

Annual Report for 2025

Salpharm Animal Health Holding A/S

CVR-nr. 43 93 53 80

The Annual Report was presented and
adopted at the Annual General
Meeting of the company on 10/3 2026

Michael Degn-Mortensen
Chairman of the general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Salpharm Animal Health Holding A/S for the financial year 1 January - 31 December 2025.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and the Group and of the results of the Company and Group operations for 2025.

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.

Kolding, 10 March 2026

Executive Board

Peter Wendorff Olsen
CEO

Board of Directors

Dirk Friedrich Alois Ehle
Chairman

Peter Wendorff Olsen

Simon Damkjær Wille

Independent Auditor's report

To the shareholder of Salpharm Animal Health Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2025 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Salpharm Animal Health Holding A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Group 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.

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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's report

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.

Trekantområdet, 10 March 2026

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Heidi Bonde

State Authorised Public Accountant

mne42815

Company information

The Company

Salpharm Animal Health Holding A/S
Nordager 19
DK-6000 Kolding
CVR No: 43 93 53 80
Financial period: 1 January - 31 December
Municipality of reg. office: Kolding

Board of Directors

Dirk Friedrich Alois Ehle, chairman
Peter Wendorff Olsen
Simon Damkjær Wille

Executive Board

Peter Wendorff Olsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Group Chart

Company	Residence	Ownership
Salpharm Animal Health Holding A/S	Kolding, Denmark	
Salpharm Animal Health A/S	Kolding, Denmark	100%
Salpharm Holding ApS	Kolding, Denmark	100%
Salfarm Danmark A/S	Kolding, Denmark	100%
Salfarm Scandinavia AB	Helsingborg, Sweden	100%
Salfarm Scandinavia AS	Oslo, Norway	100%
FaunaPharma Oy	Espoo, Finland	100%

Financial Highlights

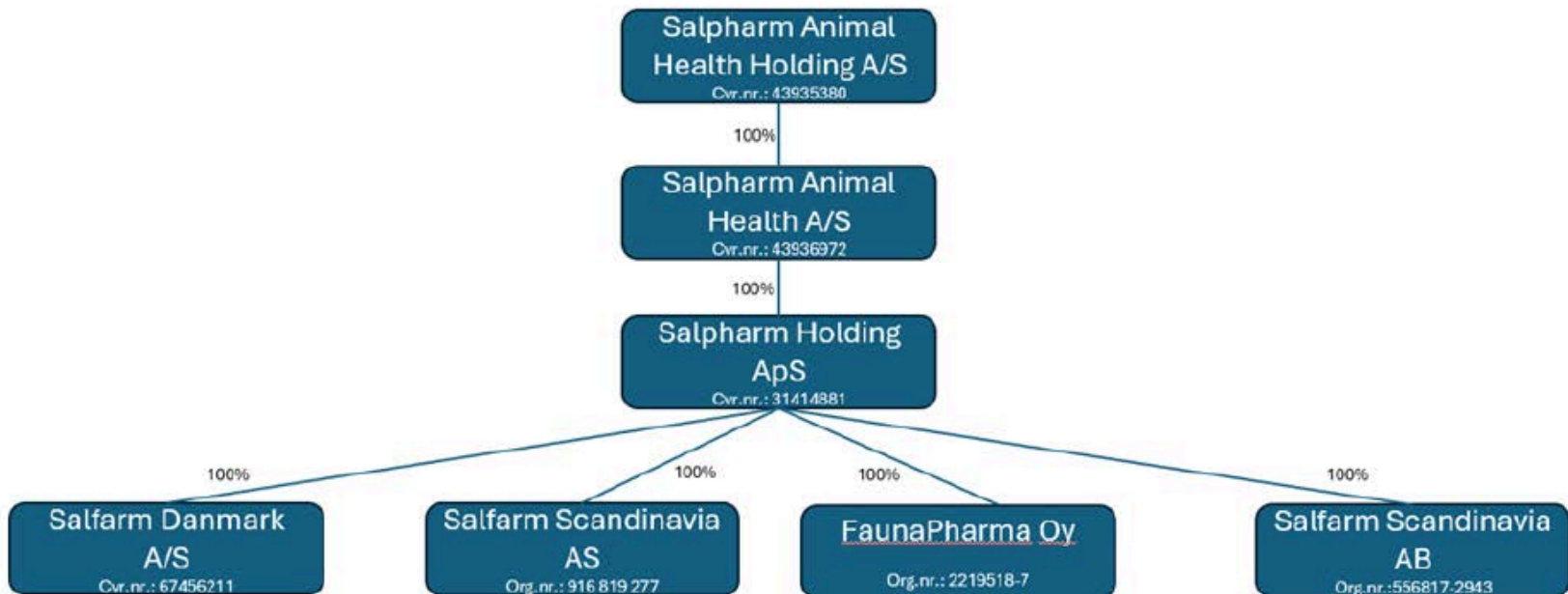
Seen over a 3-year period, the development of the Group is described by the following financial highlights:

(TDKK)	Group		
	2025	2024	2023
Key figures			
Profit/loss			
Gross profit/loss	95,063	-10,387	-52
Profit/loss of primary operations	28,863	-10,387	-52
Profit/loss of financial income and expenses	-11,731	29	-15
Net profit/loss for the year	11,143	-10,360	-66
Balance sheet			
Balance sheet total	444,333	459,926	1,008
Investment in property, plant and equipment	148	0	0
Equity	232,844	218,428	990
Number of employees			
	41	1	1
Ratios			
Return on assets	6.5%	-2.3%	-5.2%
Solvency ratio	52.4%	47.5%	98.2%
Return on equity	4.9%	-9.4%	-13.3%

The key figures have been prepared in accordance with the recommendations and key figures of the Finance Association. Please refer to the definitions in the accounting policies section.

Management's review

Group Chart



Business review

Salpharm Animal Health Holding A/S provides services to its subsidiaries and invest in and hold shares in companies.

Salpharm Animal Health Holding A/S and its subsidiaries is an independent Nordic veterinary pharmaceutical company.

Financial review

The income statement for 2025 shows net profit of DKK 11.1 million against a net loss of DKK 10.4 million last year, and the balance sheet per 31 December 2025 shows equity of DKK 232.8 million.

In 2024 financial statement management expected an EBITDA at or slightly above DKK 50m.

In 2025, EBITDA has increased compared to 2024 to DKK 63.8 million, which is above the management expectations. The increase above expectations was driven by a higher increase on our turnover than expected mainly due to both new products arriving earlier than forecasted and existing products performing above forecast.

Impact on the external environment

The Group requires accountability from suppliers and wants to make sure that suppliers are working within the same ethical guidelines and good business practices as the Group. To ensure these terms are kept, the Group aims to integrate its code of conduct in trade agreements with suppliers.

Number of employees

At year-end 2025, the Group had 41 employees. We entered the year with 30 employees in Salpharm Animal Health Holding A/S. The 2025 average for the Group ended at 41 employees.

Management's review

Unusual matters having affected the financial statements

There have been no unusual circumstances which should be referred to in relation to the accounts.

Foreign currency risks

Foreign activities mean that profit, cash flow and equity are affected by the exchange rate development between DKK, SEK, NOK and EUR. Management considers the Group's risk of fluctuations in foreign currency to be moderate.

Exchange rate fluctuations related to the translation of the result and inter Group balance of foreign subsidiaries at the balance sheet date constitute a risk. No hedging is performed to meet fluctuations unless the risk is considered substantial.

Interest Rate Risks

The net interest-bearing debt has not represented a substantial amount historically.

Moderate fluctuations in the interest rate level will not have a significant impact on the profit. Currently no hedging is performed, however, Management will continuously assess the risk and to the extent of the assessed risk perform relevant hedging.

Credit Risks

The Group's credit risks related to trade receivables are included in the balance sheet. Management has at year-end assessed the risks related to trade receivables and has made relevant provision for losses. Historically the Group has not experienced any significant losses on trade receivables.

Employee Risks

Having the right competencies with adequate experience is vital. Therefore, it is important that the Group continues to attract, retain and develop skilled employees. Failure to do so has the potential to negatively impact the expected development of the Group.

Supplier Risks

The Group has a large number of suppliers and keeps a focus on minimizing risks and dependency on single suppliers. Loss of key suppliers could have a negative effect on the Group.

IT Risks

The Group depends on Information Technology to manage critical business processes, ranging from sales, production, to administrative and financial functions. The Group uses IT systems for internal purposes and externally for its customers. Extensive disruption of IT systems could have a negative effect on the Group.

Development activities

Development activities primarily include veterinary pharmaceutical development. The Group continuously invests in the development of veterinary pharmaceuticals, which is a key lever in the continued successful development of the Group.

Management's review

Governance

The Board of Directors and the Executive Board work constantly to ensure that appropriate and sufficient control systems are in place, managed by a robust management team structure. The Board of Directors and the Executive Board have a number of duties that are defined by the Companies Act, the Danish Financial Statements Act and the Articles of Association and Rules of Procedure for the Board of Directors, among other regulations and policies. On this basis, the necessary internal procedures are continually being developed, refined, and maintained to ensure active, reliable and profitable management of the Group.

The Board of Directors ensures that the Executive Board complies with the approved objectives, strategies, business procedures and rules of procedure for the Executive Board. The information presented to the Board of Directors is provided systematically before and during meetings, as well as in written and verbal reports.

The topics of these reports include market development and the Group's development and profitability. The Board of Directors and the Executive Management have overall responsibility for risk management and internal controls related to financial reporting.

The Board of Directors of the Group meet at least four times a year. Furthermore, information about the Group, results and financial position is shared with the Board of Directors on a regular basis (monthly). If relevant, extraordinary meetings are held.

Furthermore, the Group's main activities are regulated by EU legislation and requirements by the medicine's agencies of each country in which the Group operates. To ensure compliance with rules and regulations, the Group has a Regulatory and Quality Department with competent staff maintaining the Group's quality system and ensuring the required training of the Group's staff.

Audit and risk committee

The board and management have discussed the need for an audit and risk committee and have assessed that it is not relevant at this time given the size of the Group.

Events after the balance sheet date

No events materially affecting the Group's financial position have occurred subsequent to the financial year-end.

Outlook

The veterinary pharmaceutical market in the Nordic countries is expected to have a stable growth of approx. 4-5% over the coming years. Salfarm is a well-established player and has developed a robust business, which forms a solid foundation for further growth.

Due to the growth in the market and the expectations of the coming activities, the Group expects to have an EBITDA between DKK 70m and 80m in 2026.

Income statement 1 January - 31 December

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Gross profit/loss		95,063,472	-10,386,628	-253,458	-22,250
Staff expenses	1	-28,894,365	0	0	0
Depreciation and impairment losses of property, plant and equipment		-34,956,812	0	0	0
Other operating expenses		-2,349,216	0	0	0
Profit/loss before financial income and expenses		28,863,079	-10,386,628	-253,458	-22,250
Income from investments in subsidiaries		0	0	11,332,256	-10,339,194
Financial income		429,602	37,629	24,003	5,789
Financial expenses		-12,160,583	-8,529	-6,621	-4,251
Profit/loss before tax		17,132,098	-10,357,528	11,096,180	-10,359,906
Tax on profit/loss for the year	2	-5,989,152	-2,378	46,766	0
Net profit/loss for the year	3	11,142,946	-10,359,906	11,142,946	-10,359,906

Balance sheet 31 December

Assets

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Completed development projects		40,259,573	31,968,796	0	0
Customer relationships		148,392,124	169,591,000	0	0
Acquired other similar rights		1,041,287	1,162,602	0	0
Goodwill		157,548,165	152,748,048	0	0
Development projects in progress		2,080,960	1,443,813	0	0
Intangible assets	4	349,322,109	356,914,259	0	0
Other fixtures and fittings, tools and equipment		290,621	206,085	0	0
Leasehold improvements		369,347	685,988	0	0
Property, plant and equipment	5	659,968	892,073	0	0
Investments in subsidiaries	6	0	0	229,581,937	217,777,320
Deposits	7	187,878	126,077	0	0
Fixed asset investments		187,878	126,077	229,581,937	217,777,320
Fixed assets		350,169,955	357,932,409	229,581,937	217,777,320
Finished goods and goods for resale		42,414,306	40,315,725	0	0
Inventories		42,414,306	40,315,725	0	0
Trade receivables		30,828,261	18,745,217	0	0
Receivables from group enterprises		1,718,793	0	0	0
Other receivables		1,234,497	460,982	0	0
Corporation tax receivable from group enterprises		0	0	46,766	0
Prepayments	8	738,050	251,893	25,527	0
Receivables		34,519,601	19,458,092	72,293	0
Cash at bank and in hand		17,229,254	42,220,260	3,239,326	672,804
Current assets		94,163,161	101,994,077	3,311,619	672,804
Assets		444,333,116	459,926,486	232,893,556	218,450,124

Balance sheet 31 December

Liabilities and equity

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Share capital		23,007,443	22,798,488	23,007,443	22,798,488
Share premium account		0	0	0	0
Reserve for net revaluation under the equity method		0	0	1,415,607	0
Reserve for exchange rate conversion		704,923	0	0	0
Retained earnings		209,131,190	195,629,762	208,420,506	195,629,762
Equity		232,843,556	218,428,250	232,843,556	218,428,250
Provision for deferred tax	9	41,909,199	44,714,734	0	0
Provisions		41,909,199	44,714,734	0	0
Credit institutions		107,968,294	155,950,000	0	0
Long-term debt	10	107,968,294	155,950,000	0	0
Credit institutions	10	10,971,428	181,136	0	0
Trade payables		31,376,435	29,265,226	0	0
Payables to group enterprises		0	3,257,805	0	0
Corporation tax		5,339,962	1,400,456	0	0
Other payables		13,924,242	6,728,879	50,000	21,874
Short-term debt		61,612,067	40,833,502	50,000	21,874
Debt		169,580,361	196,783,502	50,000	21,874
Liabilities and equity		444,333,116	459,926,486	232,893,556	218,450,124
Contingent assets, liabilities and other financial obligations	11				
Related parties	12				
Accounting Policies	13				

Statement of changes in equity

Group

(DKK)	Share capital	Share premium account	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	22,798,488	0	232,563	195,397,199	218,428,250
Exchange adjustments	0	0	472,360	0	472,360
Cash capital increase	208,955	1,880,597	0	0	2,089,552
Transfers, warrants	0	0	0	710,448	710,448
Net profit/loss for the year	0	0	0	11,142,946	11,142,946
Transfer from share premium account	0	-1,880,597	0	1,880,597	0
Equity at 31 December	23,007,443	0	704,923	209,131,190	232,843,556

Parent company

(DKK)	Share capital	Share premium account	Reserve for net revaluation under the equity method	Reserve for exchange rate conversion	Retained earnings	Total
Equity at 1 January	22,798,488	0	0	232,563	195,397,199	218,428,250
Exchange adjustments	0	0	704,923	-232,563	0	472,360
Cash capital increase	208,955	1,880,597	0	0	0	2,089,552
Transfers, reserves	0	0	0	0	710,448	710,448
Net profit/loss for the year	0	0	710,684	0	10,432,262	11,142,946
Transfer from share premium account	0	-1,880,597	0	0	1,880,597	0
Equity at 31 December	23,007,443	0	1,415,607	0	208,420,506	232,843,556

Notes to the Financial Statements

1. Staff expenses

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Wages and salaries	25,597,638	0	0	0
Pensions	2,241,128	0	0	0
Other social security expenses	1,055,599	0	0	0
	<u>28,894,365</u>	<u>0</u>	<u>0</u>	<u>0</u>
Including remuneration to the Executive Board and Board of Directors	<u>2,225,820</u>	<u>0</u>	<u>0</u>	<u>0</u>
Average number of employees	<u>41</u>	<u>1</u>	<u>1</u>	<u>1</u>

The incentive scheme offered to the Board of Directors provides the option of issuing new shares, in the period up to 6 January 2023, of up to 0.29% of the current share capital at a subscription price of DKK 0.1 at a nominal price of DKK 0,01. A hurdle rate of 10% per year is added to the subscription price until the warrants are exercised. A total of 6,716,418 warrants have been granted during the year, which is also the outstanding number at 31 December 2025 to the Board of Directors.

Incentive programmes are not recognised in the Financial Statements.

2. Income tax expense

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Current tax for the year	11,364,403	2,378	-51,937	0
Adjustment of tax concerning previous years	5,171	0	5,171	0
Adjustment of deferred tax concerning previous years	-5,380,422	0	0	0
	<u>5,989,152</u>	<u>2,378</u>	<u>-46,766</u>	<u>0</u>

3. Profit allocation

(DKK)	Parent company	
	2025	2024
Reserve for net revaluation under the equity method	710,684	0
Retained earnings	10,432,262	-10,359,906
	<u>11,142,946</u>	<u>-10,359,906</u>

Notes to the Financial Statements

4. Intangible fixed assets

Group					
(DKK)	Completed development projects	Customer relationships	Acquired other similar rights	Goodwill	Development projects in progress
Cost at 1 January	31,968,796	169,591,000	1,162,602	152,748,048	1,443,813
Additions for the year	11,993,152	0	0	12,947,053	2,081,649
Disposals for the year	0	0	0	0	-38,502
Transfers for the year	1,406,000	0	0	0	-1,406,000
Cost at 31 December	45,367,948	169,591,000	1,162,602	165,695,101	2,080,960
Impairment losses and amortisation at 1 January	0	0	0	0	0
Amortisation for the year	5,108,375	21,198,876	121,315	8,146,936	0
Impairment losses and amortisation at 31 December	5,108,375	21,198,876	121,315	8,146,936	0
Carrying amount at 31 December	40,259,573	148,392,124	1,041,287	157,548,165	2,080,960
Amortised over	8 - 10 years	8 years	10 years	5 - 20 years	

The development costs relate to expanding the indications and species for existing products, as well as preparing new registration dossiers. Ongoing development projects are expected to be completed during 2026 - 2030. The projects are progressing as planned using the allocated resources. It is expected that the development of the products will increase market demand from both existing and new customers. Prior to commencement, there were strong indications that there was a market need for the anticipated developments.

5. Property, plant and equipment

Group		
(DKK)	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	206,085	685,988
Additions for the year	148,000	0
Disposals for the year	-25,000	0
Cost at 31 December	329,085	685,988
Impairment losses and depreciation at 1 January	0	0
Depreciation for the year	63,464	316,641
Impairment and depreciation of sold assets for the year	-25,000	0
Impairment losses and depreciation at 31 December	38,464	316,641
Carrying amount at 31 December	290,621	369,347
Amortised over	3 - 10 years	5 years

Notes to the Financial Statements

6. Investments in subsidiaries

(DKK)	Parent company	
	2025	2024
Cost at 1 January	228,166,330	527,919
Additions for the year	0	227,638,411
Cost at 31 December	228,166,330	228,166,330
Value adjustments at 1 January	-10,389,010	-49,816
Exchange adjustment	472,360	0
Net profit/loss for the year	11,332,257	-10,339,194
Value adjustments at 31 December	1,415,607	-10,389,010
Carrying amount at 31 December	229,581,937	217,777,320

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Salpharm Animal Health A/S	Kolding, Denmark	100%
- Salpharm Holding ApS	Kolding, Denmark	100%
- Salfarm Danmark A/S	Kolding, Denmark	100%
- Salfarm Scandinavia AB	Helsingborg, Sweden	100%
- Salfarm Scandinavia AS	Oslo, Norway	100%
- FaunaPharma Oy	Espoo, Finland	100%

7. Other fixed asset investments

Group	Deposits
(DKK)	
Cost at 1 January	126,077
Additions for the year	61,801
Cost at 31 December	187,878
Carrying amount at 31 December	187,878

Notes to the Financial Statements

8. Prepayments

Prepayments consist of prepaid expenses related to electricity, travel expenses, insurance, and annual fee to the Danish Medicines Agency etc.

9. Provision for deferred tax

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Deferred tax liabilities at 1 January	44,714,734	0	0	0
Net effect from merger and acquisition	2,574,887	44,714,734	0	0
Amounts recognised in the income statement for the year	-5,380,422	0	0	0
Deferred tax liabilities at 31 December	41,909,199	44,714,734	0	0

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Credit institutions				
After 5 years	0	93,570,000	0	0
Between 1 and 5 years	107,968,294	62,380,000	0	0
Long-term part	107,968,294	155,950,000	0	0
Within 1 year	10,971,428	0	0	0
Other short-term debt to credit institutions	0	181,136	0	0
	118,939,722	156,131,136	0	0

11. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The group has assumed lease commitments amounting to DKK 3.109.635 as at the balance sheet date.

Notes to the Financial Statements

11. Contingent assets, liabilities and other financial obligations (continued)

The group has assumed rent obligation amounting to DKK 488.529 as at the balance sheet date.

Guarantee obligations

The parent company has provided unlimited, joint and several guarantees to the financial institution for the subsidiaries Salpharm Holding ApS' and Salpharm Animal Health A/S' outstanding balances with the bank.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of P-Salpharm Animal Health 2024 A/S, which is the management company of the joint taxation purposes. Moreover, the 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 withholding taxes may increase the Company's liability.

Other financial obligations

The Group has entered into agreements regarding other financial obligations of DKK 79,217k.

The Parent Company has entered into agreements regarding other financial obligations of DKK 0k.

12. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Transactions with related parties have been conducted on an arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
P-Salpharm Animal Health 2024 A/S	Kolding, Denmark

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Salpharm Animal Health Holding A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2025 are presented in DKK.

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 P-Salpharm Animal Health 2024 A/S group, 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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Salpharm Animal Health Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

Notes to the Financial Statements

13. Accounting policies (continued)

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Notes to the Financial Statements

13. Accounting policies (continued)

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods is 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 Group.

Revenue is measured at the consideration received and 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 the consolidated revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of intangible assets, and 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 Group, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year after deducting depreciation of goodwill and other excess values.

Notes to the Financial Statements

13. Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5-20 years, determined on the basis of Management's experience with the individual business areas. The depreciation period is 20 years on a strategically acquired company with a strong market position and long earnings profile. Goodwill is amortized over the estimated useful life of the investment in the subsidiary based on the business case determined at the time of purchase.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 8-10 year.

Notes to the Financial Statements

13. Accounting policies (continued)

Other intangible fixed assets

Rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Rights are amortised over the period of the agreements, which is 10 years.

Customer relationships are amortised on a straight-line basis over a 8 year useful life. Costs for acquired assets represent the purchase price acquisition.

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, tools and equipment	3-10 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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.

Investments in subsidiaries

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

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises. Goodwill and other intangible assets arising at the time of acquisition are amortized over their expected useful lives, which are between 8 to 20 years.

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

Notes to the Financial Statements

13. Accounting policies (continued)

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

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

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

Prepayments

Prepayments consist of prepaid expenses related to electricity, travel expenses, insurance, and annual fee to the Danish Medicines Agency etc.

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, including the tax base of tax loss carry-forwards, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Notes to the Financial Statements

13. Accounting policies (continued)

Financial liabilities

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

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$