


Pfizer ApS

Annual Report 2020/21

Chairman of the Annual General Meeting
28 April 2022

DocuSigned by:



6F95C71FD55F4F8...

Nicholas William Boe Stenderup

Lautrupvang 8, 2750 Ballerup
Registration no: 66351912

The Annual Report contains 27 pages

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	6
Income statement	14
Balance sheet	15
Statement of Changes in Equity	17
Notes	18

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 Pfizer ApS for the financial year 1 December 2020 – 30 November 2021.

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

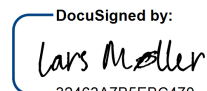
It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 November 2021 and of the results of the Company's operations for the financial year 1 December 2020 – 30 November 2021.

In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's financial position.


We recommend that the annual report be approved at the annual general meeting.

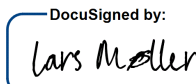
Ballerup, 28 April 2022

Executive Board:

DocuSigned by:

32463A7B5EBC470
Lars Møller

Board of Directors:

DocuSigned by:

8E4C86610CED4F6...
Adam Preben Guhle
Chairman

DocuSigned by:

32463A7B5EBC470
Lars Møller

DocuSigned by:

EBEE32E22B5E445...
Anne Bloch Thomsen

Independent auditor's report

To the shareholders of Pfizer ApS

Opinion

We have audited the financial statements of Pfizer ApS for the financial year 1 December 2020 – 30 November 2021 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 30 November 2021 and of the results of the Company's operations for the financial year 1 December 2020 – 30 November 2021 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, 28 April 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

DocuSigned by:

B65DD79A27D2414...

Lau Bent Baun

State Authorised Public Accountant

mne26708

Management's review

Company details

Telephone:	+45 44 20 11 00
Telefax:	+45 44 20 11 01
Web site:	www.pfizer.dk
Registration No.	66351912
Registered office:	Lautrupvang 8, 2750 Ballerup, Denmark

Board of Directors

Adam Preben Guhle
Lars Møller
Anne Bloch Thomsen

Executive Board

Lars Møller

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
---------	---------	---------	---------	---------	---------

Key figures

Revenue	1,580,587	319,940	421,709	459,733	387,024
Operating profit	139,675	24,343	30,008	30,813	23,032
Net (loss)/gain from interest income and expense and similar items	-1,488	-100	-106	38	35
Profit for the year	106,063	29,031	18,996	21,841	17,982

Fixed assets	379	466	988	1,609	3,355
Current assets	783,324	434,247	687,360	619,438	528,579
Total assets	783,703	434,713	688,348	621,047	531,934
Capital and reserves	483,044	302,210	443,179	424,183	402,342
Provisions	3,423	142	3,074	10,144	10,061
Short-term liabilities other than provisions	297,236	130,289	242,095	186,720	119,531

Financial ratios

Operating profit ratio	8.8	7.6	7.1	6.7	6
Return on investment	34.1	6.2	7.1	7.6	6
Current ratio	263.5	333.3	283.9	331.7	442.2
Equity ratio	61.6	69.5	64.4	68.3	75.6
Return on average equity	7.6	7.6	4.4	5.4	4.7

Average number of employees	119	107	136	137	145
-----------------------------	------------	-----	-----	-----	-----

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Financial highlights

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating profit ratio	$\frac{\text{Operating profit X 100}}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit X 100}}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets X 100}}{\text{Total equity and liabilities at year end}}$
Equity ratio	$\frac{\text{Equity at year end X 100}}{\text{Total equity and liabilities at year end}}$
Return on average equity	$\frac{\text{Profit for the year X 100}}{\text{Average equity}}$

Financial statements 1 December - 30 November

Management's review

Statement on social responsibility §99 a

Activities

Pfizer Inc. and its worldwide affiliates is a research-based, global biopharmaceutical company. Pfizer works across developed and emerging markets to advance wellness, prevention, treatments and cures that challenge the most feared diseases of our time. In the context of its global operations, Pfizer applies science and global resources to bring therapies to people that extend and significantly improve their lives through the discovery, development, manufacture, marketing, sales and distribution of biopharmaceutical products in order to fulfill Pfizer's purpose: Breakthroughs that change patients' lives.

Pfizer ApS is a fully owned subsidiary of Pfizer Inc. and performs sales and marketing functions and purchase finished products from supply point companies for resale to third parties. Pfizer ApS operates as non-exclusive distributor in Denmark, selling to local wholesalers, pharmacies and government facilities, as well as to a third-party distributor in Iceland. As local market company it utilizes technical materials prepared centrally by the R&D and Commercial organizations to present scientific data and information to explain the approved uses, benefits and risks of Pfizer's products.

Environmental, Social and Governance (ESG)

Pfizer's commits to enhance stakeholder awareness of our priority Environmental, Social and Governance (ESG) issues and disclose how our performance on non-financial metrics is contributing to long-term value creation and a sustainable, responsible and patient-centric business model. At the heart of Pfizer's ESG approach is the simple idea that our values and commitment to long-term sustainability is the way we strive to responsibly fulfil our purpose – breakthroughs that change patients' lives – build trust and take accountability for the impact we make on society.

Environmental

Pfizer is a company driven by science. For the past 20 years, we have taken a proactive approach to environmental sustainability. We have taken several voluntary steps that have allowed us to reduce our direct CO₂-emissions with over 60 percent since 2000.

In 2021, we updated our SBTi-validated sustainability goals to reflect the need for further action. Our current goal is to be carbon neutral across internal operations by 2030. To do this, we need a 46 percent reduction in our direct CO₂-emissions from a 2019-baseline. We are also committing to purchase 100 percent renewable energy and use climate credits to supplement when needed.

By 2025 we will also be reducing our indirect CO₂-emissions from transport and distribution by 10 percent and cutting our travel activity by 25 % from a 2019 baseline.

As scope 3 emissions make up for more than 75 percent of Pfizer's total emissions, we will also be increasing our focus on our suppliers. Sustainability criteria are already part of our vendor selection process, our contracts and they are used as a tool in our performance management.

Financial statements 1 December - 30 November

Management's review

Now we will go one step further and ask our suppliers to establish a baseline for their CO₂-emissions by the end of 2022, and we will ask them to implement SBTi-validated reduction targets by the end of 2025. The goal for 2025 is that 64 percent of our purchases come from suppliers who already have- or are implementing SBTi-validated targets.

Going forward, we will also be participating in Energize, a collaboration between 10 global pharmaceutical companies that intends to engage suppliers in emission reductions across the entire pharmaceutical value chain through purchasing renewable and sustainable energy. The Energize-program will ensure that suppliers of the pharmaceutical industry have access to resources and education within sustainable energy and contracting. We expect that this will help suppliers with their green transition.

Pfizer in Denmark will be working to support these global goals in several ways: We will be reducing travel according to the global goals; we will be implementing a hybrid model for work, encouraging colleagues to continue work from home when it's meaningful, thus reducing emissions from transport; and we will renovate our office to become more environmentally sustainable. Furthermore, we have an ongoing project looking into ways to make the Danish organization and our ways of working more environmentally sustainable. Finally, we are working with our trade association and other stakeholders to find ways to support a more environmentally sustainable health care sector.

Social

The COVID-19 pandemic continues to introduce uncertainty and fluid challenges, heightening our business imperative to harness scientific innovation to help create a healthier, more equitable world for all. While we are continually redoubling our efforts to address COVID-19 as it evolves, we remain focused on helping to address the burden on individuals, their families, and communities of other equally debilitating infectious and chronic diseases. Through our partnerships and programs, we aim to expand affordable access to our breakthrough medicines and vaccines, particularly among underserved communities. Our societal priorities extend to people across the globe and within our own workforce and supply chain, as we invest in our human capital and work to advance diversity, equity, and inclusion.

- Locally, an estimated 67% of Denmark's populations have been treated by a Pfizer product. 3.9 m are vaccinated with Comirnaty, Pfizer's COVID-19 vaccine, making Pfizer a significant contributor to the health of the Danish population.
- In Pfizer Denmark, we support Pfizer's global goals of equity and diversity. In our organization, we have 68% female representation and 32% male. The company's leadership team consists of 6 women and 7 men.
- 21% Clinical success rate (first-inhuman to approval) for Pfizer new molecular entities by end of 2021.

Financial statements 1 December - 30 November

Management's review

Governance

We behave ethically and thoughtfully in everything that we do, owning our responsibility to change lives for the better. As part of this responsibility, Pfizer prioritizes safety, quality, and transparency in our operations. Our governance structure supports proactive business-led quality and compliance built around elements of effective risk management.

Pfizer policy prohibits all forms of bribery and corruption, whether by colleagues or our business partners. Colleagues and business partners must never offer, promise, authorize, or provide a payment or benefit that is intended to improperly influence a government official, healthcare professional, or any other person, including commercial entities and individuals, in exercising their responsibilities. Colleagues and certain third parties receive risk based, role-specific training on our Code of Conduct and

other key areas, including ethical standards, responsible marketing and advertising practices, and anti-bribery /anti-corruption training, upon hire and regularly thereafter (normally every one to two years), to reinforce our policies and commitment to integrity.

The Company's ultimate parent company Pfizer Inc. created the program My Anti-Corruption Policy and Procedures (MAPP) to serve as guide on how to conduct Pfizer's business while complying with anti-corruption laws. MAPP provides the tools Pfizer employees need to address bribery and corruption risks in their interactions with healthcare professionals, government regulators, and business partners.

To ensure compliance with country-specific restrictions on interactions with Government Officials and Healthcare Professionals (HCP) in Denmark, the MAPP policy contains a Country Annex which address the following: lists of categories of Government Officials, HCP's and Key Decision-Making Entities, a list of circumstances that automatically make a Government Official, country-specific information on local restrictions in dealings with Government Officials and HCPs and, any locally customized versions of some appendices (e.g. Sample Invitation Letter, Funding Confirmation Letter, etc.) tailored to comply with the requirements in Denmark.

During 2021, the Company has worked with the Global MAPP Transformation Initiative which is comprised of three components: streamlined MAPP policy, transforming MAPP process and establishment of MAPP Navigator as a replacement of ACM pre-approval system. The MAPP Country Annex has been reviewed and updated to be aligned with the new MAPP program. The review will also be performed on an annual basis. MAPP process has been transformed by involving significant number of stakeholder groups (Commercial, GCO, Legal, Compliance, BT, Procurement, Finance) and the implementation of the global system MAPP-navigator will support the new MAPP process and drive automation. Go live date is March 2022.

The Group's Corporate Internal Audit department performs periodic testing of activities under the MAPP program. No findings were identified for the Company during 2021.

Target figures regarding the under-represented gender in the Board of Directors, §99 b

In accordance with section §99 b of the Danish Financial Statements Act, we have adopted a culture of diversity and inclusion. There is no disparity between the genders both at the Board and managerial levels. Our Board of Directors consists of 3 members, of which 1 female and 2 males. As this ratio is considered balanced in regard to §99b, no target has been set to decrease the gender underrepresentation.

In respect to other management levels, no gender is underrepresented with less than 40% for FY21, thus no specific policy has been adopted.

Financial statements 1 December - 30 November

Management's review

Data Ethics statement §99 d

Pfizer is committed to the responsible and transparent use and protection of personal data entrusted to us by patients, customers, employees and others. We provide our employees and contractors with training on global privacy principles in accordance with our commitment to respect and safeguard personal data. Our privacy practices are governed by our Global Privacy Committee, a cross-functional governance body composed of senior-level leaders who provide oversight and guidance that informs company practices. Additionally, our Global Privacy Office maintains an enterprise-wide policy and standards that guide the collection, maintenance and protection of personal data and consider the legal and regulatory requirements where we do business.

Examples of the practices we follow to help ensure the integrity of our data privacy processes include:

- Collecting and using the minimum amount of personal data necessary to achieve our business purposes.
- Sharing personal data only with individuals who have a legitimate need for it and will protect it.
- Maintaining appropriate administrative, technical and organizational security measures to protect personal data.
- Training our employees on the responsible use of personal information

Business Restructuring

In November 2021, the company has merged with its sister company Pfizer PFE ApS through a "Immediate-merger" with a retroactive effective date of 1st December 2020 as part of the "Smaller and more focused company initiative". The merger has taken place in accordance with the accounting rules "book value method". The change is presented directly on equity at the beginning, as a net effect as a result of the merger and acquisitions according to the merger method.

No comparative figures are adjusted.

Turnover in Pfizer ApS increased in 2020/21 from DKK 320 million to DKK 1,6 billion. The increase is mainly driven by the launch of a new vaccine against COVID-19. Also the discontinuing company Pfizer PFE contributed with revenue increase.

Operating Review

The operating profit increased by DKK 115,3 million compared to 2019/20, with operating profit being DKK 139,7 million in 2020/21. The result for the year is satisfactory, with a turnover and operating profit within the range of expectations set for 2020/21.

Marketing and Distribution costs increased by DKK 23,4 million compared to prior year. Main driver is due to merger with Pfizer PFE and additional cost in the Vaccine Business.

Development expenses increased by DKK 3,7 million compared to prior year, mainly due to the merger with Pfizer PFE, but also increased cost to medical studies.

Administrative expenses are at the same level.

The result for the year is satisfactory.

Financial position

The Company's share capital and reserves amounted to DKK 483 million at year end 2020/21, which is 61,6% of the balance sheet total.

Research and development activities

Research and development activities within the Biopharma division of Pfizer ApS comprise clinical trials, regulatory affairs, drug safety and medical affairs. The Pharmaceutical division of Pfizer ApS only performs research and development on behalf of other group enterprises.

Pfizer ApS does not acquire ownership to intellectual rights.

Outlook

For 2022 the Company expects revenue and profit for the year to increase. This will be largely driven by continuous growth of Comirnaty/COVID vaccine as well as top medicines and new launches (Eliquis, Xeljanz and Vyndaqel), partially offset by declining trends in Oncology (LoE and price impact on BioSims) and Vaccines excl mRNA.

The prescription activity is expected to grow due to increased productivity in the secondary care and market growth as a result of aging population. The industry as a whole in Denmark is exposed to competition from parallel importers, biosimilar entries and generic substitution. At the same time, public health costs are under supervision.

Direct expenses are expected to increase in 2022 but by less than the expected increase in revenues. The increase is expected to be in the low single digit percent range and driven by investments in new products partially offset by reductions in spend on products in later stages of their lifecycle.

Events after the balance sheet date

No events have occurred after the balance sheet date significantly affecting the Company's financial position.

Financial statements 1 December - 30 November

Income statement

	Note	2020/21	2019/20
DKK'000			
Revenue	2	1,580,587	319,940
Cost of sales		-1,324,422	-194,852
Gross profit		256,165	125,088
Marketing and distribution expenses	3	-129,450	-106,100
Development expenses	3	-63,905	-60,251
Administrative expenses	3,4,5	-32,204	-32,247
		30,606	-73,510
Other operating income/expenses, net	6	109,069	97,853
Operating profit from continuing operations		139,675	24,343
Net interest income and expenses and similar items	7	-1,488	-100
Profit from continuing operations before tax		138,187	24,243
Tax on profit for the year	8	-32,124	-2,560
Profit from continuing operations for the year		106,063	21,683
Profit from discontinued operations for the year	9	—	7,348
Profit for the year		106,063	29,031

Note 1 - Accounting Policies

Note 10 - Proposed Profit Allocation

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	2021	2020
ASSETS			
Non-current assets	11		
Fixtures and fittings, tools and equipment		379	466
Total non-current assets		379	466
Current assets			
Inventories		143,350	204,415
Receivables			
Trade receivables		156,843	36,242
Amounts owed by group enterprises		432,832	174,241
Other receivables		552	786
Prepayments	13	1,981	1,045
Corporation tax	12	31,890	5,921
Deferred tax	14	3,474	2,780
		627,572	221,015
Cash and bank balances		12,402	861
Assets relating to discontinued operations	9	—	7,956
Total current assets		783,324	434,247
TOTAL ASSETS		783,703	434,713

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	2021	2020
EQUITY AND LIABILITIES			
Equity	15		
Share capital		250,772	250,771
Retained earnings		232,272	51,439
Proposed dividend		—	—
Total equity		483,044	302,210
Provisions			
Other provisions	16	3,423	142
Total provisions		3,423	142
Short-term liabilities other than provisions			
Trade payables		17,630	21,533
Amounts owed to group enterprises		209,738	58,046
Corporation tax		—	—
Other payables	17	69,868	50,710
Total liabilities		297,236	130,289
Liabilities relating to discontinued operations	9	—	2,072
Total equity and liabilities		783,703	434,713

Note 18 - Contingent liabilities and other financial obligations

Note 19 - Related party disclosures

Financial statements 1 December - 30 November

Statement of Changes in Equity

DKK'000	Share Capital	Retained Earnings	Proposed dividend	Total
Equity at 1 December 2020	250,771	51,439	—	302,210
Equity merged from Pfizer PFE ApS	1	74,770	—	74,771
Transferred from profit for the year	—	106,063	—	106,063
Equity at 30 November 2021	250,772	232,272	—	483,044

Financial statements 1 December - 30 November

Notes

1 Accounting Policies

The annual report for 2020/21 has been prepared in accordance with the provisions applying to class C (large) enterprises under the Danish Financial Statements Act.

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

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as interest income or expense and similar items.

Receivables and payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates 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 interest income or expense and similar items.

Income statement

Revenue

Revenue from the sale of goods for resale is recognized in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured exclusive of VAT and taxes related to sales.

Segment information

Information is provided on business segments. Segment information is based on the Company's accounting policies, risks and internal financial management.

Cost of sales

Cost of sales comprises the cost of goods and services sold during the year.

Financial statements 1 December - 30 November

Marketing and distribution expenses

Costs incurred in marketing and distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as marketing and distribution expenses. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as marketing and distribution expenses.

Development expenses

Development expenses of the Pharmaceutical division comprise costs related to clinical trials, regulatory affairs, drug safety and medical affairs. The Pharmaceutical division of Pfizer ApS only performs research and development on behalf of other group enterprises.

Development expenses of the Consumer division comprise product development including product design, nutritional science (medical affairs/clinical trials), project management and regulatory affairs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal activities of the enterprise. Other operating income mainly includes income from research and development, marketing and administrative services provided to other Pfizer entities. Gains or losses on the divestment of activities are calculated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, and recognised as either other operating income or expenses.

Interest income and expense and similar items

Interest income and expense and similar items comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme etc.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Financial statements 1 December - 30 November

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The expected useful life is as follows:

Leasehold improvements, fixtures and fittings, tools and equipment	8-12 years
--	------------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment

Depreciation is recognised in the income statement as marketing and distribution costs, development costs and administrative expenses, respectively.

Impairment

The carrying amount of property, plant and equipment is subject to an annual impairment test besides depreciation.

When there is an indication that assets may be impaired, an impairment test is made of each asset or group of assets, respectively. Impairment is made to the lower of recoverable amount of the asset and the carrying amount.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Provisions are made for anticipated losses.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Financial statements 1 December - 30 November

Capital and reserves - dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under capital and reserves.

Corporation tax and deferred 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 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 the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised under investments 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 and jurisdiction.

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.

Other provisions

Provisions comprise anticipated costs relating to returned goods and restructuring provisions. Provisions for returns are measured and recognised based on Management's experiences of returned goods.

Financial liabilities

Financial liabilities, comprising trade payables and amounts owed to group enterprises are measured at amortised cost. Other liabilities are measured at net realisable value.

Cash flow statement

Pfizer ApS has not prepared a cash flow statement because the Company is included in the consolidated cash flow statement for the ultimate parent company Pfizer Inc. which can be found in the "for Investors" section under *2021 Financial Report* at www.pfizer.com

Financial statements 1 December - 30 November

2. Segment information

Geographical breakdown

	Denmark Pharmaceutical Products	Iceland	Total
DKK'000			
2020/21			
Revenue	1,475,555	105,033	1,580,587
2019/20			
Revenue	285,157	34,783	319,940

All revenue is related to the sale of prescription medicine.

DKK'000	<u>2020/21</u>	<u>2019/20</u>
---------	-----------------------	----------------

3. Staff costs

Wages & Salaries	123,402	104,645
Pensions	10,578	9,249
Other Social Security Costs	1,059	716
	<u>135,039</u>	<u>114,610</u>

Staff Costs are recognised as follows in the financial statements:

Marketing and distribution costs	83,796	66,817
Research & Development Expenses	38,788	36,501
Administrative Expenses	12,455	11,292
	<u>135,039</u>	<u>114,610</u>

Average Number of Employees	<u>119</u>	<u>107</u>
-----------------------------	-------------------	------------

Pursuant to Section 98b of the Danish Financial Statements Act, remuneration to Management is not disclosed. No emoluments have been paid to the Board of Directors.

Financial statements 1 December - 30 November

DKK'000	<u>2020/21</u>	<u>2019/20</u>
4. Depreciation and impairment loss		
Property, plant and equipment		
Depreciation for the year	<u>87</u>	<u>481</u>
	<u>87</u>	<u>481</u>
Depreciation & impairment losses are recognised as follows in the financial statements:		
Development Expenses	<u>87</u>	<u>481</u>
	<u>87</u>	<u>481</u>
5. Fees to auditors appointed at the annual general meeting		
Statutory audit	623	443
Other	<u>25</u>	<u>—</u>
	<u>648</u>	<u>443</u>
6. Other operating income/expenses, net		
Sales & Marketing Service	31,651	25,062
Administrative Services	10,126	9,023
Development Services	<u>67,293</u>	<u>63,768</u>
	<u>109,070</u>	<u>97,853</u>

Financial statements 1 December - 30 November

DKK'000	<u>2020/21</u>	<u>2019/20</u>
7. Net interest income and expenses and similar items		
Foreign exchange adjustments	-412	724
Interest expenses	-981	-759
Bank charges	-95	-65
	<u>-1,488</u>	<u>-100</u>

8. Tax on the profit for the year

Corporation tax on profit for the year	31,337	5,760
Adjustment for deferred tax	843	550
Adjustments to taxes from prior years	-56	-3,750
	<u>32,124</u>	<u>2,560</u>

9. Profit from discontinued operations

During the year 2019/20, the Company transferred the consumer business division to GlaxoSmithKline (GSK). Profit after tax of the discontinued operations were recognised as a separate line in the income statement for 2019/20.

	<u>2020/21</u>	<u>2019/20</u>
Revenue	—	19,418
Cost of sales	—	-12,448
Marketing and distribution expenses	—	-6,617
Development expenses	—	-3,720
Administrative expenses	—	-5,798
	<u>—</u>	<u>-9,165</u>
Other operating income/expenses, net	—	7,577
Profit from sale of discontinued operations	—	11,008
Profit before tax	<u>—</u>	<u>9,420</u>
Tax on profit for the year	—	-2,072
Profit from discontinued operations for the year	<u>—</u>	<u>7,348</u>

**Assets and liabilities regarding discontinued operations
specified in principal items**

	2020/21	2019/20
Assets regarding discontinued operations	—	7,956
Liabilities regarding discontinued operations	—	-2,072
Net assets regarding discontinued operations	—	5,884

	2020/21	2019/20
--	----------------	----------------

DKK'000

10. Proposed profit appropriation

Allocation to Retained earnings	232,272	51,439
Profit for the year	106,063	29,031

11. Property, plant and equipment

	Fixtures and fittings, tools and equipment
Costs at 30 November 2020	9,501
Disposals for the year	-1,808
Costs at 30 November 2021	7,693
Depreciation at 30 November 2020	-9,035
Depreciation	-87
Reversal of depreciation on disposals	—
Depreciation at 30 November 2021	-7,314
Carrying amount at 30 November 2021	379

12. Corporation tax

	2020/21	2019/20
Tax on taxable income for the year	-31,337	-5,760
Joint taxation adjustments	—	-1,319
Tax payment on account	59,322	13,000
Receivable/ (Payable), outstanding from prior years	3,905	—
Payable tax, outstanding from prior years	—	—
Receivable corporation tax at 30 November	31,890	5,921

DKK'000	<u>2020/21</u>	<u>2019/20</u>
13. Prepayments		
Other prepayments	<u>1,981</u>	<u>1,045</u>
	<u>1,981</u>	<u>1,045</u>
14. Deferred tax		
Deferred tax 1 December	<u>2,780</u>	<u>3,330</u>
Adjustment of deferred tax	<u>-843</u>	<u>-550</u>
	<u>3,474</u>	<u>2,780</u>

Deferred tax relates to plant and equipment, inventories, receivables, other provisions and other payables. The deferred tax asset is expected to be realisable within the foreseeable future.

15. Capital and reserves

The share capital comprises 250,772 thousand issued shares with a nominal value of 1 DKK each.

The changes in share capital for the last 5 years can be specified as follows:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Share capital at 1 December	250,772	250,771	250,771	250,771	250,771
Share capital at 30 November	<u>250,772</u>	<u>250,771</u>	<u>250,771</u>	<u>250,771</u>	<u>250,771</u>

16. Other provisions

Provision for returned goods

Provision for returned goods 1 December	<u>142</u>	<u>807</u>
Used during the year	<u>-654</u>	<u>-1,998</u>
Provision for the year	<u>3,120</u>	<u>1,333</u>
Provision for returned goods 30 November	<u>2,609</u>	<u>142</u>

The provisions comprise of anticipated costs relating to returned goods. The Company expects to use the provision over the next year.

DKK'000	<u>2020/21</u>	<u>2019/20</u>
Provision for restructuring		
Provision for restructuring 1 December	—	2,267
Used during the year	—	-10,156
Provision for the year	<u>814</u>	<u>7,889</u>
Provision for restructuring 30 November	<u><u>814</u></u>	<u><u>—</u></u>
 Total provisions 30 November	 <u><u>3,423</u></u>	 <u><u>142</u></u>

17. Other payables

VAT and taxes	29,018	1,932
Payable wages and salaries inclusive holiday provision	26,432	30,757
Other payables	<u>14,419</u>	<u>18,021</u>
	<u><u>69,869</u></u>	<u><u>50,710</u></u>

18. Contingent liabilities and other financial obligations

Lease obligations

The Company has entered into operating leases regarding cars and other operating equipment. The remaining payments for lease obligations amount to DKK 7,3 million (2019/20 figure of DKK 7,6 million).

On December 14 2012, the Company entered into a commercial lease agreement with Wihlborgs A/S to rent 39.11% of the total gross surface area (4,544 of 11,620 m²) of the building located in Lautrupvang 8, Ballerup, previously owned by the Company. As per 01.11.2020, the Company changed the lease agreement with Wihlborgs A/S to reduce the area of basement. Therefore, the Company now rent 36.45% of the total gross surface area (4,236 of 11,620 m²) of the building. The cost of the annual rent excluding VAT is DKK 3,456,662,23. This amount is payable in four quarterly installments due 1st January, 1st April, 1st June and 1st October. Both parties may terminate the lease including roof terrace area and parking places by giving six months' prior written notice to expire on the last day of a month. The landlord may terminate the lease including roof terrace area and parking places – except in the event of breach – to expire no earlier than 1 September 2032.

Financial statements 1 December - 30 November

19. Related party disclosures

Pfizer ApS' related parties comprise the following:

Description	2020/21	2019/20
Provision of Above Market services by Pfizer ApS to Pfizer Worldwide Services	76,056	62,658
Provision of clinical trial support services by Pfizer ApS to Pfizer Inc.	12,132	10,927
Provision of co- promote services by Pfizer ApS to Pfizer Worldwide Services	15,707	17,298
Receipt of services by Pfizer ApS from Pfizer PFE ApS - domestic transaction	—	252
Provision of services by Pfizer ApS to - Pfizer PFE ApS - domestic transaction	—	5,861
Provision of services by Pfizer ApS to - UEBV Netherlands	—	9
Purchase of finished goods by Pfizer ApS from various Pfizer suppliers	1,207,543	281,126
Sales of finished goods by Pfizer ApS to Pfizer affiliates	5,207	25,544
Net of receipt/provision of management services by Pfizer ApS to/from Pfizer Norge AS and Pfizer AS in Norway	1,490	1,426

Receivables and payables to group enterprises are disclosed in the balance sheet.

Control

Pfizer ApS is owned 100% by Pfizer Health AB, Vetenskapsvägen 10, 191 90 Sollentuna, Sverige.

Furthermore, the Company is included in the consolidated financial statements of the ultimate parent company Pfizer Inc., 219-8-6A East 42nd Street, New York, N.Y. 10017, USA.

The consolidated financial statements of Pfizer Inc are available at the Company's address or on the Company's website at: <https://annualreview.pfizer.com>