

Sandoz A/S

Edvard Thomsens Vej 14, 1., 2300 København S

CVR no. 27 74 45 32

Annual report 2024

Approved at the Company's annual general meeting on 14 May 2025

Chair of the meeting:

.....
Elisabeth Järvheden

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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 Sandoz 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, 14 May 2025
Executive Board:

.....
Elisabeth Kerstin Jarvheden

Board of Directors:

.....
Diane Marie DiGangi
Chairman

.....
Elisabeth Kerstin Jarvheden

.....
Nete Brændgaard

Independent auditor's report

To the shareholder of Sandoz A/S

Opinion

We have audited the financial statements of Sandoz A/S for the financial year 1 January - 31 December 2024 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 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.

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

Henrik Barner Christiansen
State Authorised Public Accountant
mne10778

Management's review

Company details

Name	Sandoz A/S
Address, Postal code, City	Edvard Thomsens Vej 14, 1., 2300 København S
CVR no.	27 74 45 32
Established	17 May 2004
Registered office	København
Financial year	1 January - 31 December
Website	www.sandoz.dk
Telephone	+45 63 95 10 00
Board of Directors	Diane Marie DiGangi, Chairman Elisabeth Kerstin Jarvheden Nete Brændgaard
Executive Board	Elisabeth Kerstin Jarvheden
Auditors	KPMG P/S Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 København Ø
Lawyer	Horten Advokatpartnerselskab Philip Heymans Allé 7, DK - 2900 Hellerup

Management's review

Financial highlights

DKK'000	2024	2023	2022	2021	2020
Key figures					
Revenue	2,523,029	2,291,832	2,163,937	2,011,917	2,130,514
Gross profit	240,645	233,628	230,610	219,994	199,433
Operating profit/loss	72,096	84,691	83,483	75,574	68,941
Net financials	-12,804	4,112	-28,240	758	-1,528
Profit for the year	48,047	68,521	42,920	58,023	89,423
Financial ratios					
Total assets	1,535,740	1,443,702	1,174,038	1,015,689	1,230,701
Investments in property, plant and equipment	1,307	959	0	17	147
Equity	577,624	529,577	461,056	418,136	360,113
Financial ratios					
Operating margin	2.9%	3.7%	3.9%	3.8 %	3.2 %
Gross margin	9.5%	10.2%	10.7%	10.9%	9.4%
Return on assets	4.8%	6.5%	7.6%	6.7%	6.4%
Equity ratio	37.6%	36.7%	39.3%	41.2%	29.3%
Average number of full-time employees					
	141	149	106	104	100

The financial ratios stated under "Financial highlights" have been calculated as follows:

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

Management's review

Business review

Sandoz A/S undertakes registration of generic pharmaceutical substances and sale and distribution of these in the Danish and Nordic markets.

A major part of the product range is manufactured and delivered by companies within the Sandoz Group, of which Sandoz A/S constitutes a fully owned but separate legal entity.

Financial review

The income statement for 2024 shows a profit of DKK 48,047 thousand against a profit of DKK 68,521 thousand last year, and the balance sheet at 31 December 2024 shows equity of DKK 577,624 thousand.

The development in revenue for the year has been positively affected due to new product launches. This development exceeded the company's expectation for 2024.

Capital resources

The Company's balance sheet and capital structure are subject to continuous assessment together with the majority shareholder with a view to ensuring that the Company has adequate capital and funding.

Financial risks and use of financial instruments

Foreign exchange risks

The Group's activities abroad imply that results, cash flows and equity are affected by the exchange and interest rate movements for a number of currencies.

The most significant effect is derived from exchange rate movements. The Company's sales are invoiced primarily in DKK, EUR, SEK and NOK. The net exposure relating to the above primary currencies is not hedged as the currencies are not considered highly fluctuating.

Interest rate risks

Interest risk primarily relates to interest earning net payables to group enterprises. The debt earns interest at a floating rate. Interest risks are not hedged.

Credit risks

Credit risk related to cash is handled by continuously assessing existing and new costumers' default risk.

Impact on the external environment

Sandoz operates with a sustainability mindset, and we know that responsible environmental practices are not only good for the environment, they also can result in greater operating efficiencies, which is core to our strategy. We are particularly focused on prioritizing environmental sustainability, driving down our carbon footprint and preserving natural resources. The Company does not have production in the Nordics. For more information about our work with sustainability please visit: www.sandoz.com/impact

Research and development activities

There are no local research & development activities in the Company.

Statutory CSR report

The policies of the Sandoz Group on social responsibility apply to the Company. We refer to the Group's website: <https://www.sandoz.com/node/586/> for further information.

Management's review

Data ethics

Sandoz A/S implements a variety of global policies that form Sandoz' Data Ethics Framework, including: Global Privacy Policy (compliant with Danish Data Protection law, implementing GDPR), Global Policy on AI use, Global Policy & Schedule for Record Management retention/deletion, Data Governance Framework and Global Information Security Framework - these policies together ensure compliance with Section 99d of the Danish Financial Statements Act. Some of these policies will be combined in 2024 to create a new Data Ethics Policy.

Sandoz uphold high standards of data ethics to ensure processing is transparent, secure and respects individuals' control over their own data. Having access to the right information is instrumental to achieving our vision. Data ethics and the responsible use of technologies, including artificial intelligence, helps us maintain trust with our people and external stakeholders to maintain access to the kind of data we need to operate.

Events after the balance sheet date

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

Outlook

The competition is expected to stay intense with continuously declining prices as one of the most significant market characteristics.

Sales for 2025 are expected to slightly grow positively. The Company will continuously explore new opportunities to add appropriate activities and launches. The company also expect the profit before tax to grow positively and the profitability level before tax will be within the same range as 2024.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2024	2023
2	Revenue	2,523,029	2,291,832
	Cost of sales	-2,065,156	-1,857,187
3	Other external expenses	-217,228	-201,017
	Gross profit	240,645	233,628
4	Staff costs	-166,504	-147,206
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,045	-1,732
	Other operating expenses	-7	-187
	Profit before net financials	72,089	84,503
6	Financial income	33,533	27,442
7	Financial expenses	-46,337	-23,330
	Profit before tax	59,285	88,615
8	Tax for the year	-11,238	-20,094
	Profit for the year	48,047	68,521

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	ASSETS		
	Fixed assets		
10	Intangible assets		
	Rights	217	1,518
	Goodwill	0	0
		<u>217</u>	<u>1,518</u>
11	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	1,430	766
	Leasehold improvements	88	36
		<u>1,518</u>	<u>802</u>
12	Investments		
	Deposits	1,977	1,834
		<u>1,977</u>	<u>1,834</u>
	Total fixed assets	<u>3,712</u>	<u>4,154</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	815,221	463,616
		<u>815,221</u>	<u>463,616</u>
	Receivables		
	Trade receivables	507,646	639,126
13	Receivables from group enterprises	203,265	330,140
14	Deferred tax assets	1,916	784
	Other receivables	1,506	661
15	Prepayments	2,474	5,221
		<u>716,807</u>	<u>975,932</u>
	Total non-fixed assets	<u>1,532,028</u>	<u>1,439,548</u>
	TOTAL ASSETS	<u>1,535,740</u>	<u>1,443,702</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2024	2023
	EQUITY AND LIABILITIES		
	Equity		
16	Share capital	12,000	12,000
	Retained earnings	565,624	517,577
	Total equity	577,624	529,577
	Provisions		
17	Other provisions	276,455	238,957
	Total provisions	276,455	238,957
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	66,351	92,642
18	Payables to group enterprises	549,854	517,607
	Corporation tax payable	906	10,270
	Other payables	64,550	54,649
		681,661	675,168
	Total liabilities other than provisions	681,661	675,168
	TOTAL EQUITY AND LIABILITIES	1,535,740	1,443,702

- 1 Accounting policies
- 9 Appropriation of profit
- 19 Contractual obligations and contingencies, etc.
- 20 Security and collateral
- 21 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2023	12,000	449,056	461,056
9	Transfer, see "Appropriation of profit"	0	68,521	68,521
	Equity at 1 January 2024	12,000	517,577	529,577
9	Transfer, see "Appropriation of profit"	0	48,047	48,047
	Equity at 31 December 2024	12,000	565,624	577,624

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Sandoz 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 Sandoz AG (<https://www.investors.sandoz.com/>).

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.

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.

Income statement

Revenue

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

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

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 comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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

Rights	10 years
Goodwill	16 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities were jointly taxed until 4th October 2023. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 16 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

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

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

Fixed asset investments consist of deposit to lease.

Impairment of fixed assets

The carrying amount of intangible assets, 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. Impairment losses on goodwill are not reversed.

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.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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" and "Payables to the group entities".

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.

Other payables

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

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

DKK'000	2024	2023
2 Segment information		
Breakdown of revenue by business segment:		
Retail	1,652,640	1,481,873
Biopharmaceuticals	870,389	809,959
	<u>2,523,029</u>	<u>2,291,832</u>
Breakdown of revenue by geographical segment:		
Denmark	653,931	527,454
Nordics	1,869,098	1,764,378
	<u>2,523,029</u>	<u>2,291,832</u>
3 Fee to the auditors appointed in general meeting		
Statutory audit	970,417	861,767
Other assistance	61,600	30,000
	<u>1,032,017</u>	<u>891,767</u>
4 Staff costs and incentive programmes		
Wages/salaries	144,166	123,164
Pensions	13,688	10,420
Other social security costs	8,650	8,101
Remuneration other group companies	0	5,521
	<u>166,504</u>	<u>147,206</u>
Average number of full-time employees	<u>141</u>	<u>149</u>

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

The board of directors does not receive remuneration.

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 over three years, where one third of the shares are vested each year. The total estimated value of granted PSUs granted to all employees in the year amounts to DKK'000 4,045 (2023: DKK'000 705). 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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2024	2023
5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,302	1,302
Depreciation of property, plant and equipment	743	427
Impairment of property, plant and equipment	0	3
	2,045	1,732
6 Financial income		
Interest receivable, group entities	13,637	5,307
Other interest income	26	0
Exchange adjustments	4,010	0
Exchange gain	15,860	22,132
Other financial income	0	3
	33,533	27,442
7 Financial expenses		
Interest expenses, group entities	8,088	6,644
Exchange losses	37,732	16,084
Other financial expenses	517	602
	46,337	23,330
8 Tax for the year		
Estimated tax charge for the year	12,373	19,194
Deferred tax adjustments in the year	-1,335	464
Tax adjustments, prior years	200	436
	11,238	20,094
9 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	48,047	68,521
	48,047	68,521

Financial statements 1 January - 31 December

Notes to the financial statements

10 Intangible assets

DKK'000	Rights	Goodwill	Total
Cost at 1 January 2024	26,816	913,610	940,426
Disposals	-4,466	0	-4,466
Cost at 31 December 2024	22,350	913,610	935,960
Impairment losses and amortisation at 1 January 2024	25,298	913,610	938,908
Amortisation for the year	1,302	0	1,302
Reversal of accumulated amortisation and impairment of assets disposed	-4,467	0	-4,467
Impairment losses and amortisation at 31 December 2024	22,133	913,610	935,743
Carrying amount at 31 December 2024	217	0	217
Amortised over	10 years	16 years	

11 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2024	2,332	1,193	3,525
Additions	1,380	87	1,467
Disposals on demerger and sale of other enterprise	-160	0	-160
Cost at 31 December 2024	3,552	1,280	4,832
Impairment losses and depreciation at 1 January 2024	1,566	1,157	2,723
Depreciation	708	35	743
Depreciation and impairment of disposals	-152	0	-152
Impairment losses and depreciation at 31 December 2024	2,122	1,192	3,314
Carrying amount at 31 December 2024	1,430	88	1,518
Depreciated over	3-10 years	10 years	

12 Investments

DKK'000	Deposits
Cost at 1 January 2024	1,834
Additions	143
Cost at 31 December 2024	1,977
Carrying amount at 31 December 2024	1,977

Financial statements 1 January - 31 December

Notes to the financial statements

13 Receivables from group enterprises

The Sandoz group has entered into an agreement on a cash-pool arrangement with the group's bank, where Sandoz AG is the account holder and Sandoz 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 Sandoz group's balance with the bank.

Sandoz 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'000 201,777 (per 31 December 2023: deposit of DKK'000 329,410).

DKK'000	2024	2023
14 Deferred tax		
Deferred tax at 1 January	-784	-1,248
Amounts recognised in the income statement for the year	-1,335	-5,625
Adjustment of deferred tax concerning previous years	203	0
Other deferred tax	0	6,089
Deferred tax at 31 December	-1,916	-784

15 Prepayments

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

16 Share capital

Analysis of the share capital:

12,000 shares of DKK 1,000.00 nominal value each	12,000	12,000
	<u>12,000</u>	<u>12,000</u>

No shares carry any special rights.

17 Other provisions

The provisions are expected to be payable in:

0-1 year	276,455	238,957
	<u>276,455</u>	<u>238,957</u>

Other provisions consist of provisions to chargebacks, returns, price changes and other deductions.

18 Payables to group enterprises

The Sandoz group has entered into an agreement on a cash-pool arrangement with the group's bank, where Sandoz AG is the account holder and Sandoz 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 Sandoz group's balance with the bank.

Sandoz A/S' accounts in the cash-pool scheme, which are recognized under payables to group companies, amount to 31 December 2024 a debt of DKK'000 152,842 (per 31 December 2023: debt of DKK'000 265,162).

Financial statements 1 January - 31 December

Notes to the financial statements

19 Contractual obligations and contingencies, etc.

Other contingent liabilities

Pending litigation

As a consequence of the Group doing business in generic drugs, the Group is currently party to enforcement proceedings and other lawsuits in relation to the right to produce and distribute specific drugs.

The cases to which the Group is party are expected to be pending for several years. Management considers these cases currently and whether any related obligations are to be recognised in the Financial Statements. In Management's opinion, the outcome of these cases will not have any material effect on the financial position of the entity.

Other financial obligations

Other rent liabilities:

DKK'000	2024	2023
Rent liabilities	2,355	2,344

Rent liabilities include a rent obligation with remaining contract terms of 6 months and with a yearly rent on DKK'000 4,710 (2023: 4,688).

Lease obligations

Lease obligations under operating leases. Total future lease payments:

t.kr.	2024	2023
Within 1 year	146	19
Between 1 and 5 years	392	396
	538	415

20 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

21 Related parties

Sandoz A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Sandoz Group AG	Lichtstrasse 35, 4056 Basel, Schweiz	Parent company - ultimate parent

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sandoz AG	Centralbahnstrasse 4, 4051 Basel, Schweiz	https://www.sandoz.com/investors/financials/

Related party transactions

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

DKK'000	2024	2023
Production costs	2,067,567	1,810,923
Other operating income	508	1,760
Other operating expenses	36,124	23,488
Financial income	13,637	5,307
Financial expenses	8,088	6,644
Intercompany receivables	203,265	330,308
Intercompany payables	549,854	517,775

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Diane Marie DiGangi

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Kerstin Elisabeth Järvheden

Direktør

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IP: 24.206.xxx.xxx

2025-05-14 05:38:46 UTC



Kerstin Elisabeth Järvheden

Bestyrelsesmedlem

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Nete Brændgaard

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Henrik Barner Christiansen

Statsautoriseret revisor

On behalf of: KPMG Statsautoriseret Revisionspartners...

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