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# ***Organon Denmark ApS***

Bredgade 6, 3., DK-1260 København K

## **Annual Report for 24 February - 31 December 2020**

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CVR No 41 19 30 93

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/06 2021

Victoria Forsberg  
Chairman of the General  
Meeting



**pwc**

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# **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Organon Denmark ApS for the financial year 24 February - 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.

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

Copenhagen, 30 June 2021

## **Executive Board**

Torben Dahl  
CEO

Gitte Schou Petersen

# Independent Auditor's Report

To the Shareholders of Organon Denmark ApS

## 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 24 February - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Organon Denmark ApS for the financial year 24 February - 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 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 misstate-

# Independent Auditor's Report

ment, 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.

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.

# Independent Auditor's Report

- 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*

Ulrik Ræbild  
State Authorised Public Accountant  
mne33262

Thomas Lauritsen  
State Authorised Public Accountant  
mne34342

## **Company Information**

### **The Company**

Organon Denmark ApS  
Bredgade 6, 3.  
DK-1260 København K

Telephone: + 45 44 84 68 00  
Website: [www.organon.com/denmark](http://www.organon.com/denmark)

CVR No: 41 19 30 93  
Financial period: 24 February - 31 December  
Municipality of reg. office: Copenhagen

### **Executive Board**

Torben Dahl  
Gitte Schou Petersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Management's Review

## Key activities

The Company's business is importing and selling pharmaceuticals to treat patients within women's health, cardiovascular, respiratory, pain, dermatology, CNS as well as biosimilars.

## Development in the year

Organon Denmark ApS submits annual accounts for operations during the financial year 2020, the company's first year of operation. The company, which is headquartered in Copenhagen, is a wholly owned subsidiary of MSD Human Health Holding B.V., Us, Holland with registration number 17131899, which is part of the group of which Merck &Co., Inc., 2000 Galloping Hill Road, Kenilworth, New Jersey, USA is the final parent company

The company has been operating since February 24th, 2020. The company has been spun off from MSD Denmark ApS. All products in women's health, established brands and biosimilars were moved to Organon Denmark ApS. The spin-off enables a more focused business model where both companies can better achieve patients and customers' expectations and achieve faster growth.

Sales during the year amounted to DKK 49,2 million and Income at DKK 1,3 million. Management considers the annual result as satisfactory.

## Significant events after the end of the financial year

The final spin-off of Organon & Co Inc from Merck & Co Inc. and introduction of Organon & Co Inc on the New York Stock exchange was completed on June 2nd, 2021. No other events has occurred after the balance sheet date.

## Expected future developments

The company expects sales of DKK 70 million in 2021 primarily in its focus areas women's health, cardiovascular medicines, biosimilars and established brands in 2021. Margins are expected to remain like 2020. The company plans to expand to meet women's health needs throughout their lives, including through acquisitions and partnerships.



## Income Statement 24 February - 31 December

	<u>Note</u>	<u>2020</u> TDKK
<b>Revenue</b>		<b>49.240</b>
Expenses for raw materials and consumables		-37.557
Other external expenses		-7.301
<b>Gross profit/loss</b>		<b>4.382</b>
Staff expenses	1	-2.678
<b>Profit/loss before financial income and expenses</b>		<b>1.704</b>
Financial income	2	16
Financial expenses	3	-5
<b>Profit/loss before tax</b>		<b>1.715</b>
Tax on profit/loss for the year	4	-377
<b>Net profit/loss for the year</b>		<b>1.338</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	1.338
	<b>1.338</b>

# Balance Sheet 31 December

## Assets

	<u>Note</u>	<u>2020</u> TDKK
Trade receivables		7.794
Receivables from group enterprises		55.064
<b>Receivables</b>		<b>62.858</b>
<b>Cash at bank and in hand</b>		<b>38</b>
<b>Currents assets</b>		<b>62.896</b>
<b>Assets</b>		<b>62.896</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2020</u> TDKK
Share capital		40
Retained earnings		22.626
<b>Equity</b>		<b>22.666</b>
Other payables		346
<b>Long-term debt</b>	5	<b>346</b>
Trade payables		31
Payables to group enterprises		32.336
Corporation tax		377
Other payables	5	7.140
<b>Short-term debt</b>		<b>39.884</b>
<b>Debt</b>		<b>40.230</b>
<b>Liabilities and equity</b>		<b>62.896</b>
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## Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 24 February	40	0	40
Net effect from merger and acquisition under the uniting of interests method	0	21.288	21.288
Adjusted equity at 24 February	40	21.288	21.328
Net profit/loss for the year	0	1.338	1.338
<b>Equity at 31 December</b>	<b>40</b>	<b>22.626</b>	<b>22.666</b>

# Notes to the Financial Statements

	2020
	TDKK
<b>1 Staff expenses</b>	
Wages and salaries	2.612
Pensions	60
Other social security expenses	6
	<u>2.678</u>
<b>Average number of employees</b>	<u>5</u>
<b>2 Financial income</b>	
Interest received from group enterprises	3
Exchange adjustments	13
	<u>16</u>
<b>3 Financial expenses</b>	
Interest paid to group enterprises	2
Exchange adjustments, expenses	3
	<u>5</u>
<b>4 Tax on profit/loss for the year</b>	
Current tax for the year	377
	<u>377</u>

# Notes to the Financial Statements

## 5 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020 TDKK
<b>Other payables</b>	
Between 1 and 5 years	346
Long-term part	346
Other short-term payables	7.140
	<b>7.486</b>

## 6 Contingent assets, liabilities and other financial obligations

As of 31 December 2020, the Company has no rental or lease commitments.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of 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 way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 7 Related parties

### Basis

#### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company Merck & Co., Inc.

The Group Annual Report for Merck & Co., Inc may be obtained at the following address:

<u>Name</u>	<u>Place of registered office</u>
Merck & Co., Inc	2000 Galloping Hill Road Kenilworth NJ 07033 USA

# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of Organon Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2020 are presented in TDKK.

### 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.

### Demerger of Women Health activities into Organon Denmark ApS

The demerger has been treated in accordance with Section 123 of the Danish Financial Statements Act - pooling of interest method (book values) with effect as of 24 February 2020. This means that all identifiable assets and liabilities have been recognised in the Financial Statements at book values as of the demerger date.

### Translation policies

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.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

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

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### 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.

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

### Balance Sheet

#### Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.



# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### 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 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.