

# Vesterålen's Naturprodukter ApS

Lautrupvang 8, 2750, Ballerup

CVR no. 31 78 61 26

Annual report 2018/2019

Approved at the annual general meeting of shareholders on 12<sup>th</sup> of May 2020

Chairman:

A handwritten signature in black ink, appearing to be 'MCR', written over a horizontal dotted line.

Michael Christian Remy Jensen

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## 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 Vesterålen Naturprodukter ApS for the financial year 1 December 2018 – 31 December 2019.

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

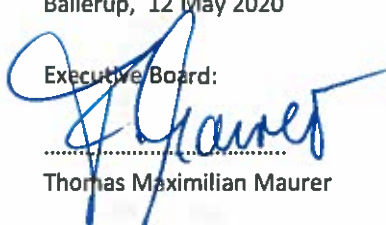
In our opinion, the financial statements give a true and fair view of the Company's financial position at the 31 December 2019 and of the results of the Company's operations for the financial year 1 December 2018-31 December 2019.

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

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

Ballerup, 12 May 2020

Executive Board:



Thomas Maximilian Maurer

Board of Directors:

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Michael Christian Remy  
Jensen  
Chairman

.....  
Meelis Reidla



Thomas Maximilian Maurer

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Thomas Maximilian Maurer

Board of Directors:

  
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Thomas Maximilian Maurer

Board of Directors:

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Michael Christian Remy  
Jensen  
Chairman



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Meelis Reidla

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Thomas Maximilian Maurer

## **Independent auditor's report**

To the shareholders of Vesterå lens Naturprodukter ApS

### ***Opinion***

We have audited the financial statements of Vesterå lens Naturprodukter ApS for the financial year 1 December 2018 – 31 December 2019 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 31 December 2019 and of the results of the Company's operations for the financial year 1 December 2018 – 31 December 2019 in accordance with the Danish Financial Statements Act.

### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent auditor's report

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

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

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

### Independent auditor's report

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

#### *Statement on the Management's review*

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 12 May 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Lau Bent Baun

State Authorised Public Accountant

mne26708



## Management's review

### Company details

Name	Vesterålens Naturprodukter ApS
Address, Postal code, City	Lautrupvang 8, 2750, Ballerup
CVR No.	31 78 61 26
Established	1 November 2008
Registered office	Ballerup
Financial year	1 December 2018 – 31 December 2019
Board of Directors:	Michael Christian Remy Jensen, Chairman Meelis Reidla Thomas Maximilian Maurer
Executive Board:	Thomas Maximilian Maurer
Auditors:	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, DK-2100 Copenhagen Ø

## **Operating review**

### **The Company's business review**

Vesterålens Naturprodukter ApS is part of Vesterålens Naturprodukter AS Group which is part of the consumer healthcare joint venture between the British Glaxo Smith Kline-GSK and the American Pfizer group, both multinational pharmaceutical groups listed on the New York Stock Exchange. Following the joint venture, the financial year end changed from 30 November to 31 December. These financial statements are based on a 13 month financial period.

Vesterålens Naturprodukter ApS carries out trade in dietary supplements, natural products and pharmaceuticals.

### **Financial review**

In 2018/19, the company's revenue came in at DKK 6,922 thousand against DKK 13,015 thousand last year. The financial performance is below plan due to ramp up period after change of operating model and organization restructure in first half of 2019 and focus on new sales in other Nordic markets. The income statement for 2018/19 shows a profit of DKK 217 thousand against a loss of DKK 63 thousand last year, and the balance sheet at 31 December 2019 shows a positive equity of DKK 2,214 thousand.

### **Post balance sheets event**

No significant events have occurred subsequent to the financial year.

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

### **Outlook**

Vesterålens Naturprodukter ApS expects decline in 2019/20 and reduced operating income compared to 2018/19, due to decline in the customer base.

**Financial statements for the period 1 December 2018 – 31 December 2019**

**Income statement**

Notes	DKK'000	2018/19	2017/18
	Revenue	6,922	13,015
	Cost of Sales	-1,446	-3,539
	External expenses	-5,043	-8,519
	Gross profit/(loss)	433	957
2	Staff costs	-56	-671
	Operating profit/(loss)	377	286
3	Financial income	213	320
4	Financial expenses	-373	-303
	Profit before tax	217	303
5	Tax for the year	-	-366
	Profit for the year	217	-63
	Proposed Profit Appropriation/Distribution of Loss	217	-63
	Retained Earnings	217	-63

## Financial statements for the period 1 December 2018 – 31 December 2019

### Balance sheet

Notes	DKK'000	2018/19	2017/18
	<b>Assets</b>		
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	620	927
	Receivables from group enterprises	1,825	4,299
6	Deferred tax receivable	125	125
	Other receivables	-	49
		<u>2,570</u>	<u>5,400</u>
	Cash	4,434	392
	<b>Total current assets</b>	<u>7,004</u>	<u>5,792</u>
	<b>TOTAL ASSETS</b>	<u>7,004</u>	<u>5,792</u>
	 <b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	800	800
	Retained earnings	1,414	1,197
	<b>Total equity</b>	<u>2,214</u>	<u>1,997</u>
	 <b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	765	145
	Payables to group enterprises	3,083	2,540
	Other payables	942	1,110
		<u>4,790</u>	<u>3,795</u>
	<b>Total liabilities other than provisions</b>	<u>4,790</u>	<u>3,795</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,004</u>	<u>5,792</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties

**Financial statements for the period 1 December 2018 – 31 December 2019**

**Statement of changes in equity**

DKK'000	Share Capital	Retained Earnings	Total
Equity at 1 December 2017	800	1,260	2,060
Loss for the year	-	-63	-63
Equity at 30 November 2018	800	1,197	1,997
Profit for the year	-	217	217
Equity at 31 December 2019	800	1,414	2,214

## Financial statements for the period 1 December 2018 – 31 December 2019

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Vesterålen Naturprodukter ApS for 2018/19 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises with opt-in of specific provisions for reporting class C.

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

#### *Reporting currency*

The financial statements are presented in Danish Kroner.

#### *Currency translation*

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange difference arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as the financial income or financial expenses.

#### *Change in Financial Year*

The accounting year FY2018/19 includes 13 months due to the change in accounting year to January - December.

#### **Income statement**

##### *Revenue*

Income from the sale of goods for resale comprising sale of dietary supplements, natural products and pharmaceuticals is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010. Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### *Cost of sales*

Cost of sales includes expenses relating to purchase of goods for resale used in generating the year's revenue.

##### *External expenses*

External expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### *Staff costs*

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

## Financial statements for the period 1 December 2018 – 31 December 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### *Financial income and expenses*

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment of tax scheme, etc.

##### *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 and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to current rates applicable to interest surcharges to the management company.

### Balance Sheet

#### *Receivables*

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

#### *Equity*

##### *Proposed dividends*

Dividends proposed for the financial year are presented as separate item under 'Equity'.

### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on a 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements for the period 1 December 2018 – 31 December 2019

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised costs, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.



## Financial statements for the period 1 December 2018 – 31 December 2019

### Notes to the financial statements

DKK'000	2018/19	2017/18
<b>Note 2</b>		
<b>Staff costs</b>		
Wages/salaries	48	612
Pensions	-	55
Other social security costs	9	4
	<u>56</u>	<u>671</u>
Number of employees at the balance sheet date	-	1
<b>Note 3</b>		
<b>Financial income</b>		
Interest receivable, group entities	29	75
Other financial income	184	245
	<u>213</u>	<u>320</u>
<b>Note 4</b>		
<b>Financial expenses</b>		
Interest expenses, group entities	166	95
Other financial expenses	207	208
	<u>373</u>	<u>303</u>
<b>Note 5</b>		
<b>Tax for the year</b>		
Corporation tax on profit for the year	-	-
Deferred tax adjustments in the year	-	269
Tax adjustments, prior years	-	98
	<u>-</u>	<u>366</u>
<b>Note 6</b>		
<b>Deferred tax</b>		
Deferred tax relates to:		
Receivables and tax losses carried forward	125	125
	<u>125</u>	<u>125</u>

## Financial statements for the period 1 December 2018 – 31 December 2019

### Notes to the financial statements

#### Note 7

##### Contingent liabilities

The Company is jointly taxed with other Danish companies in the Pfizer/GSK group. The company was part of the Pfizer group until 31 July 2019 and was conveyed to the GSK group on 1 August 2019. As a subsidiary of Pfizer Inc./GSK, the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish withholding taxes on dividends, interest and royalties in the joint taxation. Income taxes and payable withholding taxes in the joint taxation at 31 December 2019 amount to 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.

#### Note 8

##### Related parties

Vesterålens Naturprodukter ApS's related parties comprise of the following:

##### Information about consolidated financial statements

##### Control:

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Immediate parent: Vesterålens Naturprodukter AS	Drammensveien 288, 0283 Oslo, Norge	<a href="http://www.gsk.com">http://www.gsk.com</a>
Ultimate parent: GlaxoSmithKline plc	Middlesex, TW8 9GS, U.K.	