

Boehringer Ingelheim Animal Health Denmark A/S

Weidekampsgade 14
2300 København S
Denmark

CVR no. 13 52 69 90

Annual report 2022

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

8 June 2023

Stephen Mark Wright
Chairman

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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 Boehringer Ingelheim Animal Health Denmark A/S for the financial year 1 January – 31 December 2022.

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 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities 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.

Copenhagen, 8 June 2023
Executive Board:

Niels Berenth From

Board of Directors:

Niko Rodio
chairman

Niels Berenth From

Stephen Mark Wright

Independent auditor's report

To the shareholders of **Boehringer Ingelheim Animal Health Denmark A/S**

Opinion

We have audited the financial statements of **Boehringer Ingelheim Animal Health Denmark A/S** for the financial year 1 January – 31 December 2022 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 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 financial statement 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.



Independent auditor's report

- 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 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.

Copenhagen, 8 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
mne19737

Boehringer Ingelheim Animal Health Denmark A/S
Annual report 2022
CVR no. 13 52 69 90

Management's review

Company details

Boehringer Ingelheim Animal Health Denmark A/S
Weidekampsgade 14
2300 København Ø
Denmark

CVR no.:	13 52 69 90
Established:	1 October 1989
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Niko Rodio, chairman
Niels Berenth From
Stephen Mark Wright

Executive Board

Niels Berenth From

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	587,463	588,519	622,610	596,526	573,663
Gross profit	105,268	111,363	147,651	100,394	109,667
Ordinary operating profit	29,600	33,008	62,897	14,583	18,673
Profit/loss from financial income and expenses	-6,158	389	3,161	-7,178	-3,760
Profit/loss for the year	17,459	25,014	51,166	-21,145	7,630
Total assets					
Total assets	320,979	390,093	283,049	436,011	534,635
Equity					
Equity	93,983	77,103	98,211	46,701	70,462
Investment in property, plant and equipment	4,005	3,588	13,605	7,318	2,236
Ratios					
Gross margin	17.9%	18.9%	23.7%	16.8%	19.1%
Operating margin	5.0%	5.6%	10.1%	2.4%	3.3%
Return on assets	8.3%	9.8%	17.5%	3.0%	2.8%
Current ratio	140.5%	121.8%	153.2%	111.2%	108.5%
Return on equity	20.4%	28.5%	70.6%	-36.1%	2.0%
Solvency ratio	29.3%	19.8%	34.7%	12.6%	13.2%
Average number of full-time employees					
Average number of full-time employees	96	103	109	112	114

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Profit/loss before financial income and expenses} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financial income and expenses} * 100}{\text{Average total assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
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

Boehringer Ingelheim Animal Health Denmark A/S' (BIAHDK) main activity is sale and marketing of veterinary products in the Nordic region. The Company also produces food supplements for animals in a production facility located in Kalundborg (Denmark).

Additionally, the Company is engaged in veterinary clinical development programs and contributes to the overall Research & Development activities of the corporation.

Events after the balance sheet date

No events materially affecting the annual report have occurred.

Development in activities and financial position

The 2022 revenue amounted to DKK 587.463 thousand compared to DKK 588.519 thousand in 2021.

The year 2022 showed a clear dichotomy regarding revenue results. The commercial activities were mainly impacted by the continuous heavy pressure in the swine vaccine business due to general market instability and increase in competitive pressure with new launches and prices resulting in a decrease of sales in the livestock portfolio versus last year and budget. Companion animal portfolio for both, Pet and Equine, continued with a strong growth compared to previous year. Overall, for the total Animal Health Nordics business, revenue results were below budget and below previous year.

Management considers the revenue satisfactory finishing the year slightly above budget, but below 2021. Market demand remained relatively constant resulting in stable market positions for 4 out of 5 primary business segments. Our swine vaccine business was under heavy pressure during 2022 due to general market instability and increase in competitive pressure with new launches and price reductions. The performance of the 4 other segments is further underlined by being achieved in a year with supply constraints, generic launches and discontinuation of products affecting the result.

The Kalundborg site performed as expected in 2022 continuing and adapting production to the constraint and restriction caused by the high inflation and increased world market prices for raw & packaging material including energy cost. The service level remained high all through 2022.

The income statement of the Company for 2022 shows a net result of DKK 17.459 thousand after taxes, which is lower with 30,2% compared to 2021.

Outlook

The main strategy for BIAHDK is to continue, through dedicated specialised teams, to align our market approach to the evolving needs of our primary customers and portfolio opportunities.

Special focus will be on:

- Stabilization of sales to the swine vaccine market segment
- Utilize a multimedia and multichannel approach to protect and grow our broad companion animal portfolio for both Equine and Pets
- Strengthen our competences in the OTC market to capitalise on the opportunities in different channels in the Nordic markets
- Promoting a responsible use of antibiotics in livestock and thereby maintaining our strong position in the segment

Management's review

Operating review

- Continued automation and expansion of the Kalundborg plant to ensure reliable cost competitive production

Based on the above, we expect a turnover and result in 2023 above the 2022 in net sales and operating profit.

Intellectual capital

Intellectual capital resources in BIAHDK are a vital part in improving the value and competitiveness of the organisation. BIAHDK's intellectual/human capital is driven by the knowledge and competencies residing with the Company's employees – our most valuable and relevant resource. This collective know-how is constantly developed with leadership development and training programs as well as proper recruiting of suitable talents. It will remain a key priority for the organisation moving forward (at global, regional and local level).

At Kalundborg, there is a specific know-how on production of boluses for cattle.

Particular risks

Operating risks

With the head office located in Denmark and covering the Nordic region, an inherent risk of exchange rate fluctuation between the Danish and Swedish and the Danish and Norwegian Kroner exists. No measures are in place to mitigate the risk. Parallel import of Pets, PHC and Swine products occurred in 2022 but due to the lack of data difficult to quantify and assess the development for 2023.

Consolidation of primary business relations continues, increasing the pressure for animal health companies to offer preferential terms. The impact is considered in the budgeting process, but might increase further than estimated.

Continues pressure on the swine business has been included into the financial plans for 2023.

Research and development activities

Research and development follow the primary business purpose of the different sites in BIAHDK:

Kalundborg

R&D for the Kalundborg site is a local responsibility, with one employee located in the BIAHDK organization specializing in nutritional product development for livestock and companion animals.

BI AH Nordics

BI AH Nordics conducts research and development projects by contributing to activities organised by the Global R&D and Commercial Business teams.

Corporate social responsibility (cf. section 99a of the Financial Statements Act)

Boehringer Ingelheim Animal Health Denmark A/S (BIAHDK) main activity is sale and marketing of veterinary products in the Nordic region. The Company also produces food supplements for animals in a production facility located in Kalundborg (Denmark).

Additionally, the Company is engaged in veterinary clinical development programs and contributes to the overall Research & Development activities of the corporation.

Management's review

Operating review

As the company is part of a larger Group, it was not deemed material to the business to develop any local specific policy for the following areas:

- Environmental impact
- Climate impact
- Anti-corruption
- Human rights

However, the company has a strong compliance to Boehringer Ingelheim group policies policy in matters of data protection, anticorruption, anti-discrimination, human rights, environment and climate.

Our policies for anticorruption and bribery and human rights can be found in the groups Code of Conduct(CoC), which all employees must adhere to. The CoC states the following regarding anti-corruption and bribery, we conduct business in a manner that ensures that decisions and business judgment are made with objectivity and free of undue personal interests, as well as, we do not promise, offer, pay, ask for or accept anything of value or benefit that may improperly influence decisions or actions with respect to our business operations. We are also committed to respecting and contributing to the realization of all human rights. We continuously advance our understanding of human rights and assess the impact of our business activities, including impact that we may cause and any to which we may contribute. We take remedial measures as required, including by using leverage in our business relationships. Through e-learning, all employees in Denmark have to complete mandatory training in company policies on anti-corruption, diversity & Inclusion and human rights. During 2022, BI did not have any violations of their policies related to human rights or anticorruption and bribery. BI will continue its work and efforts already implemented regarding human rights and anticorruption in 2023.

Regarding Environment and climate the group has implemented an Environment Health and Safety(EHS) framework, which includes a company wide EHS policy which forms the basis of and serves as our commitment to a culture of continuous improvement, as well as complying with high standards relating to environmental protection, safety and health. Boehringer Ingelheim is making every effort to improve each single process in order to minimise the use of raw materials as well as to reduce waste and to generate energy in the most sustainable way. Through this framework the group implemented a company-wide reporting system as the basis for our EHS Sustainability Performance Management (SuPM) in order to enable the measurement of progress toward our EHS targets and to support risk and opportunity analysis. Relevant EHS data is regularly reported from our sites to corporate EHS.

In order to guarantee the continuous improvement of EHS performance, our production sites have implemented local management systems worldwide. These systems are based on international standards, such as ISO 14000 (environmental protection) and OHSAS 18001 (safety). Regular internal EHS audits ensure the effectiveness of these management systems. Site management decides at its own discretion on the need for external certification. More information on the EHS framework can be found on the group's website(EHS management approach | Boehringer Ingelheim (boehringer-ingelheim.com)).

Other initiatives have also been put in place since 2020 for sustainability: waste management, introduction of e-cars in car policy.

During 2022, the real estate market in Copenhagen was scrutinized in view of finding a suitable office building for 2023 and onwards. Among the selection criteria were climate impact and environmental parameters. The selected premises holds a DGNB Silver Certificate and is well-located for public transportation to minimize the carbon footprint from employees' commute.

After careful consideration and performed risk assessment we have not identified any material risks to our business model.

Management's review

Operating review

BIAHDK seeks partners that share our social, environmental, and health and safety values. Our global Supplier Code of Conduct expresses the expectations of BI with regards to suppliers divided into the following areas, aligned with the key principles of the Pharmaceutical Supply Chain Initiative (PSCI):

- **Labor & Human Rights:** Suppliers, as well as the suppliers down the supply chain, shall support and respect the protection internationally proclaimed human rights and ensure that they are not complicit in human rights abuses.
- **Health, Safety & Environment:** Suppliers shall provide a safe and healthy working environment, including any company-provided living quarters. Suppliers shall operate in an environmentally responsible and efficient manner to minimize adverse impacts on the environment. Suppliers are encouraged to conserve natural resources, contribute to sustainability, avoid the use of hazardous materials where possible and engage in activities that reuse and recycle.
- **Management Systems:** Suppliers shall use management systems to facilitate continuous improvement and compliance with the expectations of these principles and with respect to all applicable legal requirements.
- **Raising Questions or Concerns:** Employees of suppliers should contact their own legal/compliance department to resolve internal ethics and compliance concerns. In case this concern might also affect Boehringer Ingelheim as the contract partner of the supplier, Boehringer Ingelheim Compliance must be informed immediately by the supplier.

These obligations are included in our Supplier Code of Conduct, in agreements with suppliers and we also take human rights criteria into account already in the supplier selection process. As a member of the Pharmaceutical Supply Chain Initiative (PSCI), we are committed to sustainable supply chains in the production of pharmaceuticals. As part of this, we are working on the development of industry standards relevant to human rights, which we use for our own training as well as for our suppliers. Our management approach for suppliers, which relies on risk-based control measures, is also based on the principles of PSCI.

Links: Sustainable Development | Boehringer Ingelheim ([boehringer-ingelheim.com](https://www.boehringer-ingelheim.com))

BIAHDK is committed to employee health, safety and wellbeing. In the company, the Arbejdsmiljøudvalg (AMU) / the Working Environment Committee and the Employee Representation (BIDK Forum), is established in accordance with local legislation. Workplace risk assessments (APV) are performed on a regular basis to ensure a safe working environment, and preventive and corrective actions are implemented when needed and according to law. Furthermore, the BIDK Forum is consulted according to law when employment conditions are in scope for change.

We are committed to provide inclusive and equal working conditions and an environment that enables every employee to grow, thrive, and reach their full potential while maintaining their work-life balance. Boehringer Ingelheim conducts yearly a Global Employee Survey (GES) as part of this commitment. Results in the reporting year indicated amongst others a strong employee perceived inclusion and equal opportunities.

We are working on mitigating the risk connected with the outcome of the reorganization. This is done in department dialogues with employees and managers. Thus the 2023 focus will be mental well-being and stabilization of the organization in order to support these mitigation measures.

As part of our dedication to ensure equality, HR together with the Local Management Team works to prevent pay discrimination by looking objectively on salary benchmarks, experience, and performance, ensuring everything equal equality in pay. The same applies for cases of promotions and development.

Management's review

Operating review

Boehringer Ingelheim promotes a 'Speak Up' culture, which is expressly endorsed by management. Possible compliance violations or human rights violations can be reported by employees as well as by external parties via the company's 'Speak Up' portal. The name of the reporting person, unless reported anonymously, and the information provided are treated confidentially and only disclosed if necessary or if required by local law.

Goals and policies for the underrepresented gender (cf. section 99b of the Financial Statements Act)

BIAHDK values and respects its employees' differences and actively promotes a diverse, cooperative and open working environment. We are conscious of the fact that the diversity of our markets and customers should be reflected in our workforce. For us, diversity – with focus on e.g. Gender, Geography and Generation – makes the right mix, but it is inclusion which brings out the best results from this mix. We therefore focus on encouraging an inclusive environment where diversity can thrive.

BIAHDK strives – at all times – to achieve (whenever possible in relation to skills) a state of equilibrium between men and women in management, as we are convinced that diversity improves work quality and cooperation in top management through, for example, different approaches to management tasks. BIAHDK believes that the best innovative ideas and results comes out of ensuring equal opportunities and non-discriminating behaviour.

Target figure for the Board of Directors: BIAHDK's target figure for the underrepresented gender (in this case women) on the Board of Directors is set at 1:3. BIAHDK strives to maintain a balanced composition of women and men on the Board of Directors whenever possible in relation to skills. Target is to be achieved by 2024. The current composition is three men. The aspiration is – in case of a vacancy in the Board of Directors – to elect a woman.

Target figure for other management levels: As per 31.12.2022, there were 4 female and 5 male managers, of which 1 male is member of the daily Board of Managers (Local Management Team (LMT)). LMT consists of 1 member from BIAHDK and 4 from sister company Boehringer Ingelheim Denmark A/S (CVR: 14 45 08 07). Disregarding members of the board of managers, the management levels below then consist of 4 female and 4 male managers as per 31.12.2022, giving a distribution of 50/50. Successor planning will always take diversity into consideration whenever possible in relation to competencies. BIAHDK has focus on the equal distribution between genders, not wishing to give one gender any preferential position compared to the other gender in relation to job and career options.

The target figure for the share of female leaders at board level for this year regarding 'a balanced composition of women and men on the board of managers' is not regarded as fulfilled, since all 3 seats in the board of directors are taken by men. The reason for the lack of development is a.o. the absence of changes among these management positions, which naturally limits the development. However, there will continue to be focus on this topic in case of any change of these positions.

Still, the target figure for female leaders on other management levels is satisfactory with a stable development. The (positive) constant development is based on the Company's ongoing focus on the gender distribution in terms of internal activities to maintain and develop existing, female talents, which will also be a focus area in 2023.

Data Ethics Policy (cf. section 99d of the Financial Statements Act)

1. Introduction

1.1 This policy describes our data ethics and the principles that BI Denmark uses to process data ethically, responsibly and transparently.

1.2 Our data ethics policy aims to clarify how the group works with data ethics and data use, and to establish a framework for data ethical conduct. The policy must support and supplement the group's CSR and privacy policy.

Management's review

Operating review

2. Background

2.1 On 1 January 2021, new legislation came into force for large and listed companies in Denmark with a duty to report on data ethics. The aim of the legislation is to create transparency in the way companies work with data and to encourage companies to take responsibility for how they process personal data and data.

2.2 The BI Denmark's activities primarily focus on sales and marketing of Human Pharmaceuticals in Denmark and Animal Health veterinary products in the Nordic region.

3. Use

3.1 BI Denmark increasingly processes data in line with the digitisation and transformation of the Human Pharmaceuticals and Animal Health industries. BI Denmark's policy for data ethics is therefore not limited to the processing of personal data, but generally applies to all types of data that are processed. This policy applies to all BI Denmark's companies and obligates all employees.

4. Principles of data ethical processing

4.1 BI Denmark is committed to being aware of its social responsibility and works diligently in the Human Pharmaceuticals and Animal Health industries in a responsible direction. BI Denmark recognises that data ethics develops in parallel with values in wider society, which is why the principles must be assessed and revised on an ongoing basis to avoid conduct that is not in accordance with data ethical principles.

4.2 The guiding principles for data ethics, as described below, set the ethical standard for the use of data in BI Denmark and are based on the Charter Of Fundamental Rights Of The European Union.

4.2.1 Self-determination

People's self-determination must be a priority in all data processes. BI Denmark's work with the ethically correct processing of data will always be based on individuals having control when data is transferred to us and that transparency can be achieved in the individual data processes. Transparency and self-determination must be design requirements in all new data processes.

Data processes must be designed for transparency and with the possibility of accessing data – "transparency and data access must be design requirements in our solutions".

4.3 Privacy

The processing of data is executed with respect for the customer's privacy and under the protection of personal data. BI Denmark processes personal data in accordance with our privacy policy and only processes data that is necessary to fulfil the purpose of the processing.

Data must be processed in ways that are consistent with the originating party's intentions, expectations and understanding. For example, personal data may not be processed for new purposes that are incompatible with the purposes for which the personal data was originally collected.

Data processes must respect the customer's privacy and comply with personal data legislation - "what we say is also what we do".

4.3.1 Human dignity

BI Denmark will always ensure the dignity of the individual. We do not use data brokers and do not sell personal data to third parties. We do not use sensitive personal data ("data concerning racial, ethnic origin, political opinions, religious beliefs, philosophical beliefs, trade union membership, genetic data, biometric data, health data or data concerning a natural person's sex life or sexual orientation") in connection with marketing.

Data processes must ensure the dignity of the individual - "we do not use data brokers and do not sell personal data".

Management's review

Operating review

4.3.2 Responsibility

Being responsible is to show due diligence when using new technology to ensure integrity in everything that we do. Everyone at BI Denmark will contribute to the responsible and ethical processing of data. This means we work with risk assessments that not only address personal data legal requirements, but also include an assessment of ethical responsibility.

Data processes must be risk assessed and assessed in relation to ethical responsibility - "we comply with legal requirements for personal data, including the data ethics policy".

4.3.3 Safety

A "best practice" level of security must be implemented in and around the technologies used for the processing of data. Security measures must include both technical and organisational measures, and the necessary level of security must be determined on the basis of a risk assessment of the specific processing activity and the technology used for the processing of data with the individual in focus.

BI Denmark does not use artificial intelligence, as artificial intelligence is not an integral part of our business strategy or business activities.

4.3.4 Equality and necessity

BI Denmark only uses data that is necessary, factual and legitimate in relation to the individual, and is in the individual's interest, without exposing the individual to discrimination or stigmatisation.

Data processes must be designed to support equality and necessity - "we do not discriminate against individuals using data, and we only use data when necessary and in the individual's interest".

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue	2	587,463	588,519
Costs of raw materials and consumables		-366,214	-371,116
Other operating income		2,420	1,682
Other external costs		-118,401	-107,722
Gross profit		105,268	111,363
Staff costs	4	-70,959	-74,953
Depreciation	5	-4,709	-3,402
Profit before financial income and expenses		29,600	33,008
Other financial income	6	376	807
Other financial expenses	7	-6,535	-418
Profit before tax		23,441	33,397
Tax on profit for the year	8	-5,982	-8,383
Profit for the year	9	17,459	25,014

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Property, plant and equipment	10		
Plant and machinery		16,824	14,215
Fixtures and fittings, tools and equipment		797	269
Leasehold improvements		16,766	1,376
Property, plant and equipment in progress		<u>3,750</u>	<u>22,982</u>
		<u>38,137</u>	<u>38,842</u>
Investments	11		
Deposits		<u>2,023</u>	<u>1,925</u>
Total fixed assets		<u>40,160</u>	<u>40,767</u>
Current assets			
Inventories			
Raw materials and consumables		15,660	15,165
Work in progress		3,445	2,702
Finished goods		141,053	156,289
Prepayments for goods		<u>3,895</u>	<u>10,854</u>
		<u>164,053</u>	<u>185,010</u>
Receivables			
Trade receivables		53,874	122,417
Receivables from group entities		61,757	41,070
Other receivables		60	376
Corporation tax		750	280
Prepayments	12	<u>209</u>	<u>21</u>
		<u>116,650</u>	<u>164,164</u>
Cash at bank and in hand		<u>116</u>	<u>152</u>
Total current assets		<u>280,819</u>	<u>349,326</u>
TOTAL ASSETS		<u><u>320,979</u></u>	<u><u>390,093</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital	13	2,132	2,132
Retained earnings		91,851	74,971
Total equity		<u>93,983</u>	<u>77,103</u>
Provisions			
Provisions for deferred tax	14	2,158	1,287
Other provisions	15	25,011	25,000
Total provisions		<u>27,169</u>	<u>26,287</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		75	64
Trade payables		13,806	29,164
Payables to group entities		147,154	203,370
Other payables		38,792	54,105
		<u>199,827</u>	<u>286,703</u>
Total liabilities other than provisions		<u>199,827</u>	<u>286,703</u>
TOTAL EQUITY AND LIABILITIES		<u><u>320,979</u></u>	<u><u>390,093</u></u>
Fees to auditor appointed at the general meeting	3		
Contractual obligations, contingencies, etc.	16		
Related party disclosures	17		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	2,132	74,971	77,103
Exchange adjustment	0	-579	-579
Transferred over the profit appropriation	0	17,459	17,459
Equity at 31 December 2022	2,132	91,851	93,983

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Boehringer Ingelheim Animal Health Denmark A/S for 2022 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.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of veterinary products and food supplements for animals are recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably, and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of raw materials and consumables

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income

Other operating income comprises items secondary to the activities of the entity.

Other external costs

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Depreciation

Depreciation comprise depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year consists of current tax for the year, changes in deferred tax for the year and adjustment of tax concerning previous years. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	10 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

Depreciation period and residual value are reassessed annually.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Investments

Financial fixed assets consists of deposit, are recognised at amortised cost.

Inventories

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

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Notes

1 Accounting policies (continued)

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 in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provision for bad debts.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

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

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000 2022 2021

2 Revenue

Geographical segments

Revenue, Denmark	477,997	497,379
Revenue, Exports	<u>109,466</u>	<u>91,140</u>
	<u>587,463</u>	<u>588,519</u>

Since Boehringer Ingelheim Danmark A/S operates in a strong competitive market, the company's management has assessed that it will be of significant damage for Boehringer Ingelheim Danmark A/S to disclose the revenue divided by segments, which is why this has been omitted in accordance with §96.1 of the Danish Financial Statement Act.

3 Fees to auditor appointed at the general meeting

The fee to the auditor is not disclosed in accordance with the Danish Financial Statement Act section 96(3).

4 Staff costs

Wages and salaries	62,730	65,606
Pensions	5,560	5,419
Other social security costs	<u>2,669</u>	<u>3,928</u>
	<u>70,959</u>	<u>74,953</u>

Average number of full-time employees	<u>96</u>	<u>103</u>
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Remuneration to the Executive Board has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act.

5 Depreciation

Depreciation of property, plant and equipment	<u>4,709</u>	<u>3,402</u>
	<u>4,709</u>	<u>3,402</u>

6 Other financial income

Interest income from group entities	377	36
Exchange adjustments	0	771
Exchange gains	<u>-1</u>	<u>0</u>
	<u>376</u>	<u>807</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2022	2021			
7 Other financial expenses					
Interest expense to group entities	1,129	408			
Other financial costs	0	10			
Exchange adjustments costs	5,406	0			
	<u>6,535</u>	<u>418</u>			
8 Tax on profit for the year					
Current tax for the year	5,460	8,291			
Deferred tax for the year	801	-107			
Adjustment of tax concerning previous years	-349	199			
Adjustment of deferred tax concerning previous years	70	0			
	<u>5,982</u>	<u>8,383</u>			
9 Proposed profit appropriation					
Retained earnings	<u>17,459</u>	<u>25,014</u>			
	<u>17,459</u>	<u>25,014</u>			
10 Property, plant and equipment					
DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2022	52,273	3,457	10,373	22,982	89,085
Additions for the year	1,569	556	701	1,179	4,005
Disposals for the year	0	-174	0	0	-174
Transfers for the year	4,548	135	15,728	-20,411	0
Cost at 31 December 2022	<u>58,390</u>	<u>3,974</u>	<u>26,802</u>	<u>3,750</u>	<u>92,916</u>
Depreciation and impairment losses at 1 January 2022	-38,058	-3,189	-8,997	0	-50,244
Depreciation for the year	-3,508	-162	-1,039	0	-4,709
Depreciation and impairment losses for the year on assets sold	0	174	0	0	174
Depreciation and impairment losses at 31 December 2022	<u>-41,566</u>	<u>-3,177</u>	<u>-10,036</u>	<u>0</u>	<u>-54,779</u>
Carrying amount at 31 December 2022	<u>16,824</u>	<u>797</u>	<u>16,766</u>	<u>3,750</u>	<u>38,137</u>

Financial statements 1 January – 31 December

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11 Investments

DKK'000	<u>Deposits</u>
Cost at 1 January 2022	1,925
Additions for the year	<u>98</u>
Cost at 31 December 2022	<u>2,023</u>
Carrying amount at 31 December 2022	<u><u>2,023</u></u>

12 Prepayments

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

13 Equity

The contributed capital consists of 2,132 shares of a nominal value of DKK 1,000 each.

All shares rank equally.

DKK'000	<u>31/12 2022</u>	<u>31/12 2021</u>
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14 Provision for deferred tax

Provision for deferred tax at 1 January	1,287	1,394
Amounts recognised in the income statement for the year	801	-107
Adjustments regarding prior periods	<u>70</u>	<u>0</u>
Provision for deferred tax at 31 December	<u><u>2,158</u></u>	<u><u>1,287</u></u>

15 Other provisions

Transfer pricing provision	<u>25,011</u>	<u>25,000</u>
	<u><u>25,011</u></u>	<u><u>25,000</u></u>

16 Contractual obligations, contingencies, etc.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes through dividend tax and tax on unearned income. The total amount of tax payables is included in the annual report of Boehringer Ingelheim Danmark A/S which is the administration company in relation to the joint taxation.

The Company has faced a claim regarding a product liability. At the moment, there is no solution in this particular case. Management does not consider the liability to materialise and, hence, no provision has been recognised.

Furthermore, the Company has assumed those for the branch customary repurchase commitments in respect of goods sold.

Financial statements 1 January – 31 December

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DKK'000	<u>31/12 2022</u>	<u>31/12 2021</u>
Operating lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6,024	7,497
Between 1 and 5 years	18,794	20,392
More than 5 years	<u>4,987</u>	<u>9,409</u>
	<u>29,805</u>	<u>37,298</u>

17 Related party disclosures

Boehringer Ingelheim Animal Health Denmark A/S' related parties comprise the following:

Control

Boehringer Ingelheim Animal Health International GmbH, Bingr Str. 173 Ingelheim Am Rhein, 55218 Germany.

Boehringer Ingelheim Animal Health International GmbH holds the majority of the contributed capital in the Company.

Boehringer Ingelheim Animal Health Denmark A/S is part of the consolidated financial statements of Bohringer Ingelheim Aauslandsbeteiligung GmbH, Bingr Str. 173 Ingelheim Am Rhein, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Bohringer Ingelheim Aauslandsbeteiligung GmbH can be obtained by contacting the Company at the above address.

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Related party transactions

DKK'000	<u>2022</u>	<u>2021</u>
Sales of goods to group enterprises	100,059	81,700
Sales of services to group enterprises	9,387	9,493
Purchase of goods from group enterprises	246,243	330,530
Purchase of services from group enterprises	45,555	40,932
Interest income from group enterprises	347	36
Interest expense to group enterprises	1,129	408

Receivables and payables to group companies are disclosed in the balance sheet.