

Novartis Healthcare A/S

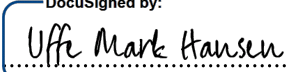
Edvard Thomsens Vej 14, 3., 2300 København S

CVR no. 20 57 57 86

Annual report 2024

Approved at the Company's annual general meeting on 27 May 2025

Chairman of the meeting:

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Uffe Mark Hansen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Novartis Healthcare A/S for the financial year 1 January - 31 December 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 of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 27 May 2025
Executive Board:

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Peter Drøidal
CEO

Board of Directors:

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Uffe Mark Hansen
Chairman
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Peter Drøidal

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Frances Clare Milnes

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Independent auditor's report

To the shareholder of Novartis Healthcare A/S

Opinion

We have audited the financial statements of Novartis Healthcare A/S for the financial year 1 January - 31 December 2024 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

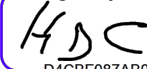
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 May 2025
KPMG P/S
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Signed by:



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Henrik Barner Christiansen
State Authorised Public Accountant
mne10778

27-maj-2025 | 12:58:13 AM PDT

Management's review

Company details

Name	Novartis Healthcare A/S
Address, Postal code, City	Edvard Thomsens Vej 14, 3., 2300 København S
CVR no.	20 57 57 86
Established	17 December 1997
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 39 16 84 00
Board of Directors	Uffe Mark Hansen, Chairman Peter Drøidal Frances Clare Milnes
Executive Board	Peter Drøidal, CEO
Auditors	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø
Lawyer	Plesner, Advokatpartnerselskab Amerika Plads 37, DK-2100 København Ø

Management's review

Financial highlights

DKK'000	2024	2023	2022	2021	2020
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Key figures

Revenue	937,871	914,827	592,697	701,904	1,002,388
Operating profit/loss	-82,158	-46,695	-78,259	-48,616	-20,840
Profit before interest and tax (EBIT)	9,382	39,206	17,552	36,042	51,367
Net financials	7,275	221,114	42,023	-2,201	-2,534
Profit for the year	13,166	251,036	56,162	84,886	127,707

Total assets	442,225	651,310	942,616	906,815	820,851
Investments in property, plant and equipment	700	480	1,093	686	0
Equity	254,123	540,957	289,921	233,759	148,874

Financial ratios

Operating margin	1.0%	4.3%	3.0%	5.1 %	5.1 %
Return on assets	-15.0%	-5.9%	-8.5%	-5.6%	-2.7%
Equity ratio	57.5%	83.1%	30.8%	25.8%	18.1%

Average number of full-time employees	92	104	128	121	126
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The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$

Management's review

Business review

The main activity of the Company has consisted of sale of medical products, which have all been purchased from group companies.
The Spin-off of Sandoz was completed in October 4, and had an impact of 218,944 on income from investments in 2023.

Our purpose is to reimagine medicine to improve and extend people's lives.

Financial review

The income statement for 2024 shows a profit of DKK 13,166 thousand against a profit of DKK 251,036 thousand last year, and the balance sheet at 31 December 2024 shows equity of DKK 254,123 thousand.

The result for the year has been impacted by onerous contracts. Due to an administration error in 2024 Novartis Healthcare A/S bid a lower price than intended in a one-year tender, for period 4.2025-3.2026. Novartis won the tender, and provisions have been made to account for expected lower revenue than cost of goods sold. The actual impact of the contract will be known in the course of the tender period. Relevant internal compliance control has been reassessed, and remediation of the process has been completed in 1st quarter of 2025. The next tender is expected to be announced in the second half of 2025.

Research and development activities

There are local Research & Development activities in the Company and the costs are recharged with a Mark-Up to Novartis Pharma AG in Switzerland.

Intellectual capital resources

It is significant that the employees have extensive insight into the handling of products and chemical processes as well as the effects of the Group's medical products in connection with both distribution and marketing. This requires an overall high level of competence, which is ensured through current development of the individual employee.

Statutory CSR report

The policies of the parent company Novartis AG on social responsibility apply to the Company and are developed in accordance with section 99a of the Danish Financial Statement Act. We refer to the Group's website <https://www.novartis.com/investors/reporting-and-transparency-hub>
Prior years archive: <https://www.novartis.com/investors/reporting-and-transparency-hub/reporting-archive#tabnovartis-in-society-40776>

Data ethics

Novartis Healthcare A/S adhere to internal rules and principles for use of data described in corporate guidelines of the Novartis Group.

At Novartis, and as reflected in the Code of Ethics, we are committed to the responsible use of Personal Information in our business processes and the setting of the appropriate standards to achieve this purpose.

In relation to the use of Artificial intelligence (AI) which are an increasing factor to drive automation which can help to improve the speed and accuracy of diagnosis, drug development etc. and can help to improve patients' lives and optimize the healthcare ecosystem. Novartis will ensure that the use of AI systems has a clear purpose and are used in a transparent and responsible way.

By adhering to the principles and using data ethically Novartis Healthcare A/S maintain trust with stakeholders including associates, patients, health care professionals and society and this ensures continued access to data needed for innovation and operation.

Decisions regarding the use of data are taken by Novartis Group and all employees are mandatory trained in Code of Ethics where Data ethical principles are introduced, and this ensures that all employees are aware of the ethical dilemmas in regard to the use of IT.

More information can be found on Novartis global websites for Code of Ethics https://www.novartis.com/sites/novartis_com/files/code-of-ethics-english.pdf and Data Privacy Policy https://www.novartis.com/sites/novartis_com/files/novartis-data-privacyprinciples.pdf.

Management's review

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred after the 2024 financial year-end.

Outlook

The overall sales expectations for 2025 are lower than 2024. Though, sales for Priority brands are still expected to increase in 2025, due to allocations of more resources behind them and optimizing the customer engagement model.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2024	2023
4	Revenue	937,871	914,827
	Cost of sales	-769,358	-710,271
5	Other operating income	91,542	85,901
6	Other external expenses	-126,034	-130,210
	Gross profit	134,021	160,247
7	Staff costs	-124,128	-120,507
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-509	-534
	Other operating expenses	-2	0
	Profit before net financials	9,382	39,206
	Income from investments in group enterprises	0	218,944
8	Financial income	7,631	15,251
9	Financial expenses	-356	-13,081
	Profit before tax	16,657	260,320
10	Tax for the year	-3,491	-9,284
	Profit for the year	13,166	251,036

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK'000	<u>2024</u>	<u>2023</u>
	ASSETS		
	Fixed assets		
12	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	1,054	987
	Leasehold improvements	0	0
	Property, plant and equipment under construction	<u>130</u>	<u>6</u>
		<u>1,184</u>	<u>993</u>
13	Investments		
	Other receivables	<u>4,680</u>	<u>11,700</u>
		<u>4,680</u>	<u>11,700</u>
	Total fixed assets	<u>5,864</u>	<u>12,693</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	<u>189,361</u>	<u>166,154</u>
		<u>189,361</u>	<u>166,154</u>
	Receivables		
	Trade receivables	106,417	83,437
14	Receivables from group enterprises	116,132	371,230
15	Deferred tax assets	12,766	1,266
	Corporation tax receivable	0	4,104
	Other receivables	8,594	9,817
16	Prepayments	<u>3,091</u>	<u>2,609</u>
		<u>247,000</u>	<u>472,463</u>
	Total non-fixed assets	<u>436,361</u>	<u>638,617</u>
	TOTAL ASSETS	<u><u>442,225</u></u>	<u><u>651,310</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	EQUITY AND LIABILITIES		
	Equity		
17	Share capital	14,001	14,001
	Retained earnings	140,122	226,956
	Dividend proposed	100,000	300,000
	Total equity	254,123	540,957
	Provisions		
18	Other provisions	50,103	3,702
	Total provisions	50,103	3,702
	Liabilities other than provisions		
19	Non-current liabilities other than provisions		
	Other payables	1,321	2,018
		1,321	2,018
	Current liabilities other than provisions		
19	Short-term part of long-term liabilities other than provisions	2,477	882
	Trade payables	16,118	37,884
	Payables to group enterprises	52,141	2,619
	Corporation tax payable	804	0
	Other payables	65,138	63,248
		136,678	104,633
	Total liabilities other than provisions	137,999	106,651
	TOTAL EQUITY AND LIABILITIES	442,225	651,310

- 1 Accounting policies
- 2 Events after the balance sheet date
- 3 Special items
- 11 Appropriation of profit
- 20 Contractual obligations and contingencies, etc.
- 21 Security and collateral
- 22 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at				
	1 January 2023	14,001	275,920	0	289,921
11	Transfer, see "Appropriation of profit"	0	-48,964	300,000	251,036
	Equity at				
	1 January 2024	14,001	226,956	300,000	540,957
11	Transfer, see "Appropriation of profit"	0	-86,834	100,000	13,166
	Dividend distributed	0	0	-300,000	-300,000
	Equity at				
	31 December 2024	14,001	140,122	100,000	254,123

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Novartis Healthcare A/S for 2024 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Novartis Pharma AG (https://www.novartis.com/sites/novartis_com/files/novartis-annual-report-2024.pdf)

Basis of 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

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

In the Pharma sector, purchases and resales are effected at the same prices, while commission is received to cover expenses and result in a profit from resales.

Consumer Health resells purchased goods at a profit.

Other operating income

Other operating income comprise items secondary to the principal activities of the Company, including rental income from the temporary lease out of production facilities, compensation, government grants, refund of wages and salaries, gains on the disposal of intangible assets and property, plant and equipment, etc. Compensation and grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

The value of share based payment, including share option and warrant plans that do not involve an out-flow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-10 years
Leasehold improvements	10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Other securities and investments

Other receivables under fixed asset investments consist of receivables that are due after 1 year.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Special items

Special items comprise restructuring provision and onerous contract, refer to note 3.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December**Notes to the financial statements****2 Events after the balance sheet date**

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

3 Special items

Special items for the year, regarding the restructuring, are specified below just as are the items under which they are recognised in the income statement. One onerous contract has been identified, related to a tender for period 4.2025-3.2026, where Novartis bid in 2024. Related onerous contract provision of 44,1 mio DKK was booked as per IAS 37 requirement to recognize unavoidable costs of meeting the obligations under the contract which exceeded the economic benefits expected to be received. The amount of the provision is indefinite, and therefore the actual impact of the contract will be known based on actual sales realized and actual cost of goods sold i.e. in the course of the actual contract period 4.2025-3.2026.

DKK'000	2024	2023
Expenses		
Staff costs	4,256	2,548
Onerous contract provision	44,143	0
Inventory revaluation due to onerous contract	4,649	0
	53,048	2,548
Special items are recognised in the below items of the financial statements		
Staff costs	4,256	2,548
Cost of sales	48,792	0
Net profit on special items	53,048	2,548

4 Segment information**Breakdown of revenue by business segment:**

Innovative Medicines	937,871	824,400
Gene Therapy	0	90,427
	937,871	914,827

The Gene therapy segment has been integrated into Innovative medicines during 2024.

Breakdown of revenue by geographical segment:

Revenue, Denmark	873,954	855,448
Revenue, exports	63,917	59,379
	937,871	914,827

5 Other operating income

Other operating income	279	59
Services rendered to group companies	91,263	85,790
Gain on the sale of property, plant and equipment	0	52
	91,542	85,901

Financial statements 1 January - 31 December**Notes to the financial statements**

DKK'000	2024	2023
6 Fee to the auditors appointed in general meeting		
Statutory audit	357	437
	357	437
7 Staff costs and incentive programmes		
Wages/salaries	114,703	110,895
Pensions	8,428	8,912
Other social security costs	997	700
	124,128	120,507
Average number of full-time employees	92	104
Total remuneration to Management: DKK'000 4,888		
For 2023 by reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
Incentive programmes		
A number of the Company's employees participate in a share based incentive program of the ultimate parent company. The employees are granted a number of performance share units (PSUs) every year, based on their annual base salary and target incentive. PSUs have a vesting period of three years. The total estimated value of granted PSUs granted to all employees in the year amounts to DKK'000 3,798 (2023: DKK'000 2,900). The payout range of granted PSUs are dependent on the Group's results in terms of financial targets, innovation and total shareholders' return, compared to the Global healthcare peer group.		
8 Financial income		
Interest received from group enterprises	7,623	14,793
Other financial income	8	458
	7,631	15,251
9 Financial expenses		
Interest paid to group enterprises	30	12,322
Other financial expenses	326	759
	356	13,081
10 Tax for the year		
Estimated tax charge for the year	14,804	4,848
Deferred tax adjustments in the year	-11,096	4,443
Tax adjustments, prior years	-217	-7
	3,491	9,284
11 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	100,000	300,000
Retained earnings/accumulated loss	-86,834	-48,964
	13,166	251,036

Financial statements 1 January - 31 December

Notes to the financial statements

12 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2024	5,370	2,127	6	7,503
Additions	570	0	130	700
Disposals	-119	-374	0	-493
Transferred	6	0	-6	0
Cost at 31 December 2024	5,827	1,753	130	7,710
Impairment losses and depreciation at 1 January 2024	4,383	2,127	0	6,510
Depreciation	509	0	0	509
Reversal of accumulated depreciation and impairment of assets disposed	-119	-374	0	-493
Impairment losses and depreciation at 31 December 2024	4,773	1,753	0	6,526
Carrying amount at 31 December 2024	1,054	0	130	1,184
Depreciated over	3-10 years	10 years		

13 Investments

DKK'000	Other receivables
Cost at 1 January 2024	11,700
Disposals	-7,020
Cost at 31 December 2024	4,680
Carrying amount at 31 December 2024	4,680

14 Receivables from group enterprises

The Novartis group has entered into an agreement on a cash-pool arrangement with the group's bank, where Novartis Investments S.a.r.l is the account holder and Novartis Healthcare A/S is the sub-account holder together with the group's other affiliated companies. The terms and conditions of the cash-pool scheme give the bank the right to be able to settle withdrawals and deposits against each other, whereby it is only the net balance of the total cash-pool accounts that constitutes the Novartis group's balance with the bank.

Novartis Healthcare A/S' accounts in the cash-pool scheme, which are recognized under receivables from group companies, amount to 31 December 2024 a deposit of DKK'000 106,423 (per 31 December 2023 a deposit of DKK'000 348,715).

Financial statements 1 January - 31 December**Notes to the financial statements**

DKK'000	2024	2023
15 Deferred tax		
Deferred tax at 1 January	-1,266	-5,709
Amounts recognised in the income statement for the year	-11,096	4,443
Deferred tax adjustment previous year	-404	0
Deferred tax at 31 December	-12,766	-1,266

The deferred tax assets primarily consists of temporary differences between the accounting and tax values of property, plant and equipment and provisions.

16 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies etc.

17 Share capital

Analysis of the share capital:

14,001 shares of DKK 1,000.00 nominal value each	14,001	14,001
	14,001	14,001

No shares are given special rights.

The Company's share capital has remained DKK 14,001 thousand over the past 5 years.

18 Other provisions

The provisions are expected to be payable in:

0-1 year	38,581	2,672
> 1 year	11,522	1,030
	50,103	3,702

Other provisions mainly relates to onerous contracts.

19 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2024	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	3,798	2,477	1,321	0
	3,798	2,477	1,321	0

Financial statements 1 January - 31 December**Notes to the financial statements****20 Contractual obligations and contingencies, etc.**

The Company was jointly taxed with Sandoz A/S up until October 4 2023 where the shares in Sandoz was sold, and thus up until October 4 2023 unlimited, jointly and severally liable together with the other companies for Danish corporation taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed companies

Other financial obligations

Other rent liabilities:

DKK'000	2024	2023
Rent liabilities	2,208	2,208

Rent liabilities include a rent obligation with remaining contract terms of 6 months and with a yearly rent on DKK'000 4,416 (2023: 4,416).

Rent guarantee obligation per 31 December 2024 DKK'000 2,275 (2023: DKK'000 2,275).

t.kr.	2024	2023
Within 1 year	2,209	2,209
Between 1 and 5 years	3,136	3,694
	5,345	5,903

21 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2024.

Financial statements 1 January - 31 December**Notes to the financial statements****22 Related parties**

Novartis Healthcare A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Novartis Pharma AG	Lichtstrasse 35, 4002 Basel, Switzerland	Main shareholder

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Novartis Pharma AG	Lichtstrasse 35, 4002 Basel, Switzerland	https://www.novartis.com/news/media-library/novartis-annual-report-2024

Related party transactions

Novartis Healthcare A/S was engaged in the below related party transactions:

DKK'000	<u>2024</u>	<u>2023</u>
Productions costs	769,358	710,271
Other operating income	91,263	85,849
Other external expenses	19,120	18,689
Financial income	7,623	14,793
Financial expenses	30	12,322
Purchase of shares and share based compensation	2,732	60
Intercompany receivables	116,132	371,230
Intercompany payables	52,141	2,687

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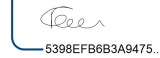
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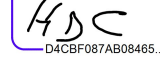
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