

**Ferrosan ApS**

Annual Report 2017/18

Chairman of the Annual General Meeting

29 APRIL 2019

  
NICHOLAS WILLIAM BOE STENDERUP

Lautrupvang 8, DK-2750 Ballerup, Denmark  
Registration no. 13 24 60 92

The Annual Report contains 19 pages

## *Financial statements 1 December - 30 November*

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## *Financial statements 1 December - 30 November*

### **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 Ferrosan ApS for the financial year 1 December 2017 - 30 November 2018.

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 company's financial position at 30 November 2018 and of the results of the company's operations for the financial year 1 December 2017 - 30 November 2018.

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

We recommend the adoption of the annual report at the annual general meeting.

Ballerup, Denmark, **25 APRIL 2019**

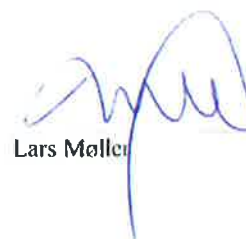
Executive Board:

  
Lars Møller

Board of Directors:

  
Kamila Katarzyna  
Kozikowska  
Chairman

  
Michael Christian Remy  
Jensen

  
Lars Møller

## *Financial statements 1 December - 30 November*

### **Independent auditors' report**

#### **To the shareholders of Ferrosan ApS**

##### *Opinion*

We have audited the financial statements of Ferrosan ApS for the financial year 1 December 2017 – 30 November 2018 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 2018 and of the results of the Company's operations for the financial year 1 December 2017 – 30 November 2018 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.

## *Financial statements 1 December - 30 November*

### **Independent auditors' 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 skepticism 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.

## *Financial statements 1 December - 30 November*

### **Independent auditors' report**

#### *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, **25 APRIL 2019**

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR No. 25 57 81 98

DocuSigned by:



B65DD79A27D2414

Lau Bent Baun

State Authorised Public Accountant  
mne26708

DocuSigned by:



B9A0BFF669F8487

Joakim Juul Larsen

State Authorised Public Accountant  
mne32803

## *Financial statements 1 December – 30 November*

### **Management's Review**

#### Company Details

Address, zip code, city	Lautrupvang 8, DK-2750 Ballerup, Denmark
CVR no.	13 24 60 92
Home Page	<a href="http://www.pfizer.dk">www.pfizer.dk</a>
Tel.	+45 44 20 11 00
Telefax	+45 44 20 11 02
Board of Directors	Kamila Katarzyna Kozikowska, Chairman Michael Christian Remy Jensen Lars Møller
Executive Board	Lars Møller
Auditors	KPMG Statsautoriseret Revisionspartnerselskab, Dampfærgevej 28, DK-2100 Copenhagen, Denmark

## *Financial statements 1 December - 30 November*

### **Management's review**

#### **The company's business review**

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

Ferrosan ApS is a part of the consumer healthcare business and specialises in dietary supplement and lifestyle products.

#### **Financial review**

Ferrosan is an international consumer healthcare company with supplements and lifestyle products operating in the Supplements & Lifestyle Products industry. Ferrosan offers various supplements and healthcare products, such as vitamins, minerals and food supplements, eye care products and skin care products to its global consumers, which are primarily focused on improving the health and wellbeing of consumers.

The Ferrosan Group is headquartered in Denmark. On 1 December 2011, Pfizer acquired the Ferrosan Group from Altor 2003 Fund GP Limited, and is therefore part of the consolidated Pfizer Group. Until the end of 2016, Ferrosan's operations were focused on the manufacturing and distribution of consumer health products across its international markets.

Ferrosan's portfolio of products included Multi-tabs®, a popular multivitamin brand, Biform®, a leading probiotic, Fri Flyt/Active Omega, an Omega 3 product, and Imedeem® premium oral skincare brands.

The manufacturing operations in Ferrosan ApS closed by the end of 2016 and all remaining production was outsourced to Pfizer's production facilities outside Denmark.

Ferrosan ApS owns all IP-rights for the above mentioned products except for the Imedeem trademark owned by Pfizer Consumer Healthcare AB. Ferrosan ApS owns all intellectual property related to future development projects. Routine distributors that sell Ferrosan products in various countries do not own or develop any intangibles related to the Ferrosan's products. Ferrosan ApS is still the residual-earning entity for all legacy Ferrosan products, regardless of where the products are produced.

Following the closure of the manufacturing activities at the end of 2016, all the remaining employees left by August 2017. The 2017 activity consisted of payment of pending termination costs and exit costs to employees or third parties, sale of the intercompany investment in shares of Ferrosan SRL (Romania) to Pfizer group affiliates, payment of Imedeem Royalties from Pfizer Consumer Healthcare AB (Sweden), receipt of services from Pfizer ApS and, receipt of residual profit from various Pfizer Consumer affiliates.

In 2018, Ferrosan continued receiving services from Pfizer ApS, receiving residual profits from various Consumer affiliates and paying Imedeem Royalties from Pfizer Consumer Healthcare AB (Sweden). Compared to prior year, the amount of the services received from Pfizer ApS was lower (51 million vs. 84 million) because the number of employees providing services to Ferrosan decreased due to a restructuring initiative. There was also a one-time asset write-off last year that resulted from the Søborg R&D site closure. The residual profit is higher compared to last year, the main drivers are Russia and VNP entities in the Nordics.



### *Financial statements 1 December - 30 November*

The service amount received from Pfizer ApS and the Imedeem Royalties from Pfizer Consumer Healthcare AB (Sweden) exceeded the residual profits and hence Ferrosan closed the year with an operating loss of DKK -36.1 million.

Ferrosan received a capital contribution of DKK 90 million from a Pfizer group affiliate.

The result of the year is in line with management's expectations.

The Company is supported financially by the Pfizer Group and has a credit facility at Pfizer Service Company Ireland with no upper limit. The credit facility can be terminated by both parties with short notice. On the basis hereof, it is Management's assessment that the Company's financial resources are sufficient, and the financial statements are therefore prepared using the going concern assumption.

The company has received a draft discretionary pre-tax assessment from Skattestyrelsen for the accounting year ended 30 November 2012. The company is not in agreement with this assessment and is currently in discussions with Skattestyrelsen. The outcome hereof is uncertain and the economic impact cannot be reliably estimated, however the outcome may potentially be significant for the company. The matter has been disclosed in the notes to the financial statements as a contingent liability.

#### **Post balance sheet events**

No material events have occurred subsequent to 30 November 2018 which significantly affects the assessment of the annual report.

#### **Outlook**

Ferrosan ApS will continue receiving residual profits from various Pfizer Consumer distributor affiliates, receiving services from Pfizer ApS and paying Royalties Pfizer Consumer Healthcare AB for the brand Imedeem.

## *Financial statements 1 December - 30 November*

### **Income Statement**

DKK '000	Note	2017/18	2016/17
Other external expenses		-51,563	-79,707
<b>Gross Loss</b>		<b>-51,563</b>	<b>-79,707</b>
Staff costs	2	12	1,333
Operating income, net	3	15,063	-4,473
<b>Operating Loss</b>		<b>-36,512</b>	<b>-82,847</b>
Financial income and expenses and similar items	4	-991	71,857
<b>Loss before Tax</b>		<b>-37,503</b>	<b>-10,990</b>
Tax for the year	5	-1,284	-34,579
<b>Loss for the year</b>		<b>-38,787</b>	<b>-45,569</b>

Note 1 - Accounting Policies

Note 6 - Proposed Loss Appropriation

## *Financial statements 1 December - 30 November*

### **Balance Sheet as at 30 November**

DKK'000	Note	2018	2017
<b>ASSETS</b>			
<b>Investments</b>			
Investments in group entities	7	8,295	9,236
<b>Total fixed assets</b>		<b>8,295</b>	<b>9,236</b>
<b>Current assets</b>			
<b>Receivables</b>			
Amounts owed by group enterprises		60,747	18,023
Other Receivables		1,322	14,411
Prepayments	8	-	50
Deferred Tax	9	8,648	28,828
		<b>70,717</b>	<b>61,312</b>
<b>Cash and cash equivalents</b>		<b>1,277</b>	<b>716</b>
<b>Total current assets</b>		<b>71,994</b>	<b>62,028</b>
<b>TOTAL ASSETS</b>		<b>80,289</b>	<b>71,264</b>

## *Financial statements 1 December - 30 November*

### **Balance Sheet as at 30 November**

DKK'000	Note	2018	2017
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	121,827	121,827
Retained earnings		-134,222	-185,435
<b>Total equity</b>		<b>-12,395</b>	<b>-63,608</b>
<b>Liabilities</b>			
Amounts owed to group enterprises		92,681	133,749
Other payables	11	3	1,123
<b>Short-term liabilities</b>		<b>92,684</b>	<b>134,872</b>
<b>Total liabilities</b>		<b>92,684</b>	<b>134,872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80,289</b>	<b>71,264</b>

Note 12 – Contingent Liabilities & Other Financial Obligations

Note 13 – Related Party Disclosures

## *Financial statements 1 December - 30 November*

### Statement of changes in equity

DKK'000	Share Capital	Retained Earnings	Total
Equity at 1 December 2017	121,827	-185,435	-63,608
Share premium	-	90,000	90,000
Transferred from loss for the year	-	-38,787	-38,787
<b>Equity at 30 November 2018</b>	<b>121,827</b>	<b>-134,222</b>	<b>-12,395</b>

The Company is supported financially by the Pfizer Group and has a credit facility at Pfizer Service Company Ireland with no upper limit. The credit facility can be terminated by both parties with short notice. On the basis hereof, it is Management's assessment that the Company's financial resources are sufficient, and the financial statements are therefore prepared using the going concern assumption.

## *Financial statements 1 December – 30 November*

### *Notes*

#### **1 Accounting policies**

The annual report for 2017/2018 has been prepared in accordance with the provisions applying to class B 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.

#### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

#### **Reporting currency**

The company's functional currency is Danish kroner (DKK). Thus, other currencies than Danish kroner are considered foreign currencies. DKK is used as the measurement and presentation currency in the preparation of the annual report. Amounts in the annual report are stated in thousands of Danish kroner (DKK).

#### **Currency translation**

During the year, transactions denominated in foreign currency are converted at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items are converted at the exchange rates ruling at the balance sheet date, and exchange differences are recorded in the income statement under financial items.

#### **Income statement**

##### **Other external expenses**

Other external expenses comprise administrative expenses and expenses related to the closure of the manufacturing site.

## *Financial statements 1 December - 30 November*

### **Staff costs**

Staff costs comprise salaries, wages and pensions as well as other staff costs.

### **Operating income & expenses**

Operating income & expenses comprise residual profit earned from Pfizer Consumer distributors and royalties paid to Pfizer Consumer Healthcare AB for the product Imedeen.

### **Financial income and expenses**

Financial income and expenses include interest, realised and unrealised exchange differences, supplements and allowances under the on-account tax scheme, value adjustments of securities and similar items.

### **Tax**

Tax for the year, consisting of the year's current tax and changes in deferred tax, is recognised in the income statement at the amount that can be attributed to the loss for the year and recognised directly in the equity statement at the amount that can be attributed to movements directly in equity.

Current tax liabilities and current tax receivables, respectively, are recognised in the balance sheet as calculated tax of the taxable income for the year.

Deferred tax is measured on all timing differences between the accounting and tax value of assets and liabilities, where the tax value of the assets is calculated on the basis of the planned use of the particular asset.

Deferred tax is measured on the basis of the tax legislation and rates of income tax which will be applicable on the balance sheet date, when the deferred tax is expected to be paid as current tax. Changes in deferred tax as a result of changes in the rates of income tax are included in the income statement.

Deferred tax assets, including the tax value of tax losses carried forward, are measured in the balance sheet at the amount at which the asset is expected to be realised, either by setting off deferred tax liabilities or as net tax assets.

The company is taxed jointly with all Danish subsidiaries in 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).

## *Financial statements 1 December - 30 November*

### **Balance sheet**

#### **Investments in group entities**

Investments in group entities are recognised and measured at cost. Where the net realisable value is lower than cost, write down to the lower value is recognised.

Gains or losses on disposal of group entities are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus anticipated disposal costs. Gains or losses are recognised in the income statement.

Dividends from subsidiaries are recognised in the income statement in the financial year where the dividends are declared.

#### **Receivables**

Receivables are measured in the balance sheet at amortised cost, which essentially corresponds to the nominal value or a lower net realisable value. Write-downs to net realisable value are calculated on the basis of an individual assessment of each receivable and for trade receivables also with a general impairment loss based on the company's experience from prior years.

Other receivables primarily comprise receivables from staff and public authorities, which are measured at nominal values and the fair value of forward contracts.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash.

### **Equity**

#### *Proposed dividend*

Dividends expected to be paid in respect of the year are stated as a separate line item under equity. Dividends are recognised as a liability when adopted by the shareholders at the annual general meeting.

#### **Liabilities**

Other liabilities to group entities are measured at amortised cost and essentially correspond to nominal value.

Other liabilities primarily comprise liabilities to staff and public authorities, which are measured at nominal values and the fair value of forward contracts.



## *Financial statements 1 December - 30 November*

DKK'000	2017/18	2016/17
<b>2 Staff costs</b>		
Wages/salaries	-	1,533
Pensions	12	-2,866
Other social security costs	-	-
	12	-1,333
Pension costs in 2017/18 include accrual reversal for a pension court case		
	<b>Number</b>	<b>Number</b>
Average number of employees	0	3
<b>3 Other Operating Income/Expense, net</b>		
Residual Profits from Pfizer Consumer entities	20,447	776
Imdeen Royalties paid to Pfizer Consumer Healthcare AB	-5,384	-5,249
	15,063	-4,473
<b>4 Financial income and expenses and similar items</b>		
Gain on sale of Romanian share to Pfizer group affiliates	-	71,650
Intercompany balance write off with Ferrosan International A/S	-941	150
Foreign exchange adjustments	9	100
Interest expenses	-42	-14
Bank charges	-17	-29
Other financial items	-	-
	-991	71,857
<b>5 Tax for the Year</b>		
Estimated income tax from the joint taxation	13,281	-10,039
Adjustment for deferred tax	-20,180	43,290
Adjustments to taxes from previous years	5,615	1,328
	-1,284	34,579
<b>6 Proposed Loss Allocation</b>		
Allocation to retained earnings	-38,787	-45,569
	-38,787	-45,569

## *Financial statements 1 December - 30 November*

### 7 Investments

	<u>Group entities in total</u>
<b>Cost</b>	
Balance at 1/12 2017	173,104
Disposals in the year	-
<b>Cost at 30/11 2018</b>	<b>173,104</b>
<b>Impairment losses</b>	
Balance at 1/12 2017	-163,868
Impairment losses in the year	-91
<b>Impairment losses at 30/11 2018</b>	<b>-164,809</b>
<b>Carrying amount at 30/11 2018</b>	<b>8,295</b>

	<u>Domicile</u>	<u>Interest (%)</u>	<u>Equity</u>	<u>Profit/(loss)</u>
<b>Subsidiaries</b>				
Ferrosan International A/S	Denmark	100.00	8,532	(380)

Based on latest available annual report and trial balance.

### 8 Prepayments

Other prepayments	-	50
	-	50

### 9 Deferred Tax

Property plant and equipment	27,755	43,231
Tax loss carry forward	156,068	161,223
Other taxable temporary differences	-	-
Write-down of deferred tax assets	-175,175	-175,626
<b>Total Tax assets [±]</b>	<b>8,648</b>	<b>28,828</b>

The company's management expect that the deferred tax assets can be used within the next 5 years as a part of improved operating result and used within the Danish joint taxation.

## *Financial statements 1 December - 30 November*

### 10 Share capital

The share capital of DKK 121,827 thousand comprises 10,000,003 class A-share(s) of DKK 10.00 each and 2,182,746 class B-share(s) of DKK 10.00 each.

In 2018 one class A-share was issued to C.P. Pharmaceuticals International C.V. (Holland) in exchange for DKK 90,000.

Each A share gives 10 votes, and each B share gives 1 vote pursuant to article 9 of the company's articles of association.

The changes in share capital for the last 5 years can be specified as follows:

DKK'000	2017/18	2016/17	2015/16	2014/15	2013/14
Share Capital at 1 December	121,827	121,827	121,827	121,827	121,827
Increase in Share Capital	-	-	-	-	-
<b>Share Capital at 30 November</b>	<b>121,827</b>	<b>121,827</b>	<b>121,827</b>	<b>121,827</b>	<b>121,827</b>

### 11 Other Payables

VAT and Taxes	3	1,080
Other Payables	-	43
	<b>3</b>	<b>1,123</b>

### 12 Contingent liabilities and other financial obligations

The company is jointly taxed 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 income taxes, Danish withholding taxes on dividends, interest and royalties in the joint taxation. Payable income taxes and withholding taxes in the joint taxation are as of 30 November 2018 DKK 0. Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the company's liability being higher.

The company has received a draft discretionary pre-tax assessment from Skattestyrelsen for the accounting year ended 30 November 2012. The company is not in agreement with this assessment and is currently in discussions with Skattestyrelsen. The outcome hereof is uncertain and the economic impact cannot be reliably estimated, however the outcome may potentially be significant for the company.

## *Financial statements 1 December - 30 November*

### **13 Related party Disclosures**

Ferrosan ApS related parties comprise:

#### **Control**

Ferrosan ApS is owned 100% by PF Consumer Healthcare B.V.

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://s21.q4cdn.com/317678438/files/doc\\_financials/Annual/2018/2018-Financial-Report.pdf](https://s21.q4cdn.com/317678438/files/doc_financials/Annual/2018/2018-Financial-Report.pdf)