
MSD Animal Health A/S

Havneholmen 25, DK-1561 København V

Annual Report for 1 January - 31 December 2024

CVR No 46 29 08 28

The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on 16/06
2025

Simon Falbe-Hansen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of MSD Animal Health 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 at 31 December 2024 of the Company and of the results of the Company operations for 2024.

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

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

Copenhagen, 16 June 2025

Executive Board

Catherine Dorfman-Igel
CEO

Board of Directors

Michel Deinum
Chairman

Catherine Dorfman-Igel

Karl-Johan Samuelsson

Independent Auditor's Report

To the Shareholder of MSD Animal Health A/S

Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of MSD Animal Health A/S for the financial year 1 January - 31 December 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

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

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

Hellerup, 16 June 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company Information

The Company

MSD Animal Health A/S
Havneholmen 25
DK-1561 København V

Telephone: + 45 44 54 69 00
Website: www.msd-animal-health.dk

CVR No 46 29 08 28
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Michel Deinum
Catherine Dorfman-Igel
Karl-Johan Samuelsson

Executive Board

Catherine Dorfman-Igel

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	424.853	422.862	363.695	341.956	338.207
Operating Profit/loss	14.757	16.254	8.338	8.818	9.101
Net financials	75	700	-338	-114	-1
Net profit/loss for the year	12.195	14.141	5.592	6.608	7.014
Balance sheet					
Balance sheet total	149.137	177.089	128.040	155.973	173.551
Equity	61.482	63.287	49.146	84.054	77.446
Number of employees	39	39	38	36	33
Ratios					
Gross margin	13,6%	14,4%	15,3%	14,1%	14,7%
Profit margin	3,5%	3,8%	2,3%	2,6%	2,7%
Return on assets	9,9%	9,2%	6,5%	5,7%	5,2%
Solvency ratio	41,2%	35,7%	38,4%	53,9%	44,6%
Return on equity	19,5%	25,2%	8,4%	8,2%	9,5%

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

Management's Review

The Annual Report of MSD Animal Health A/S ("MSD Animal Health" or the "Company") for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying for medium-sized enterprises of reporting class C.

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

Key activities

The Company's main activity comprises sale of veterinary medicine.

Development in the year

The income statement of the Company for 2024 shows a profit of TDKK 12,195 and at 31 December 2024 the balance sheet of the Company shows equity of TDKK 61,482.

The past year and follow-up on development expectations from last year

We deliver a minor growth overall year over year. For our Livestock segment, we see a continuously strong growth, which is the reason why we, overall, deliver growth year over year. Next to Livestock, our Small Animals portfolio perform reasonably well, while our Technology segment shows a decrease year of year with the main reason being purchasing dynamics, such as fluctuations in demand for upgrades of new systems.

In 2024, we maintained revenue levels with 0.5 % growth. Compared to our expectations for 2024, as disclosed in the Annual Report 2023, the growth is below expectations with the reasons being that we do not deliver the anticipated growth from our Small Animals Segment as well as from our Technology segment. For our Livestock segment, we deliver a strong growth that is above our expectation. EBIT margins remained at the same levels as margins of 2023 and is in line with the expectations for 2024 as described in the Annual Report 2023. Considering the above factors, Management concludes that the result is satisfying.

Knowledge Resources

MSD Animal Health is a knowledge intensive company, which at year-end employs 38 skilled and dedicated employees.

Special Risks

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

Research and development

MSD Animal Health is a local sales company, with research and development done in the Merck & Co., Inc. Group.

Management's Review

External environment

MSD Animal Health is a pure sales company with no effect on the external environment.

Uncertainty relating to recognition and measurement

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

Subsequent events

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

Unusual events

The financial position at 31 December 2024 of the Company and the results of the activities of the Company for the financial year for 2024 have not been affected by any unusual events.

Expected development

The Company projects to grow revenue with 4-7% in 2025. We project that our Small Animals portfolio will be the main growth contributor, partly supported by new launches.

The expectation is that the EBIT margins will remain at the same level as the margins in 2024 and in the range of 2-5%.

Income Statement 1 January - 31 December 2024

	Note	2024 TDKK	2023 TDKK
Revenue		424.853	422.862
Cost of sales		-326.833	-320.084
Other external expenses		-40.212	-41.937
Gross profit/loss		57.808	60.841
Staff expenses	2	-43.051	-44.587
Profit/loss before financial income and expenses		14.757	16.254
Financial income	3	1.317	1.265
Financial expenses	4	-1.242	-565
Profit/loss before tax		14.832	16.954
Tax on profit/loss for the year	5	-2.637	-2.813
Net profit/loss for the year		12.195	14.141
 Proposed distribution of profit			
Proposed dividend for the year		21.000	14.000
Retained earnings		-8.805	141
		12.195	14.141

Balance Sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Inventories		95.982	73.632
Trade receivables		50.750	48.246
Receivables from group enterprises		184	54.711
Deferred tax asset	6	666	258
Prepayments	7	1.383	40
Receivables		52.983	103.255
Cash at bank and in hand		172	202
Currents assets		149.137	177.089
Assets		149.137	177.089

Balance Sheet 31 December

Liabilities and equity

	Note	2024 TDKK	2023 TDKK
Share capital	8	20.551	20.551
Retained earnings		19.931	28.736
Proposed dividend for the year		21.000	14.000
Equity		61.482	63.287
Trade payables		5.466	3.774
Payables to group enterprises		42.223	66.402
Corporation tax		3.046	3.176
Other payables		36.920	40.450
Short-term debt		87.655	113.802
Debt		87.655	113.802
Liabilities and equity		149.137	177.089
Subsequent events	1		
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Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	20.551	28.736	14.000	63.287
Paid dividend in the year	0	0	-14.000	-14.000
Net profit/loss for the year	0	-8.805	21.000	12.195
Equity at 31 December	20.551	19.931	21.000	61.482

Notes to the Financial Statements

1 Subsequent events

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

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
2 Staff expenses		
Wages and salaries	39.017	39.792
Pensions	3.685	4.451
Other social security expenses	349	344
	<u>43.051</u>	<u>44.587</u>
Average number of employees	<u>39</u>	<u>39</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Financial income

Interest received from group enterprises	912	495
Other financial income	310	645
Exchange gain	95	125
	<u>1.317</u>	<u>1.265</u>

4 Financial expenses

Interest paid to group enterprises	1.057	158
Other financial expenses	66	347
Exchange loss	119	60
	<u>1.242</u>	<u>565</u>

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	3.046	3.176
Deferred tax for the year	-408	188
Adjustment of tax concerning previous years	0	-551
	2.638	2.813
6 Deferred tax asset		
Deferred tax asset at 1 January	258	445
Amounts recognised in the income statement for the year	408	-188
Deferred tax asset at 31 December	666	258
Inventories	-243	-71
Other accruals	-423	-187
Transferred to deferred tax asset	666	258
	0	0
Deferred tax asset		
Calculated tax asset	666	258
Carrying amount	666	258

The recognised tax asset comprises temporary differences. The recognition or measurement of the deferred tax asset is not subject to special assumptions.

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and conferences.

8 Equity

The share capital consists of 1,000 shares of a nominal value of DKK 20,551. No shares carry any special rights.

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
9 Distribution of profit		
Proposed dividend for the year	21.000	14.000
Retained earnings	-8.805	141
	<u>12.195</u>	<u>14.141</u>

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish group companies of Merck & Co. are jointly and severally liable for tax on the jointly taxed incomes etc of the Group, with MSD Danmark ApS as the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Rental and lease commitments comprise rent of premises and lease of vehicles and amounts to DKK 4.285k (2023: DKK 2.628k).

Notes to the Financial Statements

11 Related parties

	Basis
Controlling interest	
Intervet Holding B.V. Wim de Korverstraat 35 Boxmeer, 5831 Netherlands	Controlling shareholder
Merck & Co., Inc. 126 East Lincoln Avenue P.O. Box 2000 Rahway, NJ 07065 USA	Ultimate parent company

Transactions

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

Consolidated Financial Statements

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

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

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

www.merck.com

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of MSD Animal Health A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Cash flow statement

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

Recognition and measurement

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

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

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Income Statement

Revenue

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

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

Cost of sales

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

Other external expenses

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

Staff expenses

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

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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.

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Balance Sheet

Inventories

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

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

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

12 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

12 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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