
Organon Denmark ApS

Bredgade 6, 3, DK-1260 København K

Annual Report for 1 January - 31 December 2021

CVR No 41 19 30 93

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /7 2022

Katrine Agertoft
Chairman of the General
Meeting

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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 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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

Copenhagen, 5 July 2022

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Organon Denmark ApS for the financial year 1 January - 31 December 2021, 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' 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 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.

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.

Hellerup, 5 July 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild
statsautoriseret revisor
mne33262

Thomas Lauritsen
statsautoriseret revisor
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

CVR No: 41 19 30 93
Financial period: 1 January - 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 reproductive health, heart disease, breast cancer, allergies and asthma.

Development in the year

Organon Denmark ApS submits annual accounts for operations during the financial year 2021, the company's first full year of operation. The company, which is headquartered in Copenhagen, is a wholly owned subsidiary of OBS Human Health Holding B.V., Oss, Holland with registration number 75947293, which is part of the group of which Organon & Co., Inc. 30 Hudson Street, Jersey City, NJ 07302, USA is the final parent company.

Sales during the year amounted to DKK 51,0 million and Income at DKK 1,2 million before tax. Management considers the annual result as below expectation. Primary due to increased parallel import during 2021.

Expected future developments

The company expects sales of DKK 60 million in 2022 primarily in its focus areas women's health, cardiovascular medicines, biosimilars and established brands. Margins are expected to remain like 2021. The company plans to expand to meet women's health needs throughout their lives, including through acquisitions and partnerships.

Subsequent events

There are no significant events happened after the end of the financial year.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue		50.982	49.240
Other operating income		412	0
Expenses for raw materials and consumables		-37.159	-37.557
Other external expenses		-5.654	-7.285
Gross profit/loss		8.581	4.398
Staff expenses	1	-7.273	-2.694
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-53	0
Profit/loss before financial income and expenses		1.255	1.704
Financial income	2	7	16
Financial expenses	3	-79	-5
Profit/loss before tax		1.183	1.715
Tax on profit/loss for the year	4	-326	-377
Net profit/loss for the year		857	1.338

Distribution of profit

Proposed distribution of profit

Retained earnings		857	1.338
		857	1.338

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Leasehold improvements		219	0
Property, plant and equipment	5	219	0
Other receivables		347	0
Fixed asset investments	6	347	0
Fixed assets		566	0
Trade receivables		25.189	7.794
Receivables from group enterprises		10.947	55.064
Other receivables		2.404	0
Deferred tax asset		265	0
Prepayments		703	0
Receivables		39.508	62.858
Cash at bank and in hand		15.424	38
Currents assets		54.932	62.896
Assets		55.498	62.896

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		40	40
Retained earnings		24.380	22.626
Equity		24.420	22.666
Other provisions		2.254	0
Provisions		2.254	0
Other payables		0	346
Long-term debt	7	0	346
Trade payables		801	31
Payables to group enterprises		23.517	32.336
Corporation tax		108	377
Other payables	7	4.398	7.140
Short-term debt		28.824	39.884
Debt		28.824	40.230
Liabilities and equity		55.498	62.896
Contingent assets, liabilities and other financial obligations	8		
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	40	22.626	22.666
Contribution from group	0	897	897
Net profit/loss for the year	0	857	857
Equity at 31 December	40	24.380	24.420

Notes to the Financial Statements

	2021	2020
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	12.147	2.628
Pensions	1.286	60
Other social security expenses	110	6
	13.543	2.694
Recharge cost	-6.270	0
	7.273	2.694
Average number of employees	13	5
2 Financial income		
Interest received from group enterprises	0	3
Exchange adjustments	7	13
	7	16
3 Financial expenses		
Interest paid to group enterprises	0	2
Other financial expenses	69	0
Exchange adjustments, expenses	10	3
	79	5
4 Tax on profit/loss for the year		
Current tax for the year	218	377
Deferred tax for the year	-265	0
Adjustment of tax concerning previous years	373	0
	326	377

Notes to the Financial Statements

5 Property, plant and equipment

	Leasehold improvements <u>TDKK</u>
Cost at 1 January	0
Additions for the year	<u>272</u>
Cost at 31 December	<u>272</u>
Impairment losses and depreciation at 1 January	0
Depreciation for the year	<u>53</u>
Impairment losses and depreciation at 31 December	<u>53</u>
Carrying amount at 31 December	<u>219</u>

6 Fixed asset investments

	Other receiv- ables <u>TDKK</u>
Cost at 1 January	0
Additions for the year	<u>347</u>
Cost at 31 December	<u>347</u>
Impairment losses at 31 December	<u>0</u>
Carrying amount at 31 December	<u>347</u>

Notes to the Financial Statements

7 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:

	2021 TDKK	2020 TDKK
Other payables		
Between 1 and 5 years	0	346
Long-term part	0	346
Other short-term payables	4.398	7.140
	4.398	7.486

8 Contingent assets, liabilities and other financial obligations

Rental and lease commitments comprise rent of premises and lease of vehicles and amounts to DKK 4.118.669

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.

9 Related parties

Basis

Consolidated Financial Statements

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

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

<u>Name</u>	<u>Place of registered office</u>
Organon & Co., Inc	30 Hudson Street Jersey City NJ 07302 USA

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Organon Denmark ApS for 2021 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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.

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.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment and mark-up on the Company's research activities.

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.

With effect from 2 June 2021, the Company are not part of the joint taxation anymore, due to the final spin-off of Organon & Co Inc from Merck & Co Inc on June 2nd, 2021.

Notes to the Financial Statements

10 Accounting Policies (continued)

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:

Leasehold improvements	3 years
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Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of other receivables.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning prepaid rent, car leasing expenses and subscriptions.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

10 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.