
DECHRA VETERINARY PRODUCTS A/S

Mekuvej 9, DK-7171 Uldum

Annual Report for
1 July 2023 - 30 June 2024

CVR No. 10 11 42 41

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/1 2025

Brian Mogensen
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 DECHRA VETERINARY PRODUCTS A/S for the financial year 1 July 2023 - 30 June 2024.

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 30 June 2024 of the Company and of the results of the Company operations for 2023/24.

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.

Uldum, 28 January 2025

Executive Board

Milton McCann
CEO

Board of Directors

Paul Nicholas Sandland
Chairman

Melanie Jane Hall

Milton McCann

Independent Auditor's report

To the shareholder of DECHRA VETERINARY PRODUCTS A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DECHRA VETERINARY PRODUCTS A/S for the financial year 1 July 2023 - 30 June 2024, 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' 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 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 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.

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 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.

Trekantområdet, 28 January 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Morten Elbæk Jensen
State Authorised Public Accountant
mne27737

Morten Jacobsen
State Authorised Public Accountant
mne44140

Company information

The Company	DECHRA VETERINARY PRODUCTS A/S Mekuvej 9 DK-7171 Uldum CVR No: 10 11 42 41 Financial period: 1 July 2023 - 30 June 2024 Municipality of reg. office: Uldum
Board of Directors	Paul Nicholas Sandland, chairman Melanie Jane Hall Milton McCann
Executive Board	Milton McCann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2,680,690	2,513,140	2,367,833	2,131,656	1,614,316
Gross profit	240,932	238,874	255,837	192,181	111,703
Profit/loss of primary operations	136,753	142,323	168,493	112,865	34,542
Profit/loss of financial income and expenses	18,164	3,223	-1,959	-15,216	-20,977
Net profit/loss for the year	116,939	111,716	157,581	98,319	23,268
Balance sheet					
Balance sheet total	1,386,097	1,242,228	1,209,656	1,132,379	964,160
Investment in property, plant and equipment	5,505	10,408	27,208	40,805	1,623
Equity	631,669	574,733	560,423	403,139	302,845
Number of employees	118	110	108	98	91
Ratios					
Gross margin	9.0%	9.5%	10.8%	9.0%	6.9%
Profit margin	5.1%	5.7%	7.1%	5.3%	2.1%
Solvency ratio	45.6%	46.3%	46.3%	35.6%	31.4%
Return on equity	19.4%	19.7%	32.7%	27.9%	5.4%

In connection with changes to accounting policies, the comparative figures for 2019/20, 2020/21 and 2021/22 have not been restated. See the description under accounting policies.

Management's review

Key activities

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

Our Business Model

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

Our Products

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

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

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

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

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

Performance

Markets continued the return to more normalised levels of growth following the global COVID pandemic. Despite the continuing macro-economic uncertainties, our business delivered a robust performance, with most key markets producing mid-single digit growth and major product categories all in growth. Excellent sales in Poland and France produced double digit growth, and there were also strong performances in other markets such as Iberia. Other key markets such as UK delivered a solid performance, although sales volumes were adversely impacted in Q1 by pre-price rise inventory unwind at some UK wholesalers. Consolidation of veterinary practices continued to be a feature, and the support and partnership model, led by our key account

Management's review

managers and technical support team, has ensured we are able to benefit from this growth in their business. Whilst consolidators put pressure on margins, they deliver additional volume. We have strong relationships with most of these groups, and they will continue to play an important part in our business in the future.

CAP portfolio performed well, delivering mid-high single digit growth, with most additional revenues derived via organic growth from our existing product range. Most key therapeutic sectors delivered growth, including cardiology, dermatology, endocrinology and anaesthesia and analgesia.

FAP delivered growth despite the continuing pressure on antibiotic reduction and volatility with global meat production. We believe our FAP antibiotic range remains aligned for best prescribing practice and the overall portfolio is in a strong position to continue to deliver future growth. Our range of in-house developed poultry vaccines is also enhancing this position.

Equine performed well in the year, with strong growth from most key markets. Equine has recovered well following the effects of the global pandemic which saw the cancellation of many equestrian events, particularly in the UK and France. Further growth is expected as we look to enhance our portfolio offering.

Nutrition range delivered the fourth consecutive year of double-digit growth following strategic investment in new packaging, enhanced marketing efforts and greater focus on successfully competing for new business, particularly in France. Continued growth is expected as we look to invest in geographic expansion and market penetration.

Development in activities and financial position during the year under review and follow-up on forecast development for 2023/24

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

The Group reports a profit before tax of DKK 154.9 million for 2023/24.

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

Revenue growth of the Company was within range of the FY24 outlook (4-8%) at +6,7%, whilst operating margin decreased 3,9% compared to FY24 outlook (4-8%). Key drivers for the operating margin performance included adverse product mix, with increased sales of lower margin products, and general inflationary pressure on some raw materials adversely impacting cost of sales.

Capital

The capital base of the Company comprises a share capital of a nominal amount of DKK 100 million subscribed at a premium. At 30 June 2024 the total equity was DKK 631.7 million.

Capital resources

The capital resources are considered sufficient to meet future requirements.

Management of special risks

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

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

Management's review

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

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

Competition

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

Market risk

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

Outlook

Following a robust set of results in 2024, the outlook ahead remains in line with management expectations. The Company is expecting revenue growth in the range of 8-12% and operating profit growth in the range of 6-10% looking into budgets and forecast for the next year.

Good progress is being made on all parts of our strategy, with several new opportunities being realized and recent Group acquisitions delivering expected returns. Whilst challenges in the market exist, we believe that our strategy and flexibility to adapt to change positions us well to continue to outperform. We remain confident in our ability to outperform the markets in which we operate and in the prospects for the current financial year.

The primary objective for 2024/25 will be to continue to focus on our strategic pillars and grow the awareness and presence of the Dechra brand across Europe.

External environment

Despite the continuing macroeconomic uncertainty, the veterinary pharmaceutical market, particularly in the CAP sector, is expected to remain resilient and in growth. European practice corporate consolidation is expected to be a feature. Furthermore, veterinary distributors who operate in most major countries in Western Europe are changing and increasingly focused on consolidation and the sales and marketing of their own products, which is often in conflict with their core historic suppliers. The Board is confident we remain well positioned to support the needs of larger practice groups alongside independent practices and that we also have the flexibility to respond quickly to any ongoing changes within the distribution network.

Development in the year

The income statement of the Company for 2023/24 shows a profit of TDKK 116,939, and at 30 June 2024 the balance sheet of the Company shows a positive equity of TDKK 631,669.

Management's review

Corporate Social Reporting

Acc. to Danish Financial Statements Act §99a

The Dechra company has over the past year repositioned their Sustainability strategy from being a standalone Strategic Enabler to become central to all that we do. In recognition of this we have taken the opportunity to re-position our Sustainability strategy such that it now serves as a fundamental underpin to delivering our growth strategy and, ultimately, our Purpose. Our long-term approach to Sustainability, articulated through our Making a Difference strategy, remains centered around the four pillars of Business, Environment, People and Community.

Sustainability has for many years been a key driver for Dechra Service Center, and our CSR work is fully integrated in the Group ESG strategy and targets that are the result of the work carried out in the ESG sub committees; Health, Safety and Wellbeing Committee, Sustainable Packing Committee, Global Transport Logistics and Waste Committee as well as Regional Giving Committees. Dechra Service Center is represented in all Committees as we contribute with our part to the overall Group Purpose to ensure “Sustainable improvement of animal health and welfare globally”. On a Group level we have committed to a long-term strategy to reach net zero emissions by no later than 2050, backed by science-based targets.

Business Model

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

The ESG Strategy

Purpose

Our Purpose is the sustainable improvement of animal health and wellbeing globally. We continue to have a clearly defined set of Drivers and Enablers that support delivery of that strategy and which we remain focused on. Our Making a Difference Sustainability strategy reflects the way in which we go about delivering that growth strategy. It is closely aligned with our Values and Culture, sits firmly at the heart of all that we do, and helps position Dechra as an even better business capable of delivering long term value to all stakeholders

Strategy

Our Making a Difference plan formalizes our commitment to a long-term Sustainability strategy and has strong links with our Purpose and our Culture. It provides a framework centered around four Sustainability pillars and a set of 11 objectives, helping to focus our efforts on making conscious choices and working with our stakeholders to become a more sustainable business

Approach to Sustainability

Since 2020, we have chosen to link our sustainability strategy to the United Nations Sustainable Development Goals (SDGs) as we felt that this would provide an appropriate framework for our activities. When plotting the 17 goals against our Sustainability objectives, we found that we have the opportunity to positively contribute to a number of them but identified the following as being most closely aligned to our Making a Difference strategy.

Management's review



Our global THRIVE programme supports positive physical, emotional, social and financial wellbeing.



We are proud to have retained our status as a Living Wage (or equivalent) employer globally.



We are committed to reducing the gender pay gap in our business.



We are committed to minimising the impact of our operations, helping to create a more resilient business and protect the environment.



We have submitted ambitious near term carbon emission reduction targets to the SBTi and are developing a roadmap to achieve net zero emissions by 2050.

Our People

Culture and Values

The objective to comply with national legal requirements regarding wages and working hours is a natural given for us as we want to invest in long-lasting relationships with our employees while acknowledging their skills.

It is a top priority for us to ensure that Dechra Service Center is a safe and great place to work, where we focus on our employees' well-being and desire to engage in the company and the job.

Our people are our greatest asset, and we actively work on attracting and retaining people in all stages of life. We do so by supporting a good and healthy work/life balance throughout the employment. We are enabling our employees to manage family and work in a positive way with initiatives such as flexible working arrangements allowing them to plan their own day and in roles where this is possible also to work from home when needed.

Development and retention

To ensure a consistent flow of competent employees, we own up to our responsibility of taking part of educating the workforce of the future. We do so by having apprenticeships where trainees typically have 2 years of vocational training. In 2023-2024 we have had 2 trainees in the Logistics team and 1 in the Warehouse. Our trainees join the workforce in the same way as other new employees and with regular

Management's review

responsibilities to ensure them a thorough education. We are often able to offer them to stay on as regular employees after the 2-year period has ended and many stay employed for many years.

In connection with staff suffering a partial loss of the ability to work on regular terms, we try to relocate the employees into other job functions or introduce special light duties in the existing role. In 2023-2024 we have had 4 employees on reduced working hours and tasks and who are able to continue to have a meaningful work despite the limitation to their work ability.

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

Our staff association is active and arranges various social events to further heightening the engagement and social interaction between colleagues.

Fair Employment Practices

We have always taken pride in having a flat organisation, which acknowledges that every single employee is an important part of a well-running organisation and that we create success by working together and helping each other. This culture is supported by good working conditions, wages that follow the Industrial Agreement (a major collective bargaining agreement in Denmark) and working hours, that are only occasionally extended and only by agreement with the employee.

Safe working Practices

Our approach is to reinforce a strong culture of health and safety within a zero-harm environment which is being ensured via our local Health & Safety Organisation as well as via the Group Health, Safe and Wellbeing Committee. At Group level we are supported with group policies, information sharing and programmes to heighten the safety awareness among our employees.

The local Health & Safety Organisation consists of 3 sub-groups with each one employee representative and one management representative plus a chairman and two staff functions. The organisation meets at fixed intervals throughout the year and works continuously to create a safe and healthy workplace both physically and psychologically for all employees. The initiatives taken by this organisation are actively backed up by the site management.

Our efforts to maintain a safe workplace are backed up by the Behavioural Safety Programme through which we perform monthly safety walks on site in order to have open conversations around daily working practices and to identify safe and unsafe observations. The immediate real-time observation and resolution of unsafe behaviours is the key to building trust in the organisation and achieving the zero-harm workplace.

We actively report any incidents observed in an app for accident and near miss reporting. This app is also available to our employees via their phones or available tablets on site. On a Group level we have a risk alert programme which shares reports on accidents and near misses throughout the Dechra Group. These alerts are being assessed at Dechra Service Center and preventive measures implemented where applicable.

Below is an overview of reported accidents and near misses. The figures show an increase in reported near misses and minor injuries from FY21/22 to FY23/24, however it needs to be considered that the level of reporting has increased intensely over the period to show the actual incidents that have happened.

Management's review

Statistics on accidents and near misses

Incidents reported in SHEassure						
	FY 21/22		FY22/23		YTD FY23/24	
Area	Warehouse	Admin.	Warehouse	Admin.	Warehouse	Admin.
Near Miss	3	-	13	1	24	-
Accident						
First aid	1	-	-	-	-	-
Minor Injury	1	-	5	1	3	-
Minor LTA < 3 days lost time	0	1	1	-	0	-
Serious LTA >3 days lost time	0	1	1	-	1	-
Total reports in SHEassure	7	2	22	2	28	0

Accounting principles for above KPIs: Reports entered in SheAssure, safety management system in Group Dechra. Word definitions for table one:

- **Near Miss** - An unplanned and undesired work-related event involving a person (s) that, under slightly different circumstances, could have caused an accident or loss - with or without material damage.
- **First aid** - Any minor injury which was treated by a first aider but did not result in any days of absence. The employee was able to return to their normal duties after treatment.
- **Minor Injury** - Any minor injury which did not require any treatment or result in days absence, but which caused a superficial injury or pain. The employee was able to continue in their normal duties.
- **Minor LTA** - Any accident leading to 1, 2 or 3 lost days and doesn't fall into the serious injury category.
- **Serious LTA** - An accident which resulted in permanent disability or which requires hospitalization for more than 24 hours or resulting in more than 3 lost days.

In close cooperation with the Health & Safety organisation we have a number of groups and recurring activities in place to capture and secure our high standards and act proactively on observations which need attention.

- A “Nutcracker group” for identifying and acting on workplace victimization
- Workplace Assessments are carried through every 3 years
- First Aid and Firefighting courses held every 2 years
- Half yearly ergonomic consultancy for our warehouse staff

Results from Workplace Assessments and other observations are registered and monitored in an online tracking system and followed up at each Health & Safety meeting.

Dechra Veterinary Products A/S has for many years had a close cooperation with CRECEA, which is an authorized work environment consultancy company. As an example, an ergonomic consultant from CRECEA comes to our warehouse staff each year to instruct in good work practices in connection with lifting and packing work.

Risk Assessment for Our People

In order to ensure a high level of Health and Safety in the workplace and to stay in front on any Group level requirements we have over the past year increased the activity level for the Health and Safety Organisation on site. We also see that the amount of compliance reporting requirements increases steadily not only within the company but also by local regulation. This development has brought the management team to consider creating a position for a HSE manager on site to ensure that any initiatives, compliance requirements and reporting are handled with due diligence.

Management's review

On the psychological level we are working on a revitalisation of the “Nutcracker Group” as more members will be included and they will all be trained in spotting and handling stressed and not well-functioning employees already in the early stages. We deem the risks of an unhealthy psychological work environment to be very low. On a Group level tools such as Headspace and training in mindfulness to counter the normal daily stress levels have been implemented and on a local level, we offer psychological help/coaching via CRECEA and our insurance company.

Our Environment

Targets

The overall Group Targets within environment are based on the Science Based Targets initiative (SBTi) which sets near- and long-term targets for emission reduction.

In 2024 SBTi has approved our near-term target which means that by 2030, Dechra commits to:

- reduce absolute Scope 1 and 2 GHG emissions by 42% from a 2021 base year carbon footprint calculation; and
- reduce Scope 3 GHG emissions by 51.6% from a 2021 base year carbon footprint calculation per GBP value added.

Furthermore, we aim to achieve zero to landfill by 2025 and net zero emissions by 2050.

On a local level we are currently working on targets for Dechra Service Center to become carbon neutral as a site. We expect within the next few months to have the outline and targets set to kick off the project.

Waste

As Dechra Service Center only handles finished goods, the waste that arises from the handling in the warehouse mainly consists of plastic foil from pallet wrapping, stuffing in shippers and nutrition bags, cardboard from boxes and pallet layers, pallets that are broken or otherwise unfit for further use, and hazardous waste, that is related to stock disposal. Furthermore, we have normal office and canteen waste.

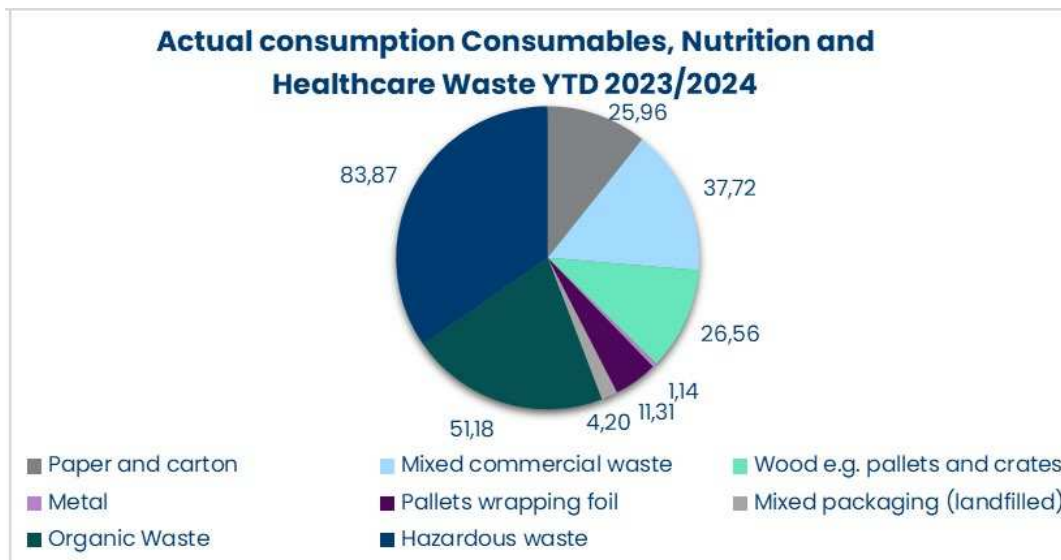
We have a close cooperation with a waste collection company, who ensure that our waste is disposed of according to local legislation. The waste from plastic, wooden pallets and cardboard is collected several times per month and sold for recycling. Unfortunately, we experience in Denmark these years that there is more recyclable cardboard available than what is needed for reuse, so companies often experience that they cannot sell the cardboard for recycling even if they want to, therefore we reuse cardboard boxes for shipping whenever possible. Organic waste from the canteen is being collected from a local company, that has specialized in the collection, safe handling, and recycling of by-products from agriculture and food industry. The organic waste is then used as renewable products such as biofuels and biodiesel. Office waste is sorted in fractions and either reused or recycled.

Sustainable packaging material

At Dechra Service Center we actively work to make the packing and shipping of the products as sustainable as possible. Wherever possible all paper and cardboard used in the office, canteen and warehouse is FSC certified. Also, we have changed our plastic foil for pallet wrapping from black to white plastic, which is easier to sort and recycle in some of our neighboring countries and thus more sustainable. Currently we are testing the use of paper-based tape for our cardboard boxes and we have made tests using paper-based pallet foil, however the results showed that this technology does not yet provide the product safety during transport that we require.

Management's review

In FY24 our waste production was 244 tonnes of which 83% of the waste discarded was hazardous waste, which is finished pharma products, that are discarded due to expiry of shelf life or quality issues. Organic waste represented 51% which is Nutrition products discarded for various reasons, mostly due to damages on the packs. We aim to bring the discarded amounts of both pharma and nutrition down, as a decrease will have a positive impact on both warehouse handling, logistics costs and reduction of waste. App. 80 % of all our waste is being incinerated with energy recovery used for heating and 20% is being sold for recycling/reuse covering the waste (plastic, wooden pallets and cardboard).



Accounting principles for above KPIs: Waste is reported in the Group Carbon Footprint management system and our approach is formalised in the Group HSE Standard – HSE 203 – Waste Minimisation and Management. Waste is included in our Scope 3 measurements.

Word definitions: Organic waste is Nutrition waste, mixed commercial waste is office waste and daily waste from the canteen and normal household, hazardous waste is waste from pharma and care products which require special handling and which is sent to Fortum Waste Solution A/S.

Energy

Most of the energy consumption at Dechra Service Center consists of electricity for lighting, heating and operation in our warehouse and administration. We are proud to say that all electricity delivered to Dechra Service Center comes from RECS certified Danish windmills and we are continuously looking into moving towards even more sustainable solutions. Currently we are investigating the possibility of setting up solar panels on site.

Dechra Service Centre runs entirely on sustainable energy with district heating produced from wood chips coming from FSC (Forest Stewardship Council) and SBP (Sustainable Biomass Program) certified or self-felled wood. SBP certified wood chips ensures that that the forest owner replants the forest as it is removed, and that biodiversity and forest ecosystems do not deteriorate. SBP-certified wood chips used for energy purposes are residues from the forest and wood industries.

All lighting on the site is of the newest LED technology with motion sensors and comfortable day light feel for our employees and an expected reduction in both CO₂ emission and costs. Data show that our energy savings is around 5000-6000 kWh per month.

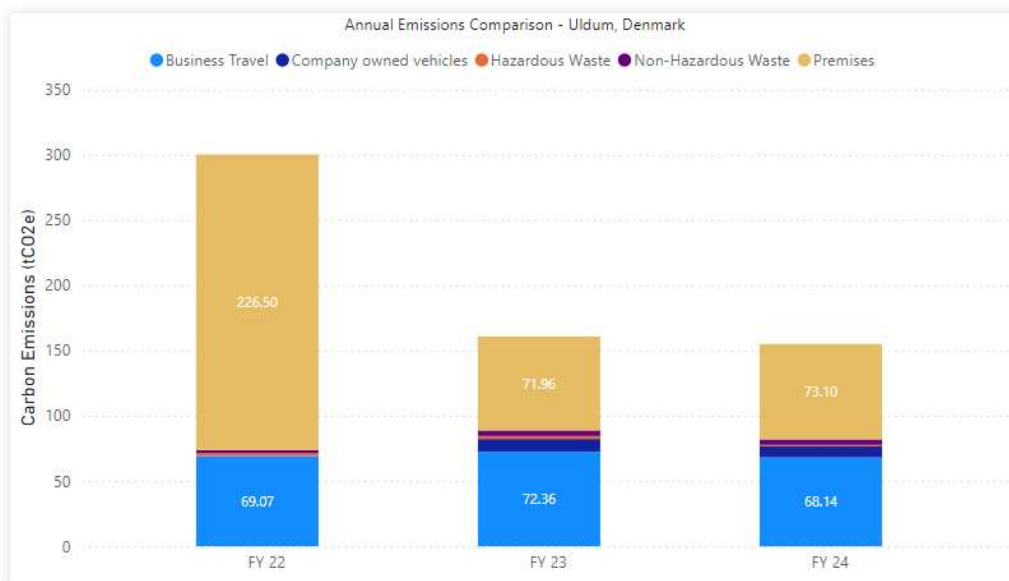
Management's review

The annual CO₂ emissions have increased from 353,86 tCO₂ in FY23 to 389,87 tCO₂ in FY24 as we have a general increase in activity with increasing numbers of SKUs in the warehouse and increasing activity deriving from this, plus we have changed the content of the electricity reporting to also include transmission and distribution losses.

Table 1



Table 2



Accounting principles for above KPIs: We use the GHG Protocol Corporate Accounting and Reporting Standard, and we report on emissions arising from those sources over which we have operational control under the location-based method. Electricity and heating is automatically monitored and waste is manually collected. All information is reported on a monthly basis to the Group Ecometrica system and audited internally on a quarterly and yearly basis.

Management's review

Emissions on building (electricity, gas heating, local district heating), company owned vehicles and business travel are included in our scope 1, 2 and 3 measurements.

Table 1 shows the total site emissions in tCO₂e per year.

Word definitions for table two: Business Travel covers all flight CO₂ emissions, Company owned vehicles covers company cars and LCV CO₂ emissions, Hazardous Waste CO₂ emissions covers pharma and care products which require special handling and which therefore are sent to Fortum Waste Solution A/S for incineration with energy recovery. Non Hazardous Waste CO₂ emissions covers products such as nutrition, office waste, daily waste from the canteen and normal household which are sent for incineration with energy recovery. Premises CO₂ emissions covers energy emissions of our three buildings on site (electricity and local district heating).

Sustainable transportation initiatives

On a Group level we are continuously working on moving any shipment to a more sustainable mode of transportation. We have focused on transferring air to sea transportation and we are currently looking in the possibilities of using eco-friendly biofuel in all transportation. Furthermore, we are working on a project to optimize shipments by double stacking finished goods pallets and by reducing the number of shipments to each market and customer. Unfortunately, our project of transporting nutrition from Oudewater to Uldum by electric train whereby we could save approximately 45% CO₂ compared to if it was sailed, was closed down by DHL, due to lack of support from the business who had originally shown interest in the project. We will keep looking out for new opportunities in other areas.

Risk assessment on Environment

We constantly monitor and ensure that we optimize and make use of the latest technologies for sustainable energy. In this, the monitoring of risks is part of our monthly managerial agenda, while a legislatively required environment report is produced every 5 years. The environment report investigates and evaluates optimization opportunities for the site. Our last report is from 2020 and a new report is in the works.

As we have no production and only handle finished goods the risk of polluting the environment is very low, which has also been confirmed to us in various inspections. However, the increased activity on shipments has caused increased noise levels from vehicles arriving to the site. We are very conscious that our noise level has an effect on our neighbours, so we are currently looking for solutions to solve this.

Our Business

Ethics

Our commitment to conduct all business in an honest and ethical manner is conveyed through our policies, procedures and training programmes. All employees at Dechra Service Center are trained on a yearly basis in Anti-Bribery; Donations, Code of Conduct/Ethics/Human Rights; Whistleblowing and the Company Values and have conducted this in 2024.

Anti-Bribery

Our zero-tolerance approach to bribery and corruption is communicated to our employees and third-party network via policies and training programmes and we remain committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

We continue to implement and enforce effective systems to counter bribery and corruption through our due diligence processes, contractual arrangements, monitoring and audit programmes. As an example of risk mitigation when engaging in business with a new customer or supplier a screening document is filled in and if any of the information entered triggers a risk of bribery, corruption, violation of human rights or other code of conduct violation the party and our relation must be approved by our Group Compliance Manager before we can continue into a business relation.

Management's review

Code of Conduct/Ethics/Human Rights

Dechra Service Center is committed to upholding and respecting human rights both within our business and from our suppliers. All employees at Dechra Service Center are trained on a yearly basis in the Dechra Code of Conduct and Third-Party Code of Conduct and we will continue to inform our employees about the importance of following these policies and guidelines.

Whistleblowing

Dechra is committed to the highest possible standards of honesty, openness, integrity and accountability. Therefore, we encourage any individual who has genuine concerns about any form of suspected wrongdoing or danger (malpractice) within Dechra (or in relation to its business) to raise those concerns at an early stage. Procedures and guidelines to report a concern are found on the Group intranet.

Charitable Giving

Dechra Service Center also has a Regional Giving Committee (RGC) which allows employees to make decisions on which local charities are most meaningful to them that they would like to support. The committee receives nominations from employees and discusses the merits of each before making a decision on how to allocate their funds. In 2024 the RGC received a record number of nominations; 28 nominations distributed among 26 organisations. Based on these, a total of DKK 121,000 was distributed to 10 chosen organisations, which have received a nice amount in the order of DKK 10,000 to DKK 15,000.

Company guidelines

Furthermore, we follow the guidelines for human rights set out by Group as stated below:

- We do not use forced, bonded or indentured labour or involuntary prison labour or take part in human trafficking. We have a zero-tolerance approach to modern slavery, and we are committed to acting ethically and with integrity in all our business dealings and relationships. We are also committed to implementing and enforcing effective systems and controls to prevent modern slavery from taking place anywhere in our own business or any of our supply chains. Our Modern Slavery Statement can be found at www.dechra.com.
- We do not use child labour. We comply with international standards on the minimum age for employment. We follow the local minimum age laws at all times. We do however employ pupils from the oldest classes in grammar school to do light office work such as copying and packing letters a few hours per week.
- We treat people fairly and do not tolerate bullying and harassment. We do not discriminate for reasons such as age, gender, sexual orientation, marital status, race, colour, ethnicity, disability, religion, political affiliation or union membership.
- We provide a workplace free of harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers, and no threat of any such treatment. If any employee should feel they are not treated rightfully, we do have "The Nutcrackers" that they can turn to as well as their local manager or HSE team.
- We recruit and promote people on the basis of their personal ability, contribution and potential. We are committed to promoting, supporting and maintaining a culture of fairness, respect and equal opportunity for all.

Management's review

- We are committed to fair employment practices and comply with national legal requirements regarding wages, including minimum wages, overtime hours and mandated benefits, and working hours.
- We provide a safe working environment for those who work for us or with us. We reinforce good safety management practices and maintain awareness of safe ways of working. Finally, we also follow the guidelines in the Data Protection Act in order to handle sensitive information in an ethical way.

Risk Assessment on Human Rights, Anti-bribery and Corruption (ABC)

In 2024 a new Third Party Risk Management (TPRM) Platform was introduced covering entry of customers and suppliers. Customers are screened for ABC and Sanctions risks, and Suppliers are also screened for Modern Slavery risks. At Dechra Service Center 70% of our suppliers are internal Dechra production sites and the last 30% are suppliers situated within Europe, where the risk of breach is deemed low. The suppliers and customers that are identified high or medium risk are monitored at a Group level on an ongoing basis via screening software, and therefore we believe that we are compliant with our Human Rights and ABC policies.

Our Community

Community Activities

As Dechra Service Center is a significant employer in the local community, we support local sports and cultural activities to help both the town and our present and future potential employees. Also, we organize a Senior Day for former employees which is always a great opportunity to meet former colleagues and a positive side-effect has shown that the seniors are good ambassadors in the local community for keeping Dechras image as a good place to work.

Community Donations

We encourage our employees to engage in community activities, in particular, in the fields of animal welfare, human service, and environmental stewardship. All employees have the opportunity to spend the equivalent of one workday volunteering in their community. Employees are empowered to organise their own events by individual teams or departments.

For a number of years we have made annual donations to the Danish Cancer Foundation.

In Denmark there is not a large tradition of offering charitable work to the community, but in the past few years we have started to see some initiatives and one of them is our annual "Bake for a course", where employees bake a cake, which is sold to the colleagues. The profit of the event is donated to a Children's cause.

We also support 4 children via SOS Børnebyerne and have done this for a number of years. It is a great pleasure to follow the well-being and educational development of the 4 children in each of their local communities in Burkina Faso, India, Philippines, and Sudan.

Risk Assessment on Community Activities and Donations

In order to avoid the risk of breaking anti-bribery or corruption regulations all donations and contributions to local or national charities are evaluated on the basis of our company policy for donations. Through this policy evaluation we can ensure that any donation in any form is given with no strings attached. We do therefore not deem to have any risks in connection with our community activities or donations.

Management's review

Diversity and Inclusion

Acc. to Danish Financial Statements Act §99b

At Dechra Service Center there is a majority of female employees with around two-thirds of the employee population being women. This is mostly due to the nature of the roles in the Service Center, as some of these typically have a higher representation of women.

The general diversity of the staff includes both part time and full-time positions enabling our employees to create a good work/life balance which adds value to both the single person and Dechra Service Center. For example we have a number of part time employees who are seniors on an individually fit plan where they can decrease their working hours as they get closer to retirement. We also have employees with special needs who work reduced hours. Overall we have a good spread of age and seniority in the organization.

Approach

In a hiring process we try to stay gender neutral in the search for a new employee and always hire the candidate who has the right qualifications and who best fits the role. In the various management levels, there is a good distribution of males and females.

Top level management

In the Board of Dechra Veterinary Products A/S there are 2 males, and 1 female all placed off-site in the UK. With the current division of males and females we have ensured equal representation at top level.

Other management

For the Danish organization below board level there is a group of 7 managers of whom 3 are female. This is a 44/56% female quota, which is well above the requirements for the underrepresented gender. In the second management level for managers reporting to the first management level there is a group of 3 managers of whom 2 are female and 1 male. This is a 33/66% distribution, which is according to the requirements for the underrepresented gender.

	Management level	Female	Male	%
1/1 2023	Board level	1	2	33 / 66
	Other Management	6	5	56 / 44
1/1 2024	Board level	1	2	33 / 66
	Other Management	5	5	50 / 50

Data Ethics

Acc. to Danish Financial Statements Act Clause §99d

Ethics

Dechra is committed to taking all reasonable steps to ensure that all Personal Data held by us in relation to our employees, customers, suppliers and all other individuals is kept secure, processed in a fair and lawful manner and managed in compliance with all applicable data privacy laws. We endeavor to comply with the data privacy laws and regulations of the countries in which we operate, as well as applicable data transfer obligations. Our internal procedures are monitored periodically to ensure compliance.

Management's review

Data Protection Policy

The Data Protection Policy sets out the standards to be adopted by all Dechra businesses worldwide. In a number of areas, the standards in the DP Policy are supported by more detailed handbooks and procedures. These standards apply to all employees, temporary staff, contractors, and other persons acting on behalf of Dechra. In particular, line managers have a specific responsibility to lead according to these standards and to help their teams understand and apply them in practice.

Employees are required to read the DP Policy and to confirm their understanding of and compliance with Dechra's DP Policy and the standards set out in the Handbooks and Procedures on an annual basis.

Data Security

The data security of the Dechra Group is handled by the Dechra IT division, who ensure that any data shared or used is protected through robust security features and robust processes. Dechra works closely together with reliable IT providers using reliable and robust IT programmes and applications. The IT division actively safeguard all data within the Dechra IT systems and constantly upgrade the systems to protect Dechra from illegal and damaging conduct which can harm the business.

Managing Data Ethics

Dechra's Data Ethics policies is approved by the Dechra Pharmaceuticals PLC executive management team. The detail handling of the data ethics is carried out by the IT Division and the Data Protection Officer under Group Legal. The ethics are also embedded throughout the organisation in various policies, guidelines and handbooks and regular employee training and communications which detail Dechra's high standards of data ethics and integrity.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 30 June 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 July 2023 - 30 June 2024

	Note	2023/24	2022/23
		TDKK	TDKK
Revenue	1	2,680,690	2,513,140
Other operating income		44,599	35,696
Cost of goods sold		-2,267,737	-2,110,901
Other external expenses		-216,620	-199,061
Gross profit		240,932	238,874
Staff expenses	2	-67,225	-58,487
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-36,954	-38,064
Profit/loss before financial income and expenses		136,753	142,323
Income from investments in subsidiaries	4	5,711	14,872
Financial income	5	15,276	334
Financial expenses	6	-2,823	-11,983
Profit/loss before tax		154,917	145,546
Tax on profit/loss for the year	7	-37,978	-33,830
Net profit/loss for the year	8	116,939	111,716

Balance sheet 30 June 2024

Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Acquired licenses		4,524	10,641
Goodwill		17,271	40,284
Development projects in progress		1,671	1,733
Intangible assets	9	23,466	52,658
Land and buildings		72,540	76,316
Plant and machinery		3,798	1,442
Other fixtures and fittings, tools and equipment		8,051	8,421
Property, plant and equipment	10	84,389	86,179
Investments in subsidiaries	11	3,821	3,821
Deposits		40	40
Fixed asset investments		3,861	3,861
Fixed assets		111,716	142,698
Raw materials and consumables		12,071	14,999
Finished goods and goods for resale		573,856	543,244
Inventories		585,927	558,243
Trade receivables		125,749	91,249
Receivables from group enterprises		548,358	434,773
Corporation tax		0	1,606
Prepayments	12	14,338	13,649
Receivables		688,445	541,277
Cash at bank and in hand		9	10
Current assets		1,274,381	1,099,530
Assets		1,386,097	1,242,228

Balance sheet 30 June 2024

Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital	13	100,000	100,000
Reserve for net revaluation under the equity method		0	-32,860
Reserve for development costs		98	333
Retained earnings		531,571	507,260
Equity		631,669	574,733
Provision for deferred tax	14	2,450	5,083
Provisions		2,450	5,083
Payables to group enterprises		169,641	179,877
Corporation tax		32,974	28,133
Long-term debt	15	202,615	208,010
Trade payables		73,879	61,296
Payables to group enterprises	15	408,731	337,146
Corporation tax		32	0
Other payables		66,721	55,960
Short-term debt		549,363	454,402
Debt		751,978	662,412
Liabilities and equity		1,386,097	1,242,228
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
Subsequent events	19		
Accounting Policies	20		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 July	100,000	114,166	333	474,400	688,899
Net effect from change of accounting policy	0	-114,166	0	0	-114,166
Adjusted equity at 1 July	100,000	0	333	474,400	574,733
Extraordinary dividend paid	0	0	0	-60,000	-60,000
Other equity movements	0	0	0	-3	-3
Development costs for the year	0	0	-235	235	0
Net profit/loss for the year	0	0	0	116,939	116,939
Equity at 30 June	100,000	0	98	531,571	631,669

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
1. Revenue		
Geographical segments		
Revenue, Denmark	80,529	73,630
Revenue, exports	2,600,161	2,439,510
	<u>2,680,690</u>	<u>2,513,140</u>
Business segments		
CAP	1,386,860	1,309,678
Nutrition	454,722	394,473
FAP	626,693	597,703
Equine	206,731	203,791
Other	5,684	7,495
	<u>2,680,690</u>	<u>2,513,140</u>
	2023/24	2022/23
	TDKK	TDKK
2. Staff expenses		
Wages and salaries	59,935	52,061
Pensions	6,620	5,742
Other social security expenses	670	684
	<u>67,225</u>	<u>58,487</u>
Including remuneration to the Executive Board and Board of Directors	<u>488</u>	<u>455</u>
Average number of employees	<u>118</u>	<u>110</u>
	2023/24	2022/23
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	29,660	30,278
Depreciation of property, plant and equipment	7,294	7,786
	<u>36,954</u>	<u>38,064</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
4. Income from investments in subsidiaries		
Dividend	5,711	14,872
	<u>5,711</u>	<u>14,872</u>
	2023/24	2022/23
	TDKK	TDKK
5. Financial income		
Interest received from group enterprises	3,773	333
Other financial income	477	1
Exchange adjustments	11,026	0
	<u>15,276</u>	<u>334</u>
	2023/24	2022/23
	TDKK	TDKK
6. Financial expenses		
Interest paid to group enterprises	2,793	2,938
Other financial expenses	30	137
Exchange adjustments, expenses	0	8,908
	<u>2,823</u>	<u>11,983</u>
	2023/24	2022/23
	TDKK	TDKK
7. Income tax expense		
Current tax for the year	40,424	34,553
Deferred tax for the year	-2,707	-721
Adjustment of tax concerning previous years	261	-2
	<u>37,978</u>	<u>33,830</u>

Notes to the Financial Statements

	2023/24	2022/23
	TDKK	TDKK
8. Profit allocation		
Extraordinary dividend paid	60,000	0
Transfer for the year to other reserves	0	-685
Retained earnings	56,939	112,401
	<u>116,939</u>	<u>111,716</u>
Extraordinary dividend after year end	<u>250,000</u>	<u>0</u>

9. Intangible fixed assets

	Acquired licenses	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK
Cost at 1 July	51,467	460,238	4,860
Additions for the year	0	0	472
Disposals for the year	-5,451	0	-2,834
Cost at 30 June	<u>46,016</u>	<u>460,238</u>	<u>2,498</u>
Impairment losses and amortisation at 1 July	40,826	419,955	3,130
Amortisation for the year	6,117	23,012	531
Reversal of impairment and amortisation of sold assets	-5,451	0	-2,834
Impairment losses and amortisation at 30 June	<u>41,492</u>	<u>442,967</u>	<u>827</u>
Carrying amount at 30 June	<u>4,524</u>	<u>17,271</u>	<u>1,671</u>

Notes to the Financial Statements

10. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 July	112,066	9,424	25,745
Additions for the year	0	2,788	2,718
Disposals for the year	-1,269	-2,112	-6,642
Cost at 30 June	110,797	10,100	21,821
Impairment losses and depreciation at 1 July	35,751	7,982	17,325
Depreciation for the year	3,775	432	3,087
Reversal of impairment and depreciation of sold assets	-1,269	-2,112	-6,642
Impairment losses and depreciation at 30 June	38,257	6,302	13,770
Carrying amount at 30 June	72,540	3,798	8,051

11. Investments in subsidiaries

	2023/24	2022/23
	TDKK	TDKK
Cost at 1 July	3,821	3,821
Cost at 30 June	3,821	3,821
Carrying amount at 30 June	3,821	3,821

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership and Votes
DECHRA VETERINARY PRODUCTS OY	Finland	100%
DECHRA VETERINARY PRODUCTS SAS	France	100%
DECHRA VETERINARY PRODUCTS B.V	The Netherlands	100%
DECHRA VETERINARY PRODUCTS AS	Norway	100%
DECHRA VETERINARY PRODUCTS AB	Sweden	100%
DECHRA VETERINARY PRODUCTS Ltd.	Great Britain	100%
DECHRA VETERINARY PRODUCTS S.L.U	Spain	100%

Notes to the Financial Statements

12. Prepayments

Prepaid expenses include items such as IT licenses, insurance premiums, and other similar costs.

13. Share capital

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

The company's share capital is DKK 100,000,000, denominated in shares of DKK 1,000 or multiples thereof.

All shares rank equally.

14. Provision for deferred tax

	2023/24	2022/23
	TDKK	TDKK
Deferred tax liabilities at 1 July	5,083	5,722
Amounts recognised in the income statement for the year	-2,633	-639
Deferred tax liabilities at 30 June	2,450	5,083
Intangible assets	1,279	2,722
Property, plant and equipment	-3	835
Other	1,174	1,526
	2,450	5,083
	2023/24	2022/23
	TDKK	TDKK

15. 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:

Payables to group enterprises

After 5 years	150,924	150,718
Between 1 and 5 years	18,717	29,159
Long-term part	169,641	179,877
Other short-term debt to group enterprises	408,731	337,146
	578,372	517,023

Notes to the Financial Statements

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
15. Long-term debt		
Corporation tax		
After 5 years	0	0
Between 1 and 5 years	32,974	28,133
Long-term part	<u>32,974</u>	<u>28,133</u>
Within 1 year	32	0
	<u>33,006</u>	<u>28,133</u>

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The remaining obligation makes up DKK 3,102 thousand (2022/23: DKK 2,335 thousand)

Other contingent liabilities

The Company has provided guarantees for loans of group entities, which at 30 June 2024 came in at DKK 11,026 million (2023: DKK 4,269 million).

Notes to the Financial Statements

17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Dechra TopCo Limited	Ultimate parent
Other related parties	

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)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Dechra TopCo Limited	24 Cheshire Avenue, Cheshire Business Park, Lostock Gralam, Northwich, CW9 7UA, United Kingdom

18. Fee to auditors appointed at the general meeting

In accordance with ÅRL §96,3, the Company have not shown the auditor's fee.

19. Subsequent events

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

Notes to the Financial Statements

20. Accounting policies

The Annual Report of DECHRA VETERINARY PRODUCTS A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2023/24 are presented in TDKK.

Changes in accounting policies

The company has changed its accounting policy for measuring equity investments from the equity method to cost. As a result, the comparative figures for income from equity investments have been reduced by TDKK 17,988, equity investments have been reduced by TDKK 114,167, and total equity has been reduced by TDKK 114,167. Management believes that the current accounting policy better reflects the company's financial performance and position

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023/24 of Dechra TopCo Limited, the Company has not prepared consolidated financial statements.

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 Dechra TopCo Limited, the Company has not prepared a cash flow statement.

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. Gains and losses 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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Income from the sale of goods, comprising the sale of pharmaceuticals and animal feed products, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

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

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

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Notes to the Financial Statements

Other external expenses

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

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 amortisation, 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 Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, 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.

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

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

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 3-5 year.

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

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:

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

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.

Notes to the Financial Statements

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 measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

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.

Financial liabilities

Loans 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

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