BAYER A/S

Arne Jacobsens Allé 13
2300 København S
Denmark

CVR no. 16 08 98 18

Annual report 2023

The annual report was presented and approved at the Company's annual general meeting on

22 May 2024

Christiane Temminghoff
Chairman of the annual general meeting

BAYER A/S
Annual report 2023
CVR no. 16 08 98 18

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of BAYER A/S for the financial year 1 January – 31 December 2023.

The annual report has been 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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 21 May 2024
Executive Board:

Jaume Arau Canal

Board of Directors:

Christiane Temminghoff
Chairman

Erik Helstad

Anna Karolina Svahn

Susanne Ingeborg Visler
Staff Representative

Independent auditor's report

To the shareholder of BAYER A/S

Opinion

We have audited the financial statements of BAYER A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity 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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 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

Independent auditor's report

— 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.

— 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 May 2024
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Flemming Larsen
State Authorised
Public Accountant
mne27790

Management's review

Company details

BAYER A/S
Arne Jacobsens Allé 13
2300 København S
Denmark

Telephone:	+ 45 45 23 50 00
Fax:	+ 45 45 23 52 55
Website:	www.bayer.dk
CVR no.:	16 08 98 18
Established:	18 December 1952
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Christiane Temminghoff, Chairman
Erik Helstad
Anna Karolina Svahn
Susanne Ingeborg Visler, Staff Representative

Executive Board

Jaume Arau Canal

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 København S
Denmark
CVR no. 33 96 35 56

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,284,564	1,507,583	1,331,968	1,470,868	1,431,572
Gross profit	154,381	179,853	153,312	161,037	150,392
Operating profit	52,966	66,183	53,698	53,548	36,838
Net financials	3,208	1,640	893	-2,443	-827
Profit for the year	43,399	51,750	43,135	54,352	30,667
Total assets	525,208	578,876	640,587	606,678	504,032
Equity	318,589	288,790	237,040	193,886	189,534
Investment in property, plant and equipment and intangible assets	2,706	20,849	6,476	7,195	25,455
Average number of full-time employees	84	90	98	110	120
Ratios					
Gross margin	12.0%	11.9%	11.5%	10.9%	10.5%
Operating margin	4.1%	4.4%	4.0%	3.6%	2.6%
Return on assets	9.9%	11.4%	8.4%	8.8%	7.3%
Return on equity	14.3%	19.7%	20.0%	28.4%	17.6%
Solvency ratio	60.7%	49.9%	37.0%	32.0%	37.6%

Key figures have been recalculated after the merger with Monsanto Crop Sciences Denmark A/S to include figures for both companies.

The financial ratios have been calculated as follows:

Gross margin: $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Operating margin: $\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$

Return on assets: $\frac{\text{Operating profit/loss * 100}}{\text{Total assets}}$

Return on equity: $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity ex. non-controlling interests at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

The main activity of Bayer A/S is marketing and sale of products within the divisions Pharmaceuticals (PH), Consumer Health (CH) & Crop Science (CS).

Development in activities and financial position

Revenue for the year is distributed with 61,4% to the Agricultural Sector (Crop Science), 36.5% to Pharmaceuticals and 1.9% to Consumer Health. The remaining 0.2% is allocated to IT services

The turnover decreased with 14,8 % and the result from ordinary activities (EBIT) decreased with 20,3%.

The result after taxes decreased with MDKK 8.3 (16,0%).

Crop Science shows revenue of MDKK 789 compared to MDKK 839 in the previous year (-6,0%). Decrease in revenue for Crop Science is mainly due to high demand and higher prices in 2022, especially in the market for Herbicides, where the market has stabilized in 2023 to a more normal level.

Pharmaceuticals shows revenue of MDKK 469 compared to MDKK 644 in the previous year (-27,2%). Bayer has on the pharmaceutical market in Denmark experienced both an increase in competition from new products introduced in the market, as well as parallel import for some of Bayer's high selling products in Denmark, which has resulted in a decrease in revenue.

Consumer Health shows revenue of MDKK 24 compared to MDKK 20 in the previous year (19,9%).

The Management considers the 2023 revenue to be as expected in a market with increasing competition, and in line with the estimation at the end of the previous campaign.

Profit and loss

In 2023 a adjustment of presentation of Staff costs and Financial income/expenses have been incorporated in the financial statement to provide a clear picture of Bayer A/S. Comparison figures for 2022 have been adjusted to reflect the changes:

Staff cost for 2022 have been adjusted from MDKK 99,6 to MDKK 104
Other external costs have been adjusted from MDKK 134 to MDKK 129,6

To offset financial exchange gains/losses against hedging losses/gains, the comparison figures for 2022 for financial income/expenses have been adjusted to reflect the changes.
Other financial income have been adjusted from MDKK 13,9, to MDKK 3,8
Other financial expense have been adjusted from MDKK 12,3 to MDKK 2,2

The reclassifications have no effect on the result for the year.

Capital resources

Bayer A/S is well consolidated. The equity ratio (solvency) amounts to 60.7 % (2022: 49.9 %), corresponding to equity at 31 December 2023 of MDKK 319 (2022: MDKK 289).

A correction of the Equity of MDKK 13,6 has been made in 2023, decreasing retain earnings from 2022 from MDKK 210,8 to MDKK 197,2. The correction relates to elimination of investment in Monsanto Crop Sciences Denmark A/S in connection with the merger of the entities in 2022.

Management's review

Operating review

Foreign exchange risks

It is the Company's policy to hedge against commercial foreign exchange exposure. Hedging mainly takes place by means of balancing in- and outgoing cash flows. All Hedging is covered by Bayer AG Group and monitored on a daily basis.

In the Crop Science business line, the company has a currency risk exposure as more than half of purchases of goods and sales take place in various foreign currencies (SEK, NOK and EUR). To reduce this risk, the company uses currency hedging of accounts receivable and accounts payable above a certain level.

In the case of major special transactions in foreign currency, such as acquisitions or divestments of line of business or company, hedge accounting is used to reduce currency risks.

Interest rate risks

As the net interest-bearing debt does not constitute a significant amount, moderate changes in the level of interest will not have any material, direct effect on earnings. Therefore, the Company does not enter interest rate agreements to hedge against interest rate exposure.

Targets and expectations for the year ahead

Bayer A/S expects the main financial indicators to decrease slightly in turnover for 2024 compared to 2023.

The CropScience and Consumer Health division is expected a decrease in turnover for 2024, with -13,7% and -7,6% respectively compared to 2023 and the pharmaceutical division is expected a turnover level to 2023.

Expected profit in 2024 is MDKK 48.

Research and development

As a sales unit, the Company has no R&D costs.

External environment

The company is a sales unit in Denmark with no significant impact on external environment. We refer to the Bayer Group's annual report for further about external environment.

Intellectual capital resources

We refer to the Bayer Group's annual report for further about Bayer.

Management's review

Operating review

Statutory report on Corporate Social Responsibility, CF section 99 a of the Danish Financial Statements Act

The Company is covered by Bayer Group's policy for social responsibility. Reference is made to the Group Annual Report: https://www.bayer.com/en/media/sustainability-reports

Bayer AG is a member of the UN Global Compact and the Participants & Stakeholders Report is available at: http://www.unglobalcompact.org/participant/1212BayerAG.

Statutory report on Underrepresented Gender, CF section 99 b of the Danish Statement Act

Regarding section 99 part b of the Danish Financial Statements Act, Bayer A/S generally wants to ensure, that it always is the most qualified person who possesses a given position at a given time. All employees and managers' efforts are measured based on individual goals.

We want to foster diversity and create opportunities for all persons, regardless of gender, age and ethnicity, religious or political conviction.

Besides Bayer A/S's one female employee representatives, the Board of Directors consists of two females and one male.

With the current composition of the management, it is assessed that the goal of before year 2030 the underrepresented gender, should have at least one seat in the Board, is considered reached.

In this connection it should be mentioned that it is Bayer A/S's policy to assure that both male and female candidates are considered and identified in connection with in- and external recruitment of employees and managers, and that both women and men are a part of the company's talent program.

Management's review

Operating review

Other management levels

In accordance with section 99 part b, the Other management levels consist of the CEO and two other members of the local management teams, hereof two female and one male employees.

With the current composition of the management, it is assessed that the goal of before year 2030 the underrepresented gender, should have at least two representatives in other management levels, is considered reached.

In addition to the above-mentioned 3 employees at the other management level, there are further 5 employees at management level, who do not fulfill the definition in section 99 part B, either because they do not have local personnel responsibility or do not refer directly to local management. In total 8 employees are part of the Other management levels, hereof four females and four males.

The Bayer management setup is working across the country group Nordics, to foster collaboration across the group and ensure an efficient workflow for the varies divisions and functions within Bayer.

Bayer A/S's Board of Directors is composed of the Senior Bayer representative for the country group Nordics (Finland, Norway, Sweden, Denmark, Iceland, Estonia, Latvia & Lithuania) and the managers of the two Nordic functions Human Resources and Law, Patents & Compliance.

	2023
Top management (BoD):	
Members	3
Underrepresented gender (%)	33.3%

Other management levels:	
Members	3
Underrepresented gender (%)	33.3%

Statutory report on Data Ethic, CF section 99 d of the Danish Statement Act

We use our data assets, infrastructure, and platforms to perform research regarding existing products and to create a range of new products, while incorporating our data principles in how we design, implement, and secure this data.

Data has the potential to fuel the next century of innovation, but only if our data practices are held to the high standards, we all deserve. We're committed to managing personal data safely and securely and in ways that are ethical, compliant and of benefit to individuals.

Our Privacy by Design and Data by Design processes have been developed to ensure we embed privacy, security, and data controls in all our products and services, keeping a clear focus on protecting customers' and individuals' data.

Management's review

Operating review

Our Data management and governance policy provides all employees with information to ensure that Bayer's data is protected; its viability and availability is maintained for long-term business development and innovation; it is of good quality; and that it is used in an ethical, safe, and responsible manner. Bayer regards data as an enterprise asset and therefore protects it from reputational and disintermediation risks. This policy is supported by guiding principles and binding Data Standards that, when applicable, provide additional requirements and controls.

Uncertainty regarding recognition and measurement

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

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Revenue	2	1,284,564	1,507,583
Cost of sales		-993,988	-1,198,157
Other external costs		-136,195	-129,573
Gross profit		154,381	179,853
Staff costs	3	-93,727	-104,098
Depreciation, amortisation and impairment losses	4	-7,688	-9,572
Profit before financial income and expenses		52,966	66,183
Other financial income	5	5,160	3,838
Other financial expenses	6	-1,952	-2,198
Profit before tax		56,174	67,823
Tax on profit/loss for the year	7	-12,775	-16,073
Profit for the year	8	43,399	51,750

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	9		
Acquired rights		3,707	4,168
Goodwill		2,199	2,717
		5,906	6,885
Property, plant and equipment	10		
Fixtures and fittings, tools and equipment		15,211	19,214
Investments	11		
Deposits		292	187
Total fixed assets		21,409	26,286
Current assets			
Inventories	12		
Goods for resale		215,923	304,626
Receivables			
Trade receivables		55,618	101,159
Receivables from group entities		208,891	129,921
Other receivables		22,754	15,761
Deferred tax asset	13	0	234
Corporation tax		-5	0
Prepayments	14	618	889
		287,876	247,964
Total current assets		503,799	552,590
TOTAL ASSETS		525,208	578,876

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital	15	78,000	78,000
Retained earnings		140,589	210,790
Proposed dividends for the financial year		100,000	0
Total equity		318,589	288,790
Provisions			
Provisions for deferred tax	13	659	0
Total provisions		659	0
Liabilities other than provisions			
Non-current liabilities other than provisions	16		
Lease obligations		6,009	8,967
Other payables		1,890	1,890
		7,899	10,857
Current liabilities other than provisions	16		
Lease obligations		4,370	5,044
Trade payables		25,684	19,924
Payables to group entities		96,517	151,172
Corporation tax		1,921	5,305
Other payables		69,569	97,784
		198,061	279,229
Total liabilities other than provisions		205,960	290,086
TOTAL EQUITY AND LIABILITIES		525,208	578,876
Mortgages and collateral	17		
Related party disclosures	18		
Fees to auditor appointed at the general meeting	19		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2023	78,000	210,790	0	288,790
Adjustment related to merger 2022	0	-13,600	0	-13,600
Transferred over the profit appropriation	0	-56,601	100,000	43,399
Equity at 31 December 2023	78,000	140,589	100,000	318,589

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of BAYER A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

The financial statement for 2023 are presented in DKK'000.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Bayer AG.

Change in comparative figures

Few reclassifications have been made in prior year figures. The reclassifications have no effect on the result for the year.

In 2023 a adjustment of presentation of Staff costs and Financial income/expenses have been incorporated in the financial statement to provide a clear picture of Bayer A/S. Comparison figures for 2022 have been adjusted to reflect the changes:

Staff cost for 2022 have been adjusted from MDKK 99,6 to MDKK 104
Other external costs have been adjusted from MDKK 134 to MDKK 129,6

To offset financial exchange gains/losses against hedging losses/gains, the comparison figures for 2022 for financial income/expenses have been adjusted to reflect the changes.
Other financial income have been adjusted from MDKK 13,9, to MDKK 3,8
Other financial expense have been adjusted from MDKK 12,3 to MDKK 2,2

The reclassifications have no effect on the result for the year.

A correction of the Equity of MDKK 13,6 has been made in 2023, decreasing retain earnings from 2022 from MDKK 210,8 to MDKK 197,2. The correction relates to elimination of investment in Monsanto Crop Sciences Denmark A/S in connection with the merger of the entities in 2022.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Foreign currency translation

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

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

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.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when control of the goods has transferred to the buyer, normally at delivery.

Revenue is measured at the fair value of the expected consideration and is recognised excluding VAT and net of discounts relating to sales.

Information on business segments and geographical segments are based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Cost of sales

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

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment from current replacement of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Acquired rights

Acquired rights are measured at cost less accumulated amortisation and impairment losses. Patents are amortised over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 3-15 years. In both cases the residual value is set to zero.

Goodwill

Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight line basis over its useful life, which is assessed at 7 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Right-of-use assets

For contracts which are, or contain, a lease, Bayer A/S recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is presented in property, plant and equipment and the lease liabilities in non-current liabilities or current liabilities.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipmen is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Investments

Deposits are recognised at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the weighted average. 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 costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred concerning rent, insurance premiums, subscriptions and interest relating to subsequent financial years.

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1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost.

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DKK'000	2023	2022
2 Revenue		
Geographical segments		
Revenue, Denmark	844,439	1,056,726
Revenue, Sweden	187,656	219,778
Revenue, Norway	80,472	94,327
Revenue, Finland	72,959	64,436
Other	99,038	72,316
	1,284,564	1,507,583
Business segments		
Crop Science	788,618	838,629
HealthCare	468,514	643,581
Consumer Health	24,097	20,104
Other	3,335	5,269
	1,284,564	1,507,583
3 Staff costs		
Wages and salaries	81,030	89,580
Pensions	7,851	8,186
Other social security costs	641	824
Other staff costs	4,205	5,508
	93,727	104,098
Average number of full-time employees	84	90

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is not presented in the financial statements.

4 Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	979	1,398
Depreciation of property, plant and equipment	6,709	8,174
	7,688	9,572

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DKK'000	2023	2022
5 Other financial income		
Interest income from group entities	1,228	104
Other financial income	2,754	500
Exchange rate adjustments	1,178	3,234
	5,160	3,838
6 Other financial expenses		
Other financial costs	1,239	131
Exchange rate adjustments costs	713	2,067
	1,952	2,198
7 Tax on profit for the year		
Current tax for the year	12,485	15,734
Deferred tax for the year	893	339
Adjustment of tax concerning previous years	-645	0
Adjustment of deferred tax concerning previous years	42	0
	12,775	16,073
8 Proposed profit appropriation		
Proposed dividends for the year	100,000	0
Retained earnings	-56,601	51,750
	43,399	51,750

9 Intangible assets

DKK'000	Acquired rights	Goodwill	Software	Total
Cost at 1 January 2023	15,847	3,623	129	19,599
Cost at 31 December 2023	15,847	3,623	129	19,599
Amortisation and impairment losses at 1 January 2023	-11,679	-906	-129	-12,714
Amortisation for the year	-461	-518	0	-979
Amortisation and impairment losses at 31 December 2023	-12,140	-1,424	-129	-13,693
Carrying amount at 31 December 2023	3,707	2,199	0	5,906

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10 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2023	33,933
Additions for the year	2,706
Disposals for the year	-2,749
Cost at 31 December 2023	33,890
Depreciation and impairment losses at 1 January 2023	-14,719
Depreciation for the year	-6,709
Reversed depreciation and impairment losses on assets sold	2,749
Depreciation and impairment losses at 31 December 2023	-18,679
Carrying amount at 31 December 2023	15,211
Carrying amount of right-of-use assets at 31 December 2023	10,337

11 Investments

DKK'000	Deposits
Cost at 1 January 2023	187
Additions for the year	105
Cost at 31 December 2023	292
Carrying amount at 31 December 2023	292

12 Inventories

DKK'000	31/12 2023	31/12 2022
Goods for resale	240,237	310,609
Goods for resale, write-down	-24,314	-5,983
	215,923	304,626

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DKK'000	31/12 2023	31/12 2022
13 Deferred tax		
Deferred tax at 1 January	234	573
Deferred tax adjustment for the year in the income statement	-893	-339
	-659	234
Intangible assets	-845	945
Property, plant and equipment	-230	-207
Other payables	416	-504
	-659	234

Deferred tax has been provided at 22% corresponding to the current tax rate.

14 Prepayments

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

15 Equity

The contributed capital consists of 78,000 shares of a nominal value of DKK 1,000 thousand each.

All shares rank equally.

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DKK'000	31/12 2023	31/12 2022

16 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

Lease obligations:		
0-1 years	4,370	5,044
1-5 years	6,009	8,967
	10,379	14,011
Trade payables		
0-1 years	25,684	19,924
	25,684	19,924
Payables to group entities		
0-1 years	96,517	151,172
	96,517	151,172
Other payables, including taxes payable		
0-1 years	71,490	103,089
1-5 years	1,890	1,890
	73,380	104,979
Total liabilities	205,960	290,086

There are no liabilities with maturity over 5 years.

17 Mortgages and collateral

A bank guarantee of DKK 1,062 thousand has been established to cover obligations in connection to leased offices, and a bank guarantee of DKK 1,000 thousand towards Sø- og Handelsretten has been established relating to an ongoing legal matter for infringement of copyright of Bayer products

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18 Related party disclosures

BAYER A/S' related parties comprise the following:

Bayer AG, Kaiser-Wilhelm-Allee 3, 51373 Leverkusen, Germany - Controlling shareholder, ultimate parent
Bayer Nordic SE, Tuulikuja 2, 02100 Espoo, Finland - Intermediate Controlling shareholder
Bayer Global Investments B.V, Energiweg 1, Mijdrecht 3641RT, Netherlands - Intermediate Controlling shareholder

Control

BAYER A/S is part of the consolidated financial statements of Bayer Nordic SE, Tuulikuja 2, 02100 Espoo, Finland, and the consolidated financial statements of Bayer AG, Kaiser-Wilhelm-Allee 3, 51373 Leverkusen, Germany, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of Bayer Nordic SE and the consolidated financial statements of Bayer AG can be obtained by contacting the companies at the addresses above.

Related party transactions

In accordance with section 98c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

19 Fees to auditor appointed at the general meeting

Fee to auditors appointed at the general meeting has not been disclosed in accordance with section 96(3) of the Danish Financial Statements Act. Reference is made to the consolidated Financial Statements of Bayer AG.