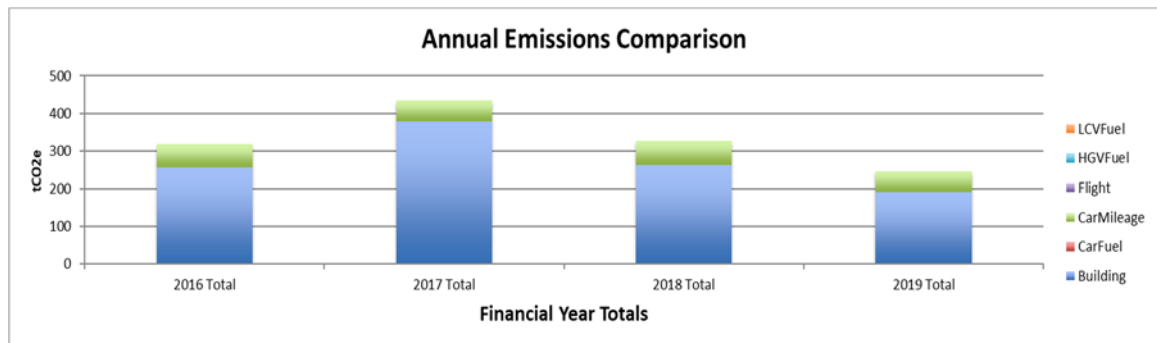
- Comply with applicable environmental, health and safety regulations and stay ahead of forthcoming regulations.
- Identify potential resource savings in energy and water consumption.
- Work to enforce demands for resource optimization at selected suppliers.
- On a yearly basis plan and carry through environmental activities.

Dechra's key resource usage is the consumption of energy in connection with the operation of warehouse and administration. The key environmental factors include emissions of CO₂ into the air which comes from the company's energy consumption. There is also noise from trucks operating to and from the company, but the noise level is within the applicable limits.

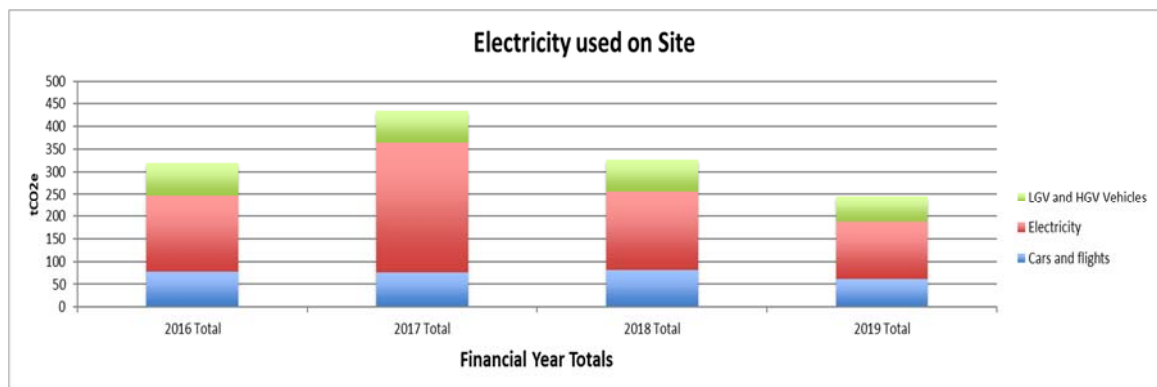
Management's review

Operating review

Dechra furthermore contributes to the development and implementation of alternative energy production sources such as wind and solar power through a yearly donation of 15.000 DKK.



The CO₂ emissions for the building steadily follow a decreasing trend of energy consumption from 2018 to 2019. The decrease has gone from 262t in 2018 and to 171t in 2019. This decrease is both LED-lighting installed a few years ago and less use of heating lamps in the warehouse. In terms of car mileage the consumption is down to 54t in 2019 due to less vehicles on the road.



The electricity usage also decreased in 2019 from 175 tons to 125 tons. This is primarily due to the installation of LED lighting in the warehouse and administration building on Mekuvej 9 and less use of heating lamps in the warehouse.

Pillar four – Our Business

As Dechra Service Center is a Danish subsidiary of a UK listed company we do not face any challenges in regard to human rights like children's work or slavery etc. As a consequence of this a policy on human rights has not yet been made.

The overall management and planning of our business and CSR work is handled by the top management at Dechra Service Center. The top management is constantly looking for new opportunities or risks which can affect the employees, environment, ethics or the economy of Dechra Service Center locally and nationally and implements new CSR teams to work with up-coming projects on regular basis.

Active CSR projects are monitored on regular basis to ensure that set KPI goals and results are met. Furthermore, employees involved in CSR work are regularly updated on factors which can affect their CSR work.

Management's review

Operating review

One essential factor in our CSR work is the Group approach to CSR as well as the demands our stakeholders place on us in terms of social responsibility. On all factors we clearly see an increased interest in this area which only encourages us to put an even bigger effort into developing and implementing our CSR focus in the organization at Dechra Service Center.

As a division under Dechra PLC we implement and adhere to those policies which are published from group level in regards to Anti-Bribery; Donation policy, Code of Conduct/Ethics; Whistleblowing and the company values.

Via Dechra Group all employees receive training in Anti-Bribery and Corruption policies, which pushed out to the employees via Delta training platform. The Dechra Group also administers the surveillance of Anti-Bribery training for high-risk externals, to which we feed information about supplier and business partner, that we do business with at Dechra Service center.

Dechra Veterinary Products A/S has been included in the ABC training course for Dechra's third party network and has received updated internal ABC policies and procedures. Furthermore new employees have received ABC training as they have started.

There have been no reports on bribery or corruption involving any of our suppliers or employees during the year.

Financial statements 1 July – 30 June

Income statement

DKK'000	Note	2018/2019	2017/2018
Revenue	2	1,426,675	1,140,797
Cost of goods sold		-1,172,789	-914,498
Other operating income		36,567	35,505
Other external costs		<u>-96,900</u>	<u>-96,279</u>
Gross profit		193,553	165,525
Staff costs	3	-46,299	-40,484
Depreciation, amortisation and impairment losses	4	<u>-33,606</u>	<u>-28,506</u>
Operating profit		113,648	96,535
Income from equity investments in group entities	5	20,999	18,529
Financial expenses	6	<u>-10,284</u>	<u>-11,609</u>
Profit before tax		124,363	103,455
Tax on profit for the year	7	<u>-27,842</u>	<u>-24,021</u>
Profit for the year	8	<u><u>96,521</u></u>	<u><u>79,434</u></u>

Financial statements 1 July – 30 June

Balance sheet

DKK'000	Note	2018/2019	2017/2018
ASSETS			
Fixed assets			
Intangible assets	9		
Goodwill		132,331	155,343
Software		32,357	37,876
Development projects in progress		268	806
		<u>164,956</u>	<u>194,025</u>
Property, plant and equipment	10		
Land and buildings		21,280	22,848
Plant and machinery		886	1,375
Fixtures and fittings, tools and equipment		2,520	3,830
		<u>24,686</u>	<u>28,053</u>
Investments	11		
Equity investments in group entities		95,444	85,900
Deposits		53	53
		<u>95,497</u>	<u>85,953</u>
Total fixed assets		<u>285,139</u>	<u>308,031</u>
Current assets			
Inventories			
Raw materials and consumables		705	456
Finished goods and goods for resale		249,127	203,601
		<u>249,832</u>	<u>204,057</u>
Receivables			
Trade receivables		59,909	50,436
Receivables from group entities		443,780	352,044
Corporation tax		1,009	0
Prepayments		7,591	7,585
		<u>512,289</u>	<u>410,065</u>
Cash at bank and in hand		11	2,073
Total current assets		<u>762,132</u>	<u>616,195</u>
TOTAL ASSETS		<u><u>1,047,271</u></u>	<u><u>924,226</u></u>

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Balance sheet

DKK'000	Note	2018/2019	2017/2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	12	100,000	100,000
Reserve for net revaluation under equity method		91,622	82,077
Reserve for development costs		5,789	6,934
Retained earnings		<u>358,438</u>	<u>281,772</u>
Total equity		<u>555,849</u>	<u>470,783</u>
Provisions			
Provisions for deferred tax		<u>7,424</u>	<u>8,983</u>
Total provisions		<u>7,424</u>	<u>8,983</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Corporation tax		25,883	3,214
Payables to group entities		<u>151,045</u>	<u>150,821</u>
		<u>176,928</u>	<u>154,035</u>
Current liabilities other than provisions			
Banks, current liabilities		0	104,398
Trade payables		27,550	42,529
Payables to group entities		167,362	44,595
Corporation tax		72,861	72,875
Other payables		<u>39,297</u>	<u>26,028</u>
		<u>307,070</u>	<u>290,425</u>
Total liabilities other than provisions		<u>483,998</u>	<u>444,460</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,047,271</u></u>	<u><u>924,226</u></u>
Contractual obligations, contingencies, etc.			
Related party disclosures	16		
Disclosure of events after the balance sheet date			

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Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under equity method	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 July 2017	100,000	83,381	2,372	39,116	55,000	279,869
Net effect from adjustment of fundamental error	0	0	0	167,070	0	167,070
Ordinary dividends paid	0	0	0	0	-55,000	-55,000
Exchange adjustment	0	0	0	-590	0	-590
Transferred over the profit appropriation	0	-1,304	4,562	76,176	0	79,434
Equity at 1 July 2018	100,000	82,077	6,934	281,772	0	470,783
Net effect from change of accounting policy	0	-10,614	0	0	0	-10,614
Exchange adjustment	0	-838	0	-3	0	-841
Transferred over the profit appropriation	0	20,997	-1,145	76,669	0	96,521
Equity at 30 June 2019	100,000	91,622	5,789	358,438	0	555,849

Financial statements 1 July – 30 June

Notes

1 Accounting policies

The annual report of DECHRA VETERINARY PRODUCTS A/S for 2018/19 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Dechra Pharmaceuticals PLC.

Pursuant to section 96 (3) of the Danish Financial Statements Act, the company has not disclosed the fee to the auditor appointed at the annual general meeting.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Dechra Veterinary Products A/S and group entities are included in the consolidated financial statements of Dechra Pharmaceuticals PLC, 24 Cheshire Avenue, Cheshire Business Park Lostock Gralam, Great Britain - Norwich CW9 7UA

Correction prior years

During the year, it was identified that the price paid by Dechra Veterinary Products A/S to Dechra affiliates on its purchase of finished products for resale throughout the period 1 July 2013 to 30 June 2018, had been overstated due to a discrepancy in the price calculation method applied. As a consequence, Dechra Veterinary Products A/S was under-remunerated on its warehousing and super-distribution of Dechra affiliates' products in each of these years. A correction of the price to be in line with Dechra's Global Transfer Pricing Policy (which follows the OECD Guidelines) has been calculated for each of the affected periods, and post-year end, Dechra Veterinary Products A/S has received credit notes (reducing cost of goods sold) from the respective Dechra suppliers for the difference of DKK 299.4 million. The adjustment relating to the period 1 July 2017 to 30 June 2018 was DKK 70.9 million, with a corresponding tax charge of DKK 16.7 million. The intercompany debtor adjustment of DKK 294.2 million and total tax payable adjustment of DKK 72.9 million have been restated on the balance sheet at 30 June 2018. The net adjustment relating to the periods 1 July 2013 to 30 June 2017 of DKK 167.1 million has been posted to Dechra Veterinary Products A/S retained earnings and as well been corrected in Financial Highlights in each affected period.

Income statement

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance

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Notes

1 Accounting policies (continued)

sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Revenue

Income from the sale of goods, comprising the sale of pharmaceuticals and animal feed products, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2010.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of goods sold

Costs of raw materials and consumables comprise raw materials and consumables consumed to achieve revenue for the entity.

Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the entity, including gains and losses on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' and associates profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intragroup gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

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Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Dechra Veterinary Products A/S is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are excluded from the consolidation.

Dechra Veterinary Products A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Software is measured at cost less accumulated amortisation and impairment losses.

Software is amortised from the date of coming into service over the projected useful life, which is 7 years.

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 3-5 years, however, not exceeding 5 years.

Property, plant and equipment

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

Financial statements 1 July – 30 June

Notes

1 Accounting policies (continued)

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Direct production overheads and borrowing costs are recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	25 years
Plant and machinery	10 years
Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Equity investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Equity investments in group entities" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of positive differences (goodwill) and deduction of any remaining value of negative differences (negative goodwill).

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Notes

1 Accounting policies (continued)

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the entity is recognised as provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Net revaluation reserved according to the equity method comprises net revaluation of equity investments in group entities and associates in proportion to cost.

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

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Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Deferred tax assets and liabilities

In its capacity as the administrative company, Dechra Veterinary Products A/S is liable for the payment of Danish corporation taxes to the tax authorities concurrently with the payment of joint taxation contributions.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivable and payable

Current tax receivable and payable are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable income for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement as financial income and expenses.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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Notes

DKK'000	<u>2018/2019</u>	<u>2017/2018</u>
2 Revenue		
Geographical segments		
Revenue, Denmark	57,775	66,659
Revenue, exports	<u>1,368,900</u>	<u>1,074,138</u>
	<u>1,426,675</u>	<u>1,140,797</u>
Business segments		
CAP	642,856	637,148
Diets	262,553	218,265
Equine	416,976	173,848
FAP	93,419	101,217
Other	<u>10,871</u>	<u>10,319</u>
	<u>1,426,675</u>	<u>1,140,797</u>
Information on business segments and geographical segments are based on the Company's risks, returns and its internal financial reporting system. Business segments are regarded as the primary segments.		
3 Staff costs		
DKK'000	<u>2018/2019</u>	<u>2017/2018</u>
Wages and salaries	41,127	36,306
Pensions	4,650	3,712
Other social security costs	<u>522</u>	<u>466</u>
	<u>46,299</u>	<u>40,484</u>
Average number of full-time employees	<u>76</u>	<u>71</u>
The Executive Board and the Board of Directors have not received any remuneration.		
4 Depreciation, amortisation and impairment losses		
DKK'000	<u>2018/2019</u>	<u>2017/2018</u>
Amortisation of intangible assets	29,761	24,955
Depreciation of property, plant and equipment	<u>3,845</u>	<u>3,551</u>
	<u>33,606</u>	<u>28,506</u>
5 Financial income from group entities		
Share of profits of subsidiaries	<u>20,999</u>	<u>18,529</u>
	<u>20,999</u>	<u>18,529</u>

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Notes

DKK'000		<u>2018/2019</u>	<u>2017/2018</u>		
6	Financial expenses				
	Interest expense to group entities	9,549	9,998		
	Other financial costs	4	-11		
	Exchange adjustments costs	731	1,613		
	Percentage surcharge, corporation tax	<u>0</u>	<u>9</u>		
		<u>10,284</u>	<u>11,609</u>		
7	Tax on profit for the year				
	Current tax for the year	29,402	23,043		
	Deferred tax for the year	<u>-1,560</u>	<u>978</u>		
		<u>27,842</u>	<u>24,021</u>		
8	Proposed profit appropriation				
	Reserve for development costs	-1,145	4,562		
	Reserve for net revaluation under equity method	20,997	-1,304		
	retained earnings	<u>76,669</u>	<u>76,176</u>		
		<u>96,521</u>	<u>79,434</u>		
9	Intangible assets				
DKK'000		Goodwill	Software	Development projects in progress	Total
	Cost at 1 July 2018	460,236	45,379	2,832	508,447
	Additions for the year	<u>0</u>	<u>721</u>	<u>0</u>	<u>721</u>
	Cost at 30 June 2019	460,236	46,100	2,832	509,168
	Amortisation and impairment losses at 1 July 2018	-304,893	-7,503	-2,026	-314,422
	Amortisation for the year	<u>-23,012</u>	<u>-6,240</u>	<u>-538</u>	<u>-29,790</u>
	Amortisation and impairment losses at 30 June 2019	-327,905	-13,743	-2,564	-344,212
	Carrying amount at 30 June 2019	<u>132,331</u>	<u>32,357</u>	<u>268</u>	<u>164,956</u>

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10 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 July 2018	47,713	7,288	11,715	66,716
Additions for the year	0	0	477	477
Cost at 30 June 2019	47,713	7,288	12,192	67,193
Depreciation and impairment losses at 1 July 2018	-24,865	-5,913	-7,885	-38,663
Depreciation for the year	-1,568	-489	-1,787	-3,844
Depreciation and impairment losses at 30 June 2019	-26,433	-6,402	-9,672	-42,507
Carrying amount at 30 June 2019	21,280	886	2,520	24,686

11 Investments

DKK'000	Investments
Cost at 1 July 2018	3,822
Cost at 30 June 2019	3,822
Revaluations at 1 July 2018	82,078
Net effect from change of accounting policy	-10,615
Exchange adjustment	-838
Net profit/loss for the year	20,997
Revaluations 30 June 2019	91,622
Carrying amount at 30 June 2019	95,444

Name/legal form	Registered office	Equity interest	Currency	Share capital
Subsidiaries:				
Dechra Veterinary Products OY	Finland	100%	EUR	8,000
Dechra Veterinary Products SAS	France	100%	EUR	37,000
Dechra Veterinary Products B.V	Netherlands	100%	EUR	18,000
Dechra Veterinary Products AS	Norway	100%	NOK	100,000
Dechra Veterinary Products AB	Sweden	100%	SEK	100,000
Dechra Veterinary Products Ltd.	Great Britain	100%	GBP	351,135
Dechra Veterinary Products S.L.U	Spain	100%	EUR	3,600

12 Equity

There have been no changes in the share capital during the last five years.

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Notes

The share capital consists of 100,000,000 shares of a nominal value of DKK 1 thousand each.

All shares rank equally.

13 Deferred tax

DKK'000	<u>2018/2019</u>	<u>2017/2018</u>
Provisions for deferred tax relate to:		
Intangible assets	7,184	8,509
Property, plant and equipment	414	523
Other items	<u>-174</u>	<u>-49</u>
	<u>7,424</u>	<u>8,983</u>

14 Non-current liabilities other than provisions

Payments due within 1 year are recognised in current debt. Other debt is recognised as non-current debt.

DKK'000	<u>2018/2019</u>	<u>2017/2018</u>
Debt falls due for payment as specified below:		
After 5 years	151,045	150,821
Other current debt to group entities	<u>167,362</u>	<u>44,595</u>
	<u>318,407</u>	<u>195,416</u>

15 Current liabilities other than provisions

Changes and collateral

The Company has issued an owners' mortgage of DKK 25,000 thousand secured upon land and buildings. The owners' mortgage is deposited with the Company. The carrying amount of land and buildings represents DKK 21,280 thousand (2018: DKK 22,848 thousand).

Rental and lease obligations

The remaining obligation makes up DKK 1,904 thousand (2018: DKK 1,621 thousand).

Other contingent liabilities

The Company has provided guarantees for certain group entities' loans, which at 30 June 2019 came in at DKK 2,565 million (2018: DKK 2,445 million).

The group entities are jointly and severally liable for tax on the jointly taxed incomes, etc. of the Group. The total amount of corporation tax payable is disclosed in the annual report of Dechra Veterinary Products A/S, which is the management company of the joint taxation. Moreover, the group entities are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

During the year, it was identified that the price paid by Dechra Veterinary Products A/S to Dechra affiliates on its purchase of finished products for resale throughout the period 1 July 2013 to 30 June 2018, had been overstated due to a discrepancy in the price calculation method applied. As a consequence, Dechra Veterinary Products A/S was under-remunerated on its warehousing and super-distribution of Dechra affiliates' products in each of these years. A correction of the price to be in line

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with Dechra's Global Transfer Pricing Policy (which follows the OECD Guidelines) has been calculated for each of the affected periods and adjustments have been made to the profit and loss account and balance sheet to correct the position based on the Company's best estimate of the expected outcome (please refer to the prior year adjustment note on page 20).

A review is underway with the Danish tax authorities, the conclusion of which will determine the final position in respect of the adjustments set out above.

16 Related party disclosures

Dechra Veterinary Products A/S' related parties comprise the following:

Control

Dechra Pharmaceuticals PLC, 24 Cheshire Avenue, Cheshire Business Park Lostock Gralam, Great Britain - Northwich CW9 7UA.

Dechra Pharmaceuticals PLC holds the majority of the share capital in the Company.

Dechra Veterinary Production A/S is part of the consolidated financial statements of Dechra Pharmaceuticals' PLC, Northwich, which is the largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Dechra Pharmaceuticals PLC can be obtained by contacting the Company.

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Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.