

# Ferrosan ApS

Delta Park 37, 2665 Vallensbæk Strand

CVR no. 13 24 60 92

## Annual report 2020

Approved at the Company's annual general meeting on 18 June 2021

Chair of the meeting:



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Niels Walther-Rasmussen

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

## 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 Ferrosan ApS for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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.

Vallensbæk Strand, 18 June 2021  
Executive Board:



Michael Pedersen

Board of Directors:



Jonas Bille Leerbech  
Chair



Michael Pedersen



Thomas Maximilian Maurer

## Independent auditor's report

### To the shareholders of Ferrosan ApS

#### Opinion

We have audited the financial statements of Ferrosan ApS for the financial year 1 January 2020 - 31 December 2020, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant 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 Entity's financial position at 31 December 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 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 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 requirements. 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 as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

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

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 review

Management is responsible for the management review.

Our opinion on the financial statements does not cover the management 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 review and, in doing so, consider whether the management review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management review.

Copenhagen, 18 June 2021  
Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR no. 33 96 35 56



Lars Hansen  
State Authorised Public Accountant  
mne24828

## Management's review

### Company details

Name	Ferrosan ApS
Address, Postal code, City	Delta Park 37, 2665 Vallensbæk Strand
CVR no.	13 24 60 92
Established	1 July 1989
Registered office	Vallensbæk
Financial year	1 January - 31 December
Telephone	+45 44 20 11 00
Board of Directors	Jonas Bille Leerbech, Chair Michael Pedersen Thomas Maximilian Maurer
Executive Board	Michael Pedersen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, 2300 København S

## Management's review

### Business review

Ferrosan ApS is a part of the consumer healthcare joint venture between the British GlaxoSmithKline ('GSK') and the American Pfizer group, both multinational pharmaceutical groups 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.

### Unusual matters having affected the financial statements

#### *Going concern*

GSK Group has considered any impact/strain on the central Treasury functions. We are confident the Group can continue to meet liquidity and working capital requirements whilst also not breaching any covenants. This is on the basis that there are currently no significant operational or contractual risks that would inhibit Treasury supporting local entities as they would under 'normal' conditions.

The Company is supported financially by the GSK Group and has a credit facility at GlaxoSmithKline Consumer Healthcare Finance Ltd with no upper limit. GlaxoSmithKline Consumer Healthcare Finance Ltd has issued a letter of support to the Company that is valid for 12 months from the signing date of the financial statements for the year ended 31 December 2020.

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 review

The income statement for 2020 shows a loss of DKK 11,288 thousand against a loss of DKK 166,955 thousand last year, and the balance sheet at 31 December 2020 shows a negative equity of DKK 88,325 thousand.

The Ferrosan Group is headquartered in Denmark. On 1 December 2011, Pfizer acquired the Ferrosan Group from Altor 2003 Fund GP Limited. Until the end of 2016, Ferrosan's operations were focused on the manufacturing and distribution of consumer health products across its international markets. From August 2019, Ferrosan became part of the joint venture between GSK and Pfizer.

Until the end of 2016, Ferrosan Aps' operations were focused on the manufacturing and distribution of consumer health products across its international markets. The manufacturing and distribution operations in Ferrosan Aps ceased by the end of 2016 and all remaining production was outsourced to Pfizer Group's production facilities outside Denmark. Following the cessation of the manufacturing and distribution activities all the remaining employees left by August 2017.

During FY2017 the main activity of Ferrosan Aps consisted of holding and exploiting ownership to the products mentioned above, the payment of pending termination costs and exit costs to employees or third parties, the sale of the intercompany investment in shares of Ferrosan SRL in Romania to Pfizer Group affiliates, the payment of Imedeem royalties to Pfizer Sweden, the receipt of services from Pfizer ApS and the receipt of residual profit from various Pfizer Consumer affiliates.

During FY2018 and FY2019, Ferrosan Aps continued receiving services from Pfizer ApS, receiving residual profits or losses (as applicable) from various consumer affiliates and paying Imedeem Royalties to Pfizer Sweden. 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 (39 million vs. 51 million) because the number of employees providing services to Ferrosan decreased due to a restructuring initiative. The residual profit is lower compared to last year, the main drivers is Russia. The service amount received from Pfizer ApS, the Imedeem Royalties from Pfizer Consumer Healthcare AB (Sweden) and the residual profits losses resulted into a total operating loss of DKK - 46.7 million. In July 2019, Ferrosan received a capital contribution of DKK 102 million from a Pfizer group affiliate. The result of the year is in line with management's expectations. In August 2019, the ownership of the Ferrosan ApS was transferred to Prism PCH Limited, an affiliate company of GlaxoSmithKline plc (GSK), to form part of the consumer business joint venture between Pfizer and GSK.

## Management's review

During FY 2020 Ferrosan ApS assigned legal right, title and interest and beneficial ownership of intellectual property (including trademarks and domain names related to Omega 3 and Fri Flyt) used exclusively in VNP products to Vesteralems Naturprodukter AS (Norway). During FY2020 Ferrosan ApS also assigned legal right, title and interest and beneficial ownership of intellectual property (including trademarks and domain names related to Multitabs and Biform Brands) to GLAXOSMITHKLINE CONSUMER HEALTHCARE (UK) IP LIMITED. The royalty agreement with Pfizer Sweden is terminated.

As informed in previous financial statements, the Company has received a draft discretionary pre-tax assessment from Skattestyrelsen for the accounting year ended 30 November 2012. Based on discussions, the company and Skattestyrelsen have reached a mutual understanding on the issue, which has resulted in Skattestyrelsen's issuance of amended tax assessments for the accounting years ended 30 November 2013 through to 30 November 2018, to which the company agrees.

Based on information currently available, management's assessment is that the impact of COVID-19 does not lead to risks of going concerns for Ferrosan ApS.

## Events after the balance sheet date

Pfizer have agreed to settle a historic pre-acquisition transfer pricing audit with the Danish Tax Authorities in respect of two entities that are now within the JV, namely Ferrosan ApS and Ferrosan International ApS. Pfizer has paid the tax authorities directly to settle the outstanding audit. To ensure there is no risk of creating taxable income in Denmark in relation to the settlement, Pfizer have requested a number of steps be followed in order to ensure the cash flows have been recorded in the correct legal entities. In November 2020 Ferrosan ApS took out an intercompany loan from group enterprises to settle the outstanding audit. In April 2021 it was happened to unwind the intercompany loans implemented under November 2020 which involved the settlement of a Denmark tax indemnity pass-through from Pfizer Inc. The PRISM PCH Limited board have approved a loan waiver for the loan to Ferrosan ApS. The funding loan from GSK CH Finance Limited to PRISM PCH Limited can be unwound at the same time as the downstream loan is waived.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2020 12 months	2018/19 13 months
3	Other operating income	2,840	117
	Other external expenses	-2,114	-39,469
	<b>Gross profit</b>	726	-39,352
4	Staff costs	0	3
5	Other operating expenses	0	-7,252
	<b>Profit/loss before net financials</b>	726	-46,601
6	Financial expenses	-12,014	-19,695
	<b>Profit/loss before tax</b>	-11,288	-66,296
7	Tax for the year	0	-100,659
	<b>Profit/loss for the year</b>	-11,288	-166,955
	<b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-11,288	-166,955
		-11,288	-166,955

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2018/19
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
8	<b>Financial assets</b>		
	Investments in group enterprises	8,178	8,178
		<u>8,178</u>	<u>8,178</u>
	<b>Total non-current assets</b>	<u>8,178</u>	<u>8,178</u>
	<b>Current assets</b>		
	Receivables from group enterprises	6,562	17,802
	Other receivables	8,337	7,123
		<u>14,899</u>	<u>24,925</u>
	<b>Cash</b>	<u>52</u>	<u>7,748</u>
	<b>Total current assets</b>	<u>14,951</u>	<u>32,673</u>
	<b>TOTAL ASSETS</b>	<u>23,129</u>	<u>40,851</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	121,827	121,827
	Retained earnings	-210,152	-198,864
	<b>Total equity</b>	<u>-88,325</u>	<u>-77,037</u>
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
	Payables to group enterprises	111,372	2,885
	Other payables	82	115,003
	<b>Total current liabilities</b>	<u>111,454</u>	<u>117,888</u>
		<u>111,454</u>	<u>117,888</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>23,129</u>	<u>40,851</u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 4 Staff costs
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral
- 12 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	121,827	-198,864	-77,037
Transfer through appropriation of loss	0	-11,288	-11,288
Equity at 31 December 2020	<u>121,827</u>	<u>-210,152</u>	<u>-88,325</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Ferrosan ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of 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).

#### Foreign 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 operating income and operating expenses

Operating income and expenses include residual profits from group related entities, royalties paid for the Imedeen brand, interest, realised and unrealised exchange differences, supplements and allowances under the on-account tax scheme, value adjustments of securities and similar items.

##### Other external expenses

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

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

##### Financial 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 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 entity is jointly taxed with other group entities. 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

##### Investments in subsidiaries

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.

##### Cash

Cash and cash equivalents comprise cash.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### 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.

##### Liabilities

Payables 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 January - 31 December

### Notes to the financial statements

#### 2 Going concern uncertainties

GSK Group has considered any impact/strain on the central Treasury functions. We are confident the Group can continue to meet liquidity and working capital requirements whilst also not breaching any covenants. This is on the basis that there are currently no significant operational or contractual risks that would inhibit Treasury supporting local entities as they would under 'normal' conditions.

The Company is supported financially by the GSK Group and has a credit facility at GlaxoSmithKline Consumer Healthcare Finance Ltd with no upper limit. GlaxoSmithKline Consumer Healthcare Finance Ltd has issued a letter of support to the Company that is valid for 12 months from the signing date of the financial statements for the year ended 31 December 2020.

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.

DKK'000	2020 12 months	2018/19 13 months
<b>3 Other operating income</b>		
Gains on PPE	0	117
Intercompany royalties received	2,840	0
	<u>2,840</u>	<u>117</u>
<b>4 Staff costs</b>		
Other social security costs	0	-3
	<u>0</u>	<u>-3</u>
Average number of full-time employees	<u>0</u>	<u>0</u>
<b>5 Other operating expenses</b>		
Operating expenses comprise of residual profits from Pfizer Consumer entities and royalties paid to Pfizer Consumer Healthcare AB for the product Imedeem.		
<b>6 Financial expenses</b>		
Intercompany balance write off with Ferrosan International A/S	0	117
Foreign exchange adjustments	26	105
Interest related to tax settlement	3,927	19,459
Bank charges	62	14
Other financial expenses	7,999	0
	<u>12,014</u>	<u>19,695</u>
<b>7 Tax for the year</b>		
Estimated tax charge for the year	0	5,855
Deferred tax adjustments in the year	0	-9,308
Tax adjustments, prior years	0	104,112
	<u>0</u>	<u>100,659</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Financial assets

DKK'000	Investments in group enterprises
Cost at 1 January 2020	173,104
Cost at 31 December 2020	173,104
Value adjustments at 1 January 2020	-164,926
Value adjustments at 31 December 2020	-164,926
<b>Carrying amount at 31 December 2020</b>	<b>8,178</b>

Name	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
<b>Subsidiaries</b>				
Ferrosan International ApS	Denmark	100.00%	8,698	-133

DKK'000	2020	2018/19
<b>9 Share capital</b>		
Analysis of the share capital:		
10,000,004 A shares of DKK 10.00 nominal value each	100,000	100,000
2,182,746 B shares of DKK 10.00 nominal value each	21,827	21,827
	<u>121,827</u>	<u>121,827</u>

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

In 2019 one class A-share was issued to Prism PCH Limited (UK) in exchange for DKK 10.

#### 10 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its sistercompany, GlaxoSmithKline Consumer Healthcare ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2019 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 August 2019.

#### 11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

#### 12 Related parties

Ferrosan ApS' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Prism PCH Limited	Ramsgate Road, Sandwich, Kent CT13 9NJ, United Kingdom	Parent company (100%)



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Related parties (continued)

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
GlaxoSmithKline plc	980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom	<a href="https://www.gsk.com/en-gb/investors/corporate-reporting/">https://www.gsk.com/en-gb/investors/corporate-reporting/</a>