Claudio HoldCo A/S

Dandyvej 19, 7100 Vejle

CVR no. 38 20 50 72

Annual report 2023

Approved at the Company's annual general meeting on 27 May 2024

Chair of the meeting:

Michael Thomsen Digitally signed by Michael Thomsen Date: 2024.05.28 14:14:32 +02'00'

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Michael Henrik Thomsen

Contents

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 Claudio HoldCo A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Vejle, 27 May 2024
Executive Board:

Michael Thomsen

Michael Henrik Thomsen
Managing director

Board of Directors:

		Michael Thomsen
Jacek Olczak Chairman	Emmanuel Andre Marie Babeau	Michael Henrik Thomsen

Independent auditor's report

To the shareholder of Claudio HoldCo 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Claudio HoldCo A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Odense, 27 May 2024
PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Henrik Lind

Henrik Forthoft Lind
State Authorised Public Accountant
mne34169

Brian Petersen
State Authorised Public Accountant
mne33722

Management's review

Company details

Name Address, Postal code, City	Claudio HoldCo A/S Dandyvej 19, 7100 Vejle
CVR no. Established Registered office Financial year	38 20 50 72 24 November 2016 Vejle 1 January - 31 December
Board of Directors	Jacek Olczak, Chairman Emmanuel Andre Mane Babeau Michael Henrik Thomsen
Executive Board	Michael Henrik Thomsen, Managing director
Auditors	PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3rd and 4th floor, 5230 Odense

Management's review

Business review

Business Activities

Claudio HoldCo A/S (Claudio HoldCo or" the Group") was founded in 2016 with the purpose of investing in the fully owned subsidiaries Fertin Pharma A/S and NCP NextGen A/S.

The Group is a specialist Contract Development and Manufacturing Organization ("CDMO") offering innovative, high quality pharmaceutical and nutraceutical products for oral and intra oral delivery. The Group's current main product formats ("delivery systems") are chewing gum, lozenges, powders, fast dissolvable tablets, Zapliq® chewables, and Zapliq® chewing gum.

The Group is the world's largest independent developer and manufacturer of medicated chewing gum and has over recent years expanded into other specialized solid dosage oral and intra oral delivery systems. The Group strives to develop innovative oral and intra oral delivery systems that offer convenient and pleasurable delivery of active pharmaceutical ingredients ("APIs") and nutraceutical ingredients ("AIs") to patients and consumers. In 2023, the largest category continues to be high quality chewing gum and lozenges systems applied within Nicotine Replacement Therapy ("NRT") category. Following the current diversification strategy, the Group is still utilizing its highly flexible delivery systems to grow business outside the NRT category, applying a wider range of APIs and AIs for OTC pharma and nutraceutical categories.

Financial review

The net loss for the year was DKK 267 million (2022: DKK -193 million) The development is a consequence of accelerated investments in the affiliates and in line with expectations.

Events after the balance sheet date

No significant events has occurred after the balance date.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
3	Administrative expenses	-277	-378
	Operating profit/loss	-277	-378
	Other operating expenses	0	-1,366
	Profit/loss before net financials	-277	-1,744
	Income from investments in group enterprises	-223,236	-186,609
4	Financial income	48,239	42
5	Financial expenses	-93,234	-4,989
	Profit/loss before tax	-268,508	-193,300
6	Tax for the year	1,561	0
	Profit/loss for the year	-266,947	-193,300

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-266,947	-193,300
		-266,947	-193,300

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
7	Investments		
	Investments in group enterprises	1,260,566	1,504,459
		1,260,566	1,504,459
	Total fixed assets	1,260,566	1,504,459
	Non-fixed assets		
	Receivables		
9	Receivables from group enterprises	1,572,839	1,214,214
8	Deferred tax assets	1,365	0
	Other receivables	2	0
	Prepayments	104	143
		1,574,310	1,214,357
	Cash	1,357	30,571
	Total non-fixed assets	1,575,667	1,244,928
	TOTAL ASSETS	2,836,233	2,749,387

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	9,729	9,729
	Translation reserve	1,974	3,209
	Retained earnings	619,998	886,945
	Total equity	631,701	899,883
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Payables to group entities	2,204,442	0
		2,204,442	0
	Current liabilities other than provisions		
	Payables to group enterprises	0	1,831,236
	Joint taxation contribution payable	0	18,177
	Other payables	90	91
		90	1,849,504
	Total liabilities other than provisions	2,204,532	1,849,504
	TOTAL EQUITY AND LIABILITIES	2,836,233	2,749,387

1 Accounting policies
2 Capital ratio
11 Contractual obligations and contingencies, etc.
12 Security and collateral
13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Translation reserve	Retained earnings	Total
Equity at 1 January 2023	9,729	3,209	886,945	899,883
Transfer through appropriation of loss	0	0	-266,947	-266,947
Adjustment of investments through forreign exchange adjustments	0	-1,235	0	-1,235
Equity at 31 December 2023	9,729	1,974	619,998	631,701

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Claudio HoldCo A/S for 2023 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.

Pursuant to section 112(2) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Claudio HoldCo A/S are included in the consolidated financial statements of Philip Morris International Inc., 120 Park Avenue, New York, , NY 10017-5579, USA, (reg. no. 06 70 28 15)

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 (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences 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 the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 group entities

Equity investments in group entities are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains and losses on disposal of group entities and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses 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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Capital ratio

As per 31 December 2023, the companies liquidity ratio is below 100, which could indicate uncertainties around the companies liquidity. The company's structural financing is anchored in PMI's overall financial strategy and structure and hence based on intercompany loans from the PMI-group.

As a part of this strategy, DKK 1.3 billion of the short-term intercompany debt has been converted to a long-term intercompany loan as per 1 March 2023. In addition the company has been granted a DKK 1.9 billion short-term intercompany facility to support the continues development of the company, incl. support to the overall PMI strategy.

It is Managements assessment that the provided funding is sufficient to support the companies strategic business plans for the coming year.

3 Staff costs

The Company has no employees.

	DKK'000	2023	2022
4	Financial income		
	Interest receivable, group entities	47,935	0
	Other financial income	304	42
		48,239	42
5	Financial expenses		
	Interest expenses, group entities	93,206	4,979
	Other financial expenses	28	10
		93,234	4,989
6	Tax for the year		
	Deferred tax adjustments in the year	-1,365	0
	Tax adjustments, prior years	-196	0
		-1,561	0

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK'000	Investments in group enterprises
Cost at 1 January 2023	2,245,096
Cost at 31 December 2023	2,245,096
Value adjustments at 1 January 2023	-740,637
Foreign exchange adjustments	-1,235
Investments, Profit/loss for the year	-223,237
Investments, Other value adjustments	-19,421
Value adjustments at 31 December 2023	-984,530
Carrying amount at 31 December 2023	1,260,566

Group entities

Name	Interest
Fertin Pharma A/S, Vejle, Denmark	100.00%
Fertin Pharma R&D India Pv. Ltd., India	100.00%
Vectura Fertin Pharma Malaysia SDN. BHD.	100.00%
Tab Labs Inc., Canada	100.00%
Cogent International Manufacturing Inc., Canada	100.00%
NCP NextGen A/S	100.00%

8 Deferred tax assets

The provision for deferred tax primarily relates to tax losses.

Based on long-term budgets for the next 3 years, it is the management's expectation that the company can take full advantage of the deferred tax asset, and the tax asset is therefore recognised at 100%.

9 Receivables from group enterprises

Of the receivables from group enterprises, DKK 1,524,829 thousand falls due for payment after more than 1 year after the balance sheet date.

10 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

11 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is jointly taxed with Philip Morris 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 2021 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 16 September 2021.

12 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Philip Morris International Inc.	677 Washington Blvd., Suite 1100, Stamford, Connecticut, USA	The consolidated finanical statement can be requisitioned in the following link: https://www.pmi.com/investor-relations/reports-filings