
Norgine Danmark A/S

Kirsten Walthers Vej 8A 2, DK-2500 Valby

Annual Report for 2020

CVR No. 29 31 00 25

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2021

Kenneth MacRitchie
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Norgine Danmark A/S 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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Valby, 30 June 2021

Executive Board

Erik Niklas Eriksson
CEO

Board of Directors

Kenneth Andrew MacRitchie
Chairman

Jeremy John Cuffe

Kenneth Eric Scrimgeour

Erik Niklas Eriksson

Independent Auditor's report

To the shareholder of Norgine Danmark A/S

Opinion

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 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norgine Danmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Allan Knudsen

State Authorised Public Accountant

mne29465

Thomas Lauritsen

State Authorised Public Accountant

mne34342

Company information

The Company	Norgine Danmark A/S Kirsten Walthers Vej 8A 2 DK-2500 Valby Telephone: 33170400 CVR No: 29 31 00 25 Financial period: 1 January - 31 December Incorporated: 20 January 2006 Municipality of reg. office: Copenhagen
Board of Directors	Kenneth Andrew MacRitchie, chairman Jeremy John Cuffe Kenneth Eric Scrimgeour Erik Niklas Eriksson
Executive board	Erik Niklas Eriksson
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	26,944	19,904	17,598	16,668	19,118
Profit/loss of ordinary primary operations	9,661	3,380	674	2,160	2,254
Profit/loss of financial income and expenses	-2,469	-779	-232	-1,160	-1,207
Net profit/loss	5,572	2,000	322	770	781
Balance sheet					
Balance sheet total	114,234	68,583	67,767	63,018	63,952
Investment in property, plant and equipment	-1,342	-53	-137	-85	-233
Equity	62,016	56,444	54,444	54,122	53,353
Number of employees	18	18	17	16	19
Ratios					
Return on assets	8.5%	4.9%	1.0%	3.4%	3.5%
Solvency ratio	54.3%	82.3%	80.3%	85.9%	83.4%
Return on equity	9.4%	3.6%	0.6%	1.4%	2.3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

The principal activities of the Company comprise sale and marketing of pharmaceutical products and related activities.

Development in the year

The income statement of the Company for 2020 shows a net profit of TDKK 5,572 and at 31 December 2020 the balance sheet of the Company shows assets of TDKK 114,234. Covid-19 impacted some areas of the business negatively however other areas developed in a favorable way. Product sales grew substantially vs 2019 sales with 26,4% and was in line with budget expectations. Main reason for the positive performance was a better supply situation for the MOVICOL range however still not fully resolved to the extend we anticipated. For the bowel preps, PLENVU delivered below expectations but MOVIPREP outperformed set expectations. XIFAXAN declined 3,5% since sales in DK from June to December was captured by another parallel importing company, hence being well below budget expectations.

Development in the coming year

In 2020 the organization took in February over a portfolio of established Rx products. In June, a product against iron deficiency, FERACCRU was transferred to the company. In March, the acquisition of Azanta A/S, a Danish company mainly operational with sales in the Nordic countries was completed and during 2020 integration to Norgine has been ongoing. With this expansion of the product portfolio as well as continued growth in core brands the foundation for future growth are bright for the company. The expectations for 2021 are a 3% increase in revenue, compared to 2020, and a 3% increase in net profit for the year, compared to 2020.

Special risks - operating risks and financial risks

Increased generic competition to our products could negatively impact revenue development.

Foreign exchange risks

Norgine A/S is to a certain degree exposed to the exchange rates changes for EUR, SEK and NOK.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Gross profit		26,944	19,904
Staff expenses	1	-17,087	-16,288
Depreciation and impairment losses of property, plant and equipment		-196	-236
Profit/loss before financial income and expenses		9,661	3,380
Financial income	2	3,419	1,197
Financial expenses	3	-5,888	-1,976
Profit/loss before tax		7,192	2,601
Tax on profit/loss for the year	4	-1,620	-601
Net profit/loss for the year		5,572	2,000

Distribution of profit

	2020 TDKK	2019 TDKK
Proposed distribution of profit		
Retained earnings	5,572	2,000
	5,572	2,000

Balance sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment		1,309	154
Leasehold improvements		0	9
Property, plant and equipment	5	1,309	163
Fixed assets		1,309	163
Finished goods and goods for resale		55,472	19,902
Inventories		55,472	19,902
Trade receivables		32,805	20,395
Receivables from group enterprises		18,814	6,524
Other receivables		4,474	1,125
Deferred tax asset	6	9	66
Receivables		56,102	28,110
Cash at bank and in hand		1,351	20,408
Current assets		112,925	68,420
Assets		114,234	68,583

Balance sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital		500	500
Retained earnings		61,516	55,944
Equity		62,016	56,444
Trade payables		5,108	3,410
Payables to group enterprises		35,767	2,606
Corporation tax		1,524	542
Other payables		9,819	5,581
Short-term debt		52,218	12,139
Debt		52,218	12,139
Liabilities and equity		114,234	68,583
Contingent assets, liabilities and other financial obligations	7		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	55,944	56,444
Net profit/loss for the year	0	5,572	5,572
Equity at 31 December	500	61,516	62,016

Notes to the Financial Statements

	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
1. Staff Expenses		
Wages and salaries	15,514	14,625
Pensions	1,435	1,519
Other social security expenses	138	144
	<u>17,087</u>	<u>16,288</u>
Average number of employees	<u>18</u>	<u>18</u>
	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
2. Financial income		
Other financial income	19	4
Exchange adjustments	3,400	1,193
	<u>3,419</u>	<u>1,197</u>
	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
3. Financial expenses		
Other financial expenses	175	38
Exchange adjustments, expenses	5,713	1,938
	<u>5,888</u>	<u>1,976</u>
	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
4. Income tax expense		
Current tax for the year	1,563	622
Deferred tax for the year	57	-12
Adjustment of tax concerning previous years	0	-9
	<u>1,620</u>	<u>601</u>

Notes to the Financial Statements

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	1,628	140
Additions for the year	1,342	0
Cost at 31 December	2,970	140
Impairment losses and depreciation at 1 January	1,474	131
Depreciation for the year	187	9
Impairment losses and depreciation at 31 December	1,661	140
Carrying amount at 31 December	1,309	0
	2020	2019
	TDKK	TDKK

6. Provision for deferred tax

Deferred tax asset at 1 January	66	54
Amounts recognised in the income statement for the year	-57	12
Deferred tax asset at 31 December	9	66
	2020	2019
	TDKK	TDKK

7. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,157	1,416
Between 1 and 5 years	2,940	2,395
	4,097	3,811

Other contingent liabilities

As per March 2020 the Company is jointly and severally liable for tax on the jointly taxed incomes etc with other Danish group companies. The total amount of the corporation tax payable by the Group has not yet been calculated. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by the way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes are withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Norgine B.V., Antonio Vivaldistraat 150, 1083 HP Amsterdam

In accordance with section 98c (7) of the Danish Financial Statements Act, all transactions with related parties have been conducted at arm's length.

For the first 4 months of the year, remuneration to the interim CEO was paid by Norgine Ltd.

Consolidated Financial Statements

The financial statements of the company are part of the consolidated financial statements of

<u>Name</u>	<u>Place of registered office</u>
Norgine B.V	Antonio Vivaldistraat 150, 1083 HP Amsterdam

The Group Annual Report of Norgine B.V. may be obtained at the following address:

www.norgine.com

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Norgine Danmark A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of, the Company has not prepared a cash flow statement.

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.

Translation policies

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

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income statement

Net sales

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.

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

Notes to the Financial Statements

Other external expenses

Other external expenses comprise distribution, sale, advertising, administration, premises, operating lease expenses etc

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, costs of goods sold and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses from current replacement of fixed assets

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement

The Company is jointly taxed with other Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

Notes to the Financial Statements

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Inventories

Inventories are measured at the lower of cost under the FEFO method and net realisable value.

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Financial Highlights

Explanation of financial ratios

Return on assets $\text{Profit before financials} \times 100 / \text{Total assets at year end}$

Solvency ratio $\text{Equity at year end} \times 100 / \text{Total assets at year end}$

Return on equity $\text{Net profit for the year} \times 100 / \text{Average equity}$