

---

# ***Norgine Danmark A/S***

Lyskær 1, 3. sal, DK-2730 Herlev

## **Annual Report for 1 January - 31 December 2019**

---

CVR No 29 31 00 25

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
06/07 2020

Paul Ruelle  
Chairman of the General  
Meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

## **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Norgine Danmark A/S for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herlev, 6 July 2020

### **Executive Board**

Erik Niklas Eriksson

### **Board of Directors**

Paul John Ruelle  
Chairman

Kenneth Eric Scrimgeour

Tara Bussey

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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 Financials 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.

# Independent Auditor's Report

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

## **Auditor's responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance 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

# Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 6 July 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Allan Knudsen  
statsautoriseret revisor  
mne29465

Thomas Lauritsen  
statsautoriseret revisor  
mne34342

## **Company Information**

### **The Company**

Norgine Danmark A/S  
Lyskær 1, 3. sal  
DK-2730 Herlev

CVR No: 29 31 00 25

Financial period: 1 January - 31 December

Municipality of reg. office: Herlev

### **Board of Directors**

Paul John Ruelle, Chairman  
Kenneth Eric Scrimgeour  
Tara Bussey  
Erik Niklas Eriksson

### **Executive Board**

Erik Niklas Eriksson

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	19.904	17.598	16.668	19.118	16.928
Operating profit/loss	3.380	674	2.160	2.254	2.502
Net financials	-779	-232	-1.160	-1.207	-1.071
Net profit/loss for the year	2.000	322	770	781	1.071
<b>Balance sheet</b>					
Balance sheet total	68.583	67.767	63.018	63.952	57.558
Equity	56.444	54.444	54.122	53.353	15.572
Investment in property, plant and equipment	-53	-137	-85	-233	-852
Number of employees	18	17	16	19	17
<b>Ratios</b>					
Return on assets	4,9%	1,0%	3,4%	3,5%	4,3%
Solvency ratio	82,3%	80,3%	85,9%	83,4%	27,1%
Return on equity	3,6%	0,6%	1,4%	2,3%	7,1%

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 2019 shows a profit of DKK 2,000k and at 31 December 2019 the balance sheet of the Company shows a net asset of DKK 56,444k. Product sales were flat vs 2018 sales and below expectations with 10,2 %. Main reason for this where supply challenges for the MOVICOL range where the company was unable to deliver vs the demand. For the bowel preps, PLENVU delivered above expectations but MOVIPREP also had supply constraints and did not reach set targets. XIFAXAN grew 24,3 % and outperformed target.

## **Development in the coming year**

The organization operated main part of the year to its full extend however towards the end of the year the MOVICOL team suffered from three vacancies and turbulence within the unit. Re-build of the unit began in 2020. For the coming years the future looks bright. In 2020 PLENVU will be launched in Sweden and a portfolio of established Rx products will be under the company's responsibility from February. This together with the acquisition of Azanta A/S will bring changes and grow the company significantly in 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.

# Management's Review

## Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home) and taking steps to secure the supply of our medicines to the market and in turn to the patients. We will continue to follow the various national institutes' policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible to protect the health of our people.

At this stage the impact of COVID-19 on our financial result is limited. The financial performance for the first quarter of 2020 was in line with the budget. The impact on company's future operational and financial performance is inherently uncertain and while management is analysing a number of different scenarios, it is not yet possible to predict the final impact of COVID-19 on the business with any certainty. We will continue to follow the various national institutes' policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible to protect the health of our people.

Norgine operates in an essential business and is not impacted by restrictions that might impact its logistical operations. There is sufficient liquidity available for the coming year to enable the company to fulfil its obligations and finance its ongoing operations.

## Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>Gross profit/loss</b>		<b>19.904</b>	<b>17.598</b>
Staff expenses	2	-16.288	-16.626
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-236</u>	<u>-298</u>
<b>Profit/loss before financial items</b>		<b>3.380</b>	<b>674</b>
Financial income	3	1.197	656
Financial expenses	4	<u>-1.976</u>	<u>-888</u>
<b>Profit/loss before tax</b>		<b>2.601</b>	<b>442</b>
Tax on profit/loss for the year	5	<u>-601</u>	<u>-120</u>
<b>Net profit/loss for the year</b>		<u><b>2.000</b></u>	<u><b>322</b></u>

## Balance Sheet 31 December

### Assets

	Note	2019 TDKK	2018 TDKK
Other plants, tools and equipment		154	309
Leasehold improvements		9	36
<b>Property, plant and equipment</b>	6	<b>163</b>	<b>345</b>
<b>Fixed assets</b>		<b>163</b>	<b>345</b>
<b>Inventories</b>		<b>19.902</b>	<b>30.006</b>
Trade receivables		20.395	24.369
Receivables from group enterprises		6.524	10.702
Other receivables		1.125	41
Deferred tax asset	8	66	54
Corporation tax		0	35
<b>Receivables</b>		<b>28.110</b>	<b>35.201</b>
<b>Cash</b>		<b>20.408</b>	<b>2.215</b>
<b>Currents assets</b>		<b>68.420</b>	<b>67.422</b>
<b>Assets</b>		<b>68.583</b>	<b>67.767</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Share capital		500	500
Retained earnings		55.944	53.944
<b>Equity</b>		<b><u>56.444</u></b>	<b><u>54.444</u></b>
Trade payables		3.410	2.082
Payables to group enterprises		2.606	5.341
Corporation tax		542	0
Other payables		5.581	5.900
<b>Short-term debt</b>		<b><u>12.139</u></b>	<b><u>13.323</u></b>
<b>Debt</b>		<b><u>12.139</u></b>	<b><u>13.323</u></b>
<b>Liabilities and equity</b>		<b><u>68.583</u></b>	<b><u>67.767</u></b>
Subsequent events	1		
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Accounting Policies	11		

## Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	500	53.944	54.444
Net profit/loss for the year	0	2.000	2.000
<b>Equity at 31 December</b>	<b>500</b>	<b>55.944</b>	<b>56.444</b>

# Notes to the Financial Statements

## 1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

At this time, it is not possible to calculate the size of the negative COVID-19 impact.

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>2 Staff expenses</b>		
Wages and salaries	14.625	15.187
Pensions	1.519	1.264
Other social security expenses	144	175
	<u><b>16.288</b></u>	<u><b>16.626</b></u>
<b>Average number of employees</b>	<u><b>18</b></u>	<u><b>17</b></u>

Remuneration for 2019 is not disclosed in accordance with section 98 B (3) of the Danish Financial Statements Act.

Remuneration to the executive board for 2018 totalled TDKK 1.313.

## 3 Financial income

Other financial income	4	0
Exchange adjustments	1.193	656
	<u><b>1.197</b></u>	<u><b>656</b></u>

## 4 Financial expenses

Other financial expenses	38	43
Exchange adjustments, expenses	1.938	845
	<u><b>1.976</b></u>	<u><b>888</b></u>

## Notes to the Financial Statements

	2019 <u>TDKK</u>	2018 <u>TDKK</u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	622	131
Deferred tax for the year	-12	-18
Adjustment of tax concerning previous years	-9	7
	<u><b>601</b></u>	<u><b>120</b></u>
 <b>6 Property, plant and equipment</b>		
	Other plants, tools and equipment <u>TDKK</u>	Leasehold improvements <u>TDKK</u>
Cost at 1 January	1.575	140
Additions for the year	<u>53</u>	<u>0</u>
Cost at 31 December	<u>1.628</u>	<u>140</u>
Impairment losses and depreciation at 1 January	1.265	104
Depreciation for the year	<u>209</u>	<u>27</u>
Impairment losses and depreciation at 31 December	<u>1.474</u>	<u>131</u>
 <b>Carrying amount at 31 December</b>	<u><b>154</b></u>	<u><b>9</b></u>
 <b>7 Distribution of profit</b>		
Retained earnings	<u>2.000</u>	<u>322</u>
	<u><b>2.000</b></u>	<u><b>322</b></u>
 <b>8 Deferred tax asset</b>		
Deferred tax asset at 1 January	54	36
Amounts recognised in the income statement for the year	<u>12</u>	<u>18</u>
<b>Deferred tax asset at 31 December</b>	<u><b>66</b></u>	<u><b>54</b></u>



# Notes to the Financial Statements

	<u>2019</u> TDKK	<u>2018</u> TDKK
<b>9 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.416	758
Between 1 and 5 years	<u>2.395</u>	<u>296</u>
	<u><b>3.811</b></u>	<u><b>1.054</b></u>

## 10 Related parties

### Ownership

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](http://www.norgine.com)

# Notes to the Financial Statements

## 11 Accounting Policies

The Annual Report of Norgine Danmark A/S for 2019 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 2019 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 Norgine B.V., 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.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### 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

### Revenue

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.

### 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.

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### 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 deferred tax for the year. The tax attributable to the profit for 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.

## 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 plants, tools & 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 are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

assessment.

### **Inventories**

Inventories are measured at the lower of cost under the FEFO method (First Expired First Out) 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. 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 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### **Financial debts**

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

# Notes to the Financial Statements

## 11 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$