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# ***MSD Danmark ApS***

Havneholmen 25, DK-1561 København V

## **Annual Report for 1 January - 31 December 2022**

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CVR No 29 88 37 18

The Annual Report was presented  
and adopted at the Annual General  
Meeting of the Company on 27/06  
2023

Thomas Weincke  
Chairman

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# **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of MSD Danmark ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 27 June 2023

## **Executive Board**

Ece Bayrak  
CEO

Emmanuel Guy Marie Thiéry

Torstein Winterstø Ljøkjel

# **Independent Auditor's Report**

To the Shareholder of MSD Danmark ApS

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company 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.

We have audited the Financial Statements of MSD Danmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## **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 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.

## **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# **Independent Auditor's Report**

## **Management's responsibilities for the Financial Statements**

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

In preparing the Financial Statements, Management is responsible for assessing the 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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 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 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.

# Independent Auditor's Report

- 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.

Hellerup, 27 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild  
State Authorised Public Accountant  
mne33262

Thomas Lauritsen  
State Authorised Public Accountant  
mne34342

## Company Information

### **The Company**

MSD Danmark ApS  
Havneholmen 25  
DK-1561 København V

Telephone: + 45 44 82 40 00  
Website: [www.msd.dk](http://www.msd.dk)

CVR No 29 88 37 18  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Executive Board**

Ece Bayrak  
Emmanuel Guy Marie Thiéry  
Torstein Winterstø Ljøkjel

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	706.516	761.506	754.065	733.617	682.930
Profit/loss before financial income and expenses	31.223	35.040	24.820	21.572	18.481
Net financials	131	-307	-2.710	-102	-81
Net profit/loss for the year	26.671	26.200	16.530	15.471	13.255
<b>Balance sheet</b>					
Balance sheet total	327.474	325.330	386.565	311.173	236.722
Equity	46.077	99.406	73.206	77.964	62.493
Investment in property, plant and equipment	405	212	65	0	319
Number of employees	113	112	118	121	116
<b>Ratios</b>					
Gross margin	19,7%	19,4%	20,5%	19,3%	18,9%
Profit margin	4,4%	4,6%	3,3%	2,9%	2,7%
Return on assets	9,5%	10,8%	6,4%	6,9%	7,8%
Solvency ratio	14,1%	30,6%	18,9%	25,1%	26,4%
Return on equity	36,7%	30,4%	21,9%	22,0%	23,7%

The ratios have been prepared in accordance with the definitions described under accounting policies.

## **Management's Review**

The Annual Report of MSD Danmark ApS ("MSD Danmark" or the "Company") for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying for large enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

The Company's business is importing and selling pharmaceuticals to treat patients within oncology, vaccines, acute hospital care, diabetes, cardio-vascular diseases, hepatitis, antibiotics as well as HIV.

### **Development in the year**

The income statement of the Company for 2022 shows a profit of TDKK 26,671, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 46,077.

In 2022 overall revenue decreased by 7%. The decrease was primarily driven by Vaccines and Hospital Care, where we saw decreased sales in the national injection program. This was due to SSI decreasing their inventory stock levels during 2022. Compared to the expectations for 2022, as described in the Annual Report 2021, Management concludes that the result for revenue was not satisfying. The EBIT and EBITDA margins were at level with 2021, which was in line with expectations as described in the Annual Report 2021. Management concludes that the results for EBIT and EBITDA margins year were satisfying.

### **Knowledge Resources**

MSD Danmark is a knowledge intensive company, which employs 113 skilled and dedicated employees. Approximately 85% of employees are specialists with specific knowledge in research, development, sales and marketing of Human therapeutics.

### **Special Risks**

The Company is not exposed to particular operational risks or risks relating to financial matters.

### **Research**

Clinical research is an important part of MSD Danmark's strategic plan, and Global Clinical Trial Organization (GCTO) is MSD's clinical research department. On a worldwide scale, GCTO runs clinical research in nearly 50 countries, and GCTO Danmark is one of the country's largest clinical trial departments making MSD Danmark one the international pharmaceutical companies which invest most in clinical research in Denmark.

# Management's Review

## Public/private partnerships

Through our diversity of leading treatments, MSD has far-reaching engagements with the Danish health care system and provides an expertise deeply rooted in our scientific legacy. It is our wish and strategy to engage in partnerships and form alliances to find innovative solutions that meet the needs of patients and face the challenges of health care systems. Therefore, we have entered and will continue to enter into public and private partnerships - be it formal or informal - with the purpose of supporting research and improving public health in Denmark.

## Statement of corporate social responsibility

### Business model

MSD Danmark ApS business is importing and selling pharmaceuticals to treat patients within oncology, vaccines, acute hospital care, diabetes, cardio-vascular diseases, hepatitis, antibiotics as well as HIV.

For more than a century, MSD has have been inventing medicines and vaccines for many of the world's most challenging diseases and we have built a company with the talent, tenacity and strength to take on some of the biggest threats to human and animal health. Reflecting our commitment to managing environmental, social and governance (ESG) issues, we continue to focus our approach to corporate responsibility in four primary areas that are of greatest relevance to our business and society.

Please refer to <https://www.msdrresponsibility.com> for in-depth information to MSD's corporate social responsibility.

## Principles

### Environment

Our company strives to conduct business in a safe and environmentally responsible manner. We are committed to providing a safe and healthy workplace and reducing the environmental impact of our operations around the world. We believe that promoting wellness for employees and respect for the environment is not just the lawful thing to do; it's the right thing to do (<https://www.msdrresponsibility.com/environmental-sustainability>).

As a global biopharmaceutical Company, we recognize the important role we play in identifying, adapting and responding to the public health risks associated with climate change, such as threats to clean air and water, insufficient food supplies and the spread of disease. We believe our long-standing support of stronger health systems in underserved areas is even more important given the evidence that certain disease patterns are associated with changing climate conditions. Our Energy Management Standard requires responsible and efficient energy management and associated greenhouse gas (GHG) emission reductions. Energy-demand reduction and efficiency will always be part of our energy management strategy, as it positively

## **Management's Review**

impacts our efforts to reduce our global footprint. We have made it a priority to reduce our demand for energy and have established internal policies and practices focused on reducing energy use at our sites and minimizing GHG generation throughout the Company. By taking these steps, we are not only minimizing GHG emissions but also reducing our operating costs and mitigating the business impacts expected to be associated with future climate change requirements. We have a roadmap to transition to a full battery electric vehicle fleet. The implementation depends on the availability of like-for-like electric vehicles and the development of public charging infrastructure. Our current emphasis is on introducing hybrid vehicles as a bridge. However, the worldwide vehicle supply shortage has slowed our transition.

Environmental sustainability principles are integrated in each stage of our supplier management program. Our Global Supplier Management Group (GSMG) drives the program and maintains the associated standards and processes by which suppliers are identified, qualified and managed. The environmental sustainability program is integrated with social responsibility and economic inclusion and supplier diversity (EI&SD). We co-lead the Pharmaceutical Supply Chain Initiative Environment Team and work together with peer organizations to develop supplier survey(s), training, tools and maturity modelling. Since 2016, this team has been working together to standardize PSCI's environmental supplier data request to reduce the number of different requests to suppliers and to minimize the number of surveys suppliers receive. The survey covers greenhouse gas emissions, energy, waste and water. We worked with PSCI to provide environmental training to our suppliers. These initiatives ensure a consistent message and approach with our suppliers across the industry. Working together with PSCI, we provide these tools and resources on PSCI's platform and in webinars. We also provide these tools for our employees on an internal GSMG webpage.

Pharmaceutical Environmental Group is a group of large pharmaceutical organizations that develop training and strategy for environmental matters specific to the pharmaceutical industry. We are active members and are involved with all PEG sub-teams. We are currently working with numerous organizations to ensure supplier awareness and utilization of the program.

Management believes that the guidelines for the environmental area have been maintained in 2022 and there have been no violations of the principles in the financial year. We will continue our focus in this area in 2023.

### **Social & employee responsibility**

We recognize that our ability to excel depends on the integrity, knowledge, imagination, skill, diversity and teamwork of our employees. A positive, inclusive and high-performing work environment is essential for employees to feel welcomed and valued, and to fully achieve their business objectives.

We value global diversity and inclusion at every level of the organization and strive for inclusiveness in every aspect of work. Harnessing the knowledge and insights of a globally diverse workforce requires leadership, a

## **Management's Review**

corporate culture of respect and full engagement, and a thoughtful and strategic approach to workplace inclusion and employee development and well-being - physical, emotional, social and financial.

To execute on these priorities and ensure success, we have enhanced our development program offerings while also remaining anchored in driving our culture transformation forward. We expanded our enterprise-wide leadership development programs during the year by offering new affinity group offerings that are focused on developing strengths and addressing challenges that are unique to a given demographic.

Throughout the year, we remained anchored in driving greater cultural transformation by focusing on our Ways of Working mindsets and behaviours. We encouraged colleagues to engage deeper in the five behavioural and mindset shifts, reinforcing a culture that values how we work as much as what we achieve. We continue to measure the impact of our Ways of Working. During the year, employees were encouraged to complete a self-assessment on the Ways of Working to build their capabilities and achieve the mindsets required to foster innovation. We piloted a new Ways of Working 360 assessment to help leaders identify behaviour strengths and areas of opportunity. Colleagues continue to use our internal recognition platform, INSPIRE, to recognize others in their Ways of Working journey.

We encourage and organise our employees to take an active role in giving back to their communities by donating hundreds of volunteer hours to help improve health and wellbeing through a range of volunteer activities, such as collecting trash in communities and cities.

Management believes that the guidelines for the area of social & employee responsibilities have been maintained in 2022 and there have been no violations of the principles in the financial year. We will continue our efforts in this area in 2023.

### **Human rights, anti-corruption and anti-bribery**

The people who use, recommend or prescribe our products have placed their trust in us. No matter how strong our reputation, we must re-earn that trust every day by practicing the values and standards that have guided this company for more than 100 years.

We work hard to make sure that the integrity of this company remains a priority for every one of our employees - every day, at every level of our company. Our code of conduct, which we publish for employees under the title Our Values and Standards, helps to make sure that our employees understand what is expected of them, and provides guidance on business standards and practices. This is just one of the many ways that we continually reinforce the values on which this company was built. We believe in the dignity of every human being and recognize the international human rights principles. All employees at the company have the right to feel safe, secure and fairly treated. Our Company does not take part in any form of activity that violates these rights.

## **Management's Review**

Operating with ethics, integrity and respect for human rights is critical to our success. Being a responsible workplace also means having clear rules in place for ethical conduct for employees and the company as a whole. Our company's robust anti-corruption program and corporate prevention of bribery and corruption policy give our employees the awareness and knowledge to comply with applicable laws and regulations, and to understand that the company will not tolerate any act, or even the appearance of, impropriety.

Management believes that the guidelines for the areas of human rights, anti-corruption and anti-bribery have been maintained in 2022 and there have been no violations of the principles in the financial year. We will continue our efforts in this area in 2023.

### **Principles - risks**

We do not perceive risks related to Environment, Social & Employee responsibility, Human Rights, Anti-corruption and Anti-bribery, nor our principles. We operate in a well-regulated market and we have strong governance surrounding our supply chain network.

### **Data Ethics**

Information about our company, products and people is one of our most valuable assets. We are committed to ethical use, management and protection of information.

Our commitment applies not only to our company's information, but also to the information entrusted to us by others. Our tools, processes and procedures ensure that we appropriately collect, use and safeguard information throughout its life cycle to ensure integrity of information and to prevent unauthorized access and disclosure.

We are increasingly reliant on third party partners and service providers to assist us in our global operations. Just as we need to pay close attention to privacy and data protection, so do the third parties that comprise our supply chain. Our company employs a robust third-party due diligence process to ensure that we only do business with reputable third parties who share our values and standards.

Our approach is one of accountability and transparency. The heart of this program is a leveraged, world class Global Privacy Program that manifests itself throughout the world as a network of over 200 Privacy Stewards deployed around the globe. Program maturity is measured through a combination of annual privacy self-assessments at the entity and organization level and by comprehensive privacy audits conducted by internal audit.

Our company also provides annual mandatory cybersecurity training to communicate and reinforce the guidelines in the Information Security Standards Handbook and our commitment to a strong cybersecurity culture. We have established a systematic approach for ensuring employees can understand and comply with company policies.

# **Management's Review**

## **Statement on gender composition, cf. section 99b of the Danish Financial Statements Act**

The Executive Board comprises of 3 members, 2 men and 1 woman. The Extended Danish Leadership Team consists of seven women and six men.

MSD Danmark has implemented an equal opportunities policy to all levels of management within the company. The policy is an addition to the personnel policy and sets targets for gender equality at all levels of management with employee responsibility. In 2022, the company was not underrepresented at any level of management. MSD Danmark considers recruitment, training and development as important to continue to ensure equality in the company at management levels.

## **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## **Expected development**

The Company expects its revenue in 2023 to be 17 -21 % below the result for 2022. The main drivers for the sales decrease are Vaccines and Cardio-vascular diseases. The expectation is that the EBIT and EBITDA margins will be at level with 2022 and in the range of 2-6%.

## Income Statement 1 January - 31 December 2022

	Note	2022 TDKK	2021 TDKK
<b>Revenue</b>	2	<b>706.516</b>	<b>761.506</b>
Other operating income		3.465	2.274
Expenses for raw materials and consumables		-513.631	-563.437
Other external expenses		-57.592	-52.715
<b>Gross profit/loss</b>		<b>138.758</b>	<b>147.628</b>
Staff expenses	3	-106.224	-110.881
Depreciation and amortisation		-1.311	-1.280
Other operating expenses		0	-427
<b>Profit/loss before financial income and expenses</b>		<b>31.223</b>	<b>35.040</b>
Financial income	4	342	71
Financial expenses	5	-211	-378
<b>Profit/loss before tax</b>		<b>31.354</b>	<b>34.733</b>
Tax on profit/loss for the year	6	-4.683	-8.533
<b>Net profit/loss for the year</b>		<b>26.671</b>	<b>26.200</b>
Proposed dividend of the year		0	80.000
Retained earnings		26.671	-53.800
		<b>26.671</b>	<b>26.200</b>

# Balance Sheet 31 December

## Assets

	Note	2022 TDKK	2021 TDKK
Other fixtures and fittings, tools and equipment		1.477	1.996
Leasehold improvements		2.332	2.976
Property, plant and equipment in progress		470	212
<b>Property, plant and equipment</b>	<b>7</b>	<b>4.279</b>	<b>5.184</b>
Other receivables		3.049	3.049
<b>Fixed asset investments</b>	<b>8</b>	<b>3.049</b>	<b>3.049</b>
<b>Fixed assets</b>		<b>7.328</b>	<b>8.233</b>
Trade receivables		268.943	284.972
Receivables from group enterprises		43.036	27.679
Other receivables		70	1.789
Deferred tax asset	9	765	76
Prepayments	10	2.468	2.416
<b>Receivables</b>		<b>315.282</b>	<b>316.932</b>
<b>Cash at bank and in hand</b>		<b>4.864</b>	<b>165</b>
<b>Currents assets</b>		<b>320.146</b>	<b>317.097</b>
<b>Assets</b>		<b>327.474</b>	<b>325.330</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		1.601	1.601
Retained earnings		44.476	17.805
Proposed dividend for the year		0	80.000
<b>Equity</b>	11	<b>46.077</b>	<b>99.406</b>
Other provisions	13	3.432	194
<b>Provisions</b>		<b>3.432</b>	<b>194</b>
Trade payables		13.030	18.100
Payables to group enterprises		220.976	144.030
Corporation tax		3.055	2.528
Other payables		40.904	61.072
<b>Short-term debt</b>		<b>277.965</b>	<b>225.730</b>
<b>Debt</b>		<b>277.965</b>	<b>225.730</b>
<b>Liabilities and equity</b>		<b>327.474</b>	<b>325.330</b>
Subsequent events	1		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Fee to auditors appointed at the general meeting	16		
Accounting Policies	17		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1.601	17.805	80.000	99.406
Paid dividend in the year	0	0	-80.000	-80.000
Net profit/loss for the year	0	26.671	0	26.671
<b>Equity at 31 December</b>	<b>1.601</b>	<b>44.476</b>	<b>0</b>	<b>46.077</b>

# Notes to the Financial Statements

## 1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 2 Revenue

Geographical segments has not been specified in accordance with section 96(1) of the Danish Financial Statement Act, as the Company only operates in one geographical segment with one activity being the sales of human pharmaceuticals.

## 3 Staff expenses

	2022 TDKK	2021 TDKK
Wages and salaries	123.863	105.419
Pensions	10.804	11.344
Other social security expenses	917	717
Recharged costs	-29.360	-6.599
	<b>106.224</b>	<b>110.881</b>
<b>Including remuneration to the Executive Board</b>	<b>5.066</b>	<b>3.033</b>
<b>Average number of employees</b>	<b>113</b>	<b>112</b>

## 4 Financial income

Interest received from group enterprises	102	0
Exchange adjustments	240	71
	<b>342</b>	<b>71</b>

## 5 Financial expenses

Interest paid to group enterprises	17	32
Other financial expenses	124	173
Exchange adjustments	70	173
	<b>211</b>	<b>378</b>

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	8.197	7.248
Deferred tax for the year	-689	1.298
Adjustment of tax concerning previous years	-2.825	-13
	<b>4.683</b>	<b>8.533</b>

## 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	7.130	7.244	212
Additions for the year	0	147	258
Cost at 31 December	<b>7.130</b>	<b>7.391</b>	<b>470</b>
Impairment losses and depreciation at 1 January	5.134	4.268	0
Depreciation for the year	519	791	0
Impairment losses and depreciation at 31 December	5.653	5.059	0
<b>Carrying amount at 31 December</b>	<b>1.477</b>	<b>2.332</b>	<b>470</b>
Depreciated over	3-10 years	5-10 years	

## 8 Fixed asset investments

	Other receivables
	TDKK
Cost at 1 January	3.049
Cost at 31 December	3.049
<b>Carrying amount at 31 December</b>	<b>3.049</b>

## Notes to the Financial Statements

	2022 TDKK	2021 TDKK
<b>9 Deferred tax asset</b>		
Deferred tax asset at 1 January	76	1.374
Amounts recognised in the income statement for the year	689	-1.298
<b>Deferred tax asset at 31 December</b>	<b>765</b>	<b>76</b>
Intangible assets	-45	-90
Property, plant and equipment	59	90
Other provisions	-779	-76
Transferred to deferred tax asset	765	76
	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>		
Calculated tax asset	765	76
<b>Carrying amount</b>	<b>765</b>	<b>76</b>

The recognised tax asset comprises temporary differences. Deferred tax is expected to be utilised within the next three to four years.

### 10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

### 11 Equity

The share capital consists of 1.601 shares of a nominal value of DKK 1.000. No shares carry any special rights.

## Notes to the Financial Statements

	2022 TDKK	2021 TDKK
<b>12 Distribution of profit</b>		
Proposed dividend for the year	0	80.000
Retained earnings	26.671	-53.800
	<b>26.671</b>	<b>26.200</b>

## 13 Other provisions

Other provisions consists of obligations related to repurchasing sold goods, where the company is obliged to repurchase the goods upon expiry.

Other provisions	3.432	194
	<b>3.432</b>	<b>194</b>

## 14 Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with MSD Danmark ApS as the management company of the joint taxation. The total amount of corporation tax payable by the Group has not yet been calculated. Moreover, the Danish group companies 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 with- holding taxes may increase the Company's liability.

Rental and lease commitments comprise rent of premises and lease of vehicles and amounts to DKK 10.788k (2021: DKK 10.421k).

# Notes to the Financial Statements

## 15 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Merck & Co., Inc. 126 East Lincoln Avenue P.O. Box 2000 Rahway, NJ 07065 USA	Ultimate parent company
MSD Human Health Holding B.V. Kloosterstraat 6 5349 AB, Oss Netherlands	Controlling shareholder
<b>Other related parties</b>	
Ece Bayrak	Executive Board
Emmanuel Guy Marie Thiéry	Executive Board
Torstein Winterstø Ljøkjel	Executive Board

### Transactions

With reference to section 98 C(7) of the Danish Financial Statements Act, related parties transactions have not been disclosed in the Annual Report.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company Merck & Co., Inc.

The Group Annual Report for Merck & Co., Inc. may be obtained at the following address:

Merck & Co., Inc.  
126 East Lincoln Avenue  
P.O. Box 2000  
Rahway, NJ  
07065 USA

[www.merck.com](http://www.merck.com)

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>16 Fee to auditors appointed at the general meeting</b>		
Audit fee to PricewaterhouseCoopers	328	325
Other assurance engagements	0	30
Other services	97	148
	<b>425</b>	<b>503</b>

# Notes to the Financial Statements

## 17 Accounting Policies

The Annual Report of MSD Danmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Merck & Co., Inc, the Company has not prepared a cash flow 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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

### Translation policies

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. 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.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

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

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment and mark-up on the Company's research activities.

#### Financial income and expenses

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

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. 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.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## 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:

Other fixtures and fittings ect.	3-10 years
Leasehold improvements	5-10 years

The fixed assets' residual values are determined at nil.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Fixed asset investments

Fixed asset investments consist of deposits.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets 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 receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and 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.

### Financial debts

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

## Notes to the Financial Statements

### 17 Accounting Policies (continued)

#### Financial Highlights

##### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$