

Pfizer PFE ApS

Annual Report 2019/20

Chairman of the Annual General Meeting
26 April 2021

DocuSigned by:
Nicholas William Boe Stenderup
6F95C71FD55F4F8...

Nicholas William Boe Stenderup

Lautrupvang 8, 2750 Ballerup
Registration no: 25 46 27 77

The Annual Report contains 23 pages

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	6
Income statement	11
Balance sheet	12
Statement of Changes in Equity	14
Notes	15

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 Pfizer PFE ApS for the financial year 1 December 2019 – 30 November 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

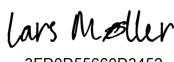
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 November 2020 and of the results of the Company's operations for the financial year 1 December 2019 – 30 November 2020.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's financial position.


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

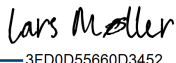
Ballerup, 26 April 2021

Executive Board:

DocuSigned by:

3FD0D55660D3452...
Lars Møller

Board of Directors:

DocuSigned by:

8E4C86610CED4F5...
Adam Preben Guhle
Chairman

DocuSigned by:

3FD0D55660D3452...
Lars Møller

DocuSigned by:

BF78B64DE9B6406...
Stefano Podesta

DocuSigned by:

FBFF32E22B5E445...
Anne Bloch Thomsen

Independent auditor's report

To the shareholders of Pfizer PFE ApS

Opinion

We have audited the financial statements of Pfizer PFE ApS for the financial year 1 December 2019 – 30 November 2020 comprising income statement, balance sheet, statement of changes in equity and notes. 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 30 November 2020 and of the results of the Company's operations for the financial year 1 December 2019 – 30 November 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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.

Independent auditor's report

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.

— 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 under-lying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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, 26 April 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

DocuSigned by:



B9A0B3FE69E8487...

Joakim Juul Larsen

State Authorised Public Accountant

mne32803

Management's review

Company details

Telephone: +45 44 20 11 00
Telefax: +45 44 20 11 01
Web site: www.pfizer.dk
Registration No. 25 46 27 77
Registered office: Lautrupvang 8, 2750 Ballerup, Denmark

Board of Directors

Adam Preben Guhle
Lars Møller
Stefano Podesta
Anne Bloch Thomsen

Executive Board

Lars Møller

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Financial highlights

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
---------	---------	---------	---------	---------	---------

Key figures

Revenue	217,092	211,859	313,196	204,594	184,054
Operating profit	11,677	8,917	15,780	12,036	4,719
Net loss from interest income and expense and similar items	-577	67	86	-21	224
Profit for the year	8,592	9,238	12,341	9,143	3,696

Current assets	165,998	219,514	275,088	223,835	193,514
Total assets	165,998	219,514	275,088	223,835	193,514
Capital and reserves	74,770	168,178	158,940	146,599	137,456
Provisions	1,785	4,584	9,194	2,883	3,926
Short-term liabilities other than provisions	89,443	46,752	106,954	74,353	52,132

Financial ratios

Operating profit ratio	5.4	4.2	5.0	5.9	2.6
Return on investment	8.7	5.6	9.4	8.1	3.3
Current ratio	185.6	469.5	257.2	301.0	371.2
Equity ratio	45.0	76.6	57.8	65.5	71.0
Return on average equity	7.1	5.6	8.4	6.3	2.6

Average number of employees	12	19	21	19	20
-----------------------------	-----------	----	----	----	----

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Financial highlights

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating profit ratio	$\frac{\text{Operating profit X 100}}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit X 100}}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets X 100}}{\text{Total equity and liabilities at year end}}$
Equity ratio	$\frac{\text{Equity at year end X 100}}{\text{Total equity and liabilities at year end}}$
Return on average equity	$\frac{\text{Profit for the year X 100}}{\text{Average equity}}$

Financial statements 1 December - 30 November

Management's review

Activities

Pfizer PFE ApS is part of the American Pfizer Group, a multinational pharmaceutical group listed on the New York Stock Exchange.

Pfizer PFE ApS is a fully owned subsidiary of Pfizer Inc. and its activities primarily consist of marketing, distribution and sale of the Pfizer Group's pharmaceutical products. Pfizer PFE ApS markets, distributes and sells pharmaceutical goods in Denmark, as well as to a third party distributor in Iceland.

Pfizer PFE ApS hosts the Hospital business unit as well as, a biosimilars portfolio. The Hospital business unit focuses on anti-infectives, sterile injectables and other hospital products

The development of the year

Turnover in Pfizer PFE ApS increased from DKK 212 million in 2018/19 to DKK 217 million in 2019/20. This increase is mainly driven by the product Contalgin.

Operating Review

The operating profit increased from DKK 8.9 million in 2018/19 to DKK 11.7 million in 2019/20 due to the revenue increase.

In 2019/20, cost of sales grew by DKK 7,6 million as a result of revenue increase, whereas operating costs dropped by DKK 9,5 million compared to 2018/19.

The decline in operating expenses was mainly a result of lower promotional and administrative costs after the restructuring initiative "Organizing for growth" was implemented at the end of 2018/19. The result for the year is satisfactory.

Financial position

The Company's share capital and reserves amounted to DKK 75 million at year end 2019/20, which is 45% of the balance sheet total.

Research and development activities

Research and development activities within Pfizer PFE ApS comprise medical affairs. Pfizer PFE ApS only performs research and development on behalf of other group enterprises. Pfizer PFE ApS does not acquire ownership to intellectual rights.

Financial statements 1 December - 30 November

Management's review

Knowledge resources

It is the goal of Pfizer to attract the best people, enabling Pfizer to constantly develop and adapt the Company to an ever-changing world. Through training Pfizer constantly seeks to develop the employees, in terms of knowledge of the products, as well as developing competencies and training in core values.

Outlook

As the Upjohn business unit has been spun-off and is now is part of Viatris Inc, for 2020/21, the Company expects a decline in total revenue compared with the total revenue in 2019/20.

The prescription activity is expected to grow due to increased productivity in the secondary care and market growth as a result of ageing population. The industry as a whole in Denmark is exposed to competition from parallel importers, biosimilar entries and generic substitution. At the same time, public health costs are under supervision, and this combination influences the expectations for the years to come.

The outbreak of COVID-19 is not expected to have any major impact on the Company's operations or financial position.

Events after the balance sheet date

No events have occurred after the balance sheet date significantly affecting the company's financial position.

Financial statements 1 December - 30 November

Income statement

DKK'000	Note	<u>2019/20</u>	<u>2018/19</u>
Revenue		217,092	211,859
Cost of sales		-182,534	-174,891
Gross profit		34,558	36,968
Marketing and distribution expenses	2	-18,983	-25,154
Development expenses	2	-2,472	-4,055
Administrative expenses	2	-11,540	-13,318
		1,563	-5,559
Other operating income, net	3	10,114	14,476
Operating profit		11,677	8,917
Net interest (expense)/income and similar items	4	-577	67
Profit before tax		11,100	8,984
Tax on profit for the year	5	-2,508	254
Profit for the year		8,592	9,238

Note 1 - Accounting Policies

Note 6 - Proposed Profit Allocation

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	2020	2019
ASSETS			
Current assets			
Inventories		<u>100,585</u>	<u>57,264</u>
Receivables			
Trade receivables		22,558	19,777
Amounts owed by group enterprises		39,672	138,280
Other receivables		204	—
Prepayments	7	940	951
Deferred tax	8	<u>1,537</u>	<u>2,728</u>
		<u>64,911</u>	<u>161,736</u>
Cash and bank balances		<u>502</u>	<u>514</u>
Total current assets		<u>165,998</u>	<u>219,514</u>
TOTAL ASSETS		<u><u>165,998</u></u>	<u><u>219,514</u></u>

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	<u>2020</u>	<u>2019</u>
EQUITY AND LIABILITIES			
Equity	9		
Share capital		100	100
Retained earnings		74,670	66,078
Proposed dividend		—	102,000
Total equity		<u>74,770</u>	<u>168,178</u>
Provisions			
Other provisions	10	1,785	4,584
Total provisions		<u>1,785</u>	<u>4,584</u>
Short-term liabilities other than provisions			
Trade payables		4,529	4,300
Amounts owed to group enterprises		70,660	27,879
Other payables	11	14,254	14,573
Total liabilities		<u>89,443</u>	<u>46,752</u>
Total equity and liabilities		<u>165,998</u>	<u>219,514</u>

Note 12 - Contingent liabilities and other financial obligations

Note 13 - Related party disclosures

Financial statements 1 December - 30 November

Statement of Changes in Equity

DKK'000	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity at 1 December 2019	100	66,078	102,000	168,178
Dividend approved	—	—	-102,000	-102,000
Transferred from profit for the year	—	8,592	—	8,592
Equity at 30 November 2020	<u>100</u>	<u>74,670</u>	<u>—</u>	<u>74,770</u>

Financial statements 1 December - 30 November

Notes

1 Accounting Policies

The annual report for 2019/20 has been prepared in accordance with the provisions applying to class C (medium sized) enterprises under the Danish Financial Statements Act.

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

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as interest income or expense and similar items.

Financial statements 1 December - 30 November

Income Statement

Revenue

Revenue from the sale of goods for resale is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured exclusive of VAT and taxes related to sale.

Cost of sales

Cost of sales comprise the cost of goods and services sold during the year.

Marketing and distribution expenses

Costs incurred in marketing and distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as marketing and distribution expenses. Also, costs relating to sales staff, advertising, and exhibitions are recognised as marketing and distribution expenses.

Development expenses

Development expenses comprise costs related to regulatory affairs, drug safety and medical affairs. The Pharmaceutical division of Pfizer PFE ApS only performs research and development on behalf of other group enterprises.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal activities of the enterprise. Other operating income mainly includes income from research and development, marketing and administrative services provided to other Pfizer entities. Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme etc.

Financial statements 1 December - 30 November

Tax on profit for the year

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

Balance sheet

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 costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Provisions are made for anticipated losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Capital and reserves - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under capital and reserves.

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 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 the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised under investments 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 and jurisdiction.

Financial statements 1 December - 30 November

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.

The Company is jointly taxed with all Danish group entities in the Pfizer Group. The current Danish corporate tax is allocated among the jointly taxed Danish companies in proportion to their taxable income (full allocation with reimbursement for tax losses).

Other provisions

Provisions comprise anticipated costs relating to returned goods and restructuring provisions. Provisions for returned goods are measured and recognised based on Management's experiences of returned goods.

Financial liabilities

Financial liabilities, comprising trade payables and amounts owed to group enterprises are measured at amortised cost. Other payables are measured at net realisable value.

Cash flow statement

Pfizer PFE ApS has not prepared a cash flow statement because the Company is included in the consolidated cash flow statement for the ultimate parent company Pfizer Inc. which can be found in the “for Investors” section under *2020 Financial Report* at <https://annualreview.pfizer.com/>

Financial statements 1 December - 30 November

DKK'000	2019/20	2018/19
2. Staff costs		
Wages & Salaries	13,265	21,348
Pensions	1,233	1,655
Other Social Security Costs	51	100
	14,549	23,103
Staff Costs are recognised as follows in the financial statements:		
Marketing and distribution costs	11,803	16,054
Research & Development Expenses	2,199	3,519
Administrative Expenses	547	3,530
	14,549	23,103
Average Number of Employees	12	19

Pursuant to Section 98b of the Danish Financial Statements Act, remuneration to Executive Board is not disclosed. No emoluments have been paid to the Board of Directors.

3. Other operating income/expenses, net

Sales & Marketing Service	6,715	9,130
Administrative Services	752	1,073
Development Services	2,648	4,273
	10,114	14,476

4. Net interest income and expenses and similar items

Foreign exchange adjustments	20	112
Interest expenses	-566	-9
Bank charges	-31	-36
	-577	67

Financial statements 1 December - 30 November

DKK'000	2019/20	2018/19
5. Tax on the profit for the year		
Corporation tax on profit for the year	1,319	442
Adjustment for deferred tax	1,191	1,583
Adjustments to taxes from prior years	-2	-2,279
	2,508	-254
6. Proposed profit appropriation		
Proposed dividends for the year	—	102,000
Retained earnings	8,592	-92,762
(Loss)/Profit for the year	8,592	9,238
7. Prepayments		
Other prepayments	940	951
	940	951
8. Deferred tax		
Deferred tax 1 December	2,728	2,023
Adjustment of deferred tax	-1,191	705
	1,537	2,728

Deferred tax relates to plant and equipment, inventories, receivables, other provisions and other payables. The deferred tax asset is expected to be realisable within the foreseeable future.

9. Capital and reserves

The share capital comprises 100,000 thousand issued shares with a nominal value of 1 DKK each.

The changes in share capital for the last 4 years can be specified as follows:

	2019/20	2018/19	2017/18	2016/17
Share capital at 1 December	100	100	100	100
Share capital at 30 November	100	100	100	100

Financial statements 1 December - 30 November

DKK'000	2019/20	2018/19
10. Other provisions		
Provision for returned goods		
Provision for returned goods 1 December	2,555	3,042
Used during the year	-11,321	-11,239
Provision for the year	10,551	10,752
Provision for returned goods 30 November	1,785	2,555
The provisions comprise of anticipated costs relating to returned goods. The Company expects to use the provision over the next year.		
Provision for restructuring		
Provision for restructuring 1 December	2,029	6,152
Used during the year	-10,020	-10,432
Provision for the year	7,991	6,309
Provision for restructuring 30 November	—	2,029
Total provisions 30 November	1,785	4,584
11. Other payables		
VAT and taxes	7,052	5,487
Payable wages and salaries inclusive holiday provision	4,225	5,500
Other payables	2,977	3,586
	14,254	14,573

Financial statements 1 December - 30 November

12. Contingent liabilities and other financial obligations

Lease obligations

The Company has entered into operating leases regarding cars and other operating equipment. The remaining payments for lease obligations amount to DKK 0.7 million (2018/19 DKK 2.0 million).

Joint liability Pfizer ApS and Pfizer PFE ApS

On 1 December 2013 the GEP activities of Pfizer ApS were transferred to Pfizer PFE ApS in a demerger. Pfizer ApS and Pfizer PFE ApS are joint and several liable for liabilities that consisted at the date the demerger plan was published. However the joint and several liability cannot exceed the net assets transferred to each company in the demerger which for Pfizer PFE ApS amounted to DKK 131 million.

Financial obligations

The company is jointly taxed /VAT registered with other Danish companies in the Pfizer group. As a wholly owned subsidiary of Pfizer Inc., the company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish income tax, withholding taxes on dividends, interest and royalties in the joint taxation.

Financial statements 1 December - 30 November

13. Related party disclosures

Pfizer PFE ApS' related parties comprise the following:

Description	2019/20	2018/19
Provision of Above Market services by Pfizer PFE ApS to Pfizer Worldwide Services	9,137	13,404
Receipt of services by Pfizer PFE ApS from Pfizer ApS - domestic transaction	5,861	8,501
Provision of services by Pfizer PFE ApS to Pfizer ApS - domestic transaction	252	1,075
Provision of services by Pfizer ApS to - UEBV Netherlands	978	—
Receipt of services by Pfizer PFE ApS from Pfizer Zagreb	251	—
Purchase of finished goods by Pfizer PFE ApS from various Pfizer suppliers	223,953	171,679
Sales of finished goods by Pfizer PFE ApS to Pfizer affiliates	1,177	4,002

Receivables and payables to group enterprises are disclosed in the balance sheet.

Control

Pfizer PFE ApS is owned 100% by Pfizer Health AB, Vetenskapsvägen 10, 191 90 Sollentuna, Sverige.

Furthermore, the Company is included in the consolidated financial statements of the ultimate parent company Pfizer Inc., 219-8-6A East 42nd Street, New York, N.Y. 10017, USA.

The consolidated financial statements of Pfizer Inc are available at the Company's address or on the Company's website at: <https://annualreview.pfizer.com/>