


Pfizer ApS

Annual Report 2021/22

01.12.2021 - 30.11.2022

Chairman of the Annual General Meeting |
25 May 2023

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Nicholas William Boe Stenderup

Lautrupvang 8, 2750 Ballerup
Registration no: 66351912

The Annual Report contains 29 pages

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Pfizer ApS for the financial year 1 December 2021 – 30 November 2022.

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 2022 and of the results of the Company's operations for the financial year 1 December 2021 – 30 November 2022.

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, 25 May 2023

Executive Board:

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Lars Møller

Board of Directors:

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Adam Preben Guhle

Chairman

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Kjetil Hagen

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Lars Møller

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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 2021 – 30 November 2022 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 2022 and of the results of the Company's operations for the financial year 1 December 2021 – 30 November 2022 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.

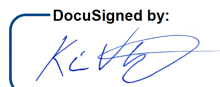
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review

Copenhagen, 25 May 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

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Kåre Kansonen Valtersdorf

State Authorised Public Accountant

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Management's review

Company details

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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
Kjetil Hagen

Executive Board

Lars Møller

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Financial highlights

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
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Key figures

Revenue	2,299,853	1,580,587	319,940	421,709	459,733
Operating profit	119,498	139,675	24,343	30,008	30,813
Net (loss)/gain from interest income and expense and similar items	-309	-1488	-100	-106	38
Profit for the year	92,036	106,063	29,031	18,996	21,841

Fixed assets	319	379	466	988	1,609
Current assets	1,330,355	783,324	434,247	687,360	619,438
Total assets	1,330,674	783,703	434,713	688,348	621,047
Capital and reserves	395,080	483,044	302,210	443,179	424,183
Provisions	5,551	3,423	142	3,074	10,144
Short-term liabilities other than provisions	930,042	297,236	130,289	242,095	186,720

Financial ratios

Operating profit ratio	5.2	8.8	7.6	7.1	6.7
Return on investment	30.3	34.1	6.2	7.1	7.6
Current ratio	143.0	263.5	333.3	283.9	331.7
Equity ratio	29.7	61.6	69.5	64.4	68.3
Return on average equity	21.0	27.0	7.8	4.4	5.3

Average number of employees	119	119	107	136	137
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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	$\frac{\text{Current assets X 100}}{\text{Short-term liabilities other than provisions}}$
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 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. Pfizer continues to enhance its ESG strategy, which is focused on six areas where we see opportunities to create a meaningful impact: product innovation; equitable access and pricing; product quality and safety; diversity, equity and inclusion; climate change; and business ethics.

Environmental

We recognize global climate change as one of the defining issues of our time requiring collective action to mitigate the risks it poses such as increased adverse impacts on human health and decreased access to critical medicines and vaccines due to disruptions in value chains caused by the greater frequency of severe weather.

Pfizer is continuing its near-term commitment to reduce company Greenhouse Gas (GHG) emissions aligned with a 1.5°C trajectory and to engage suppliers so that they also set science based GHG emissions reduction goals.

In June 2022, Pfizer announced a broader commitment to further reduce GHG emissions by working to achieve the voluntary Net-Zero Standard by 2040, ten years earlier than the timeline described in the standard. By 2040 Pfizer aims to decrease its company GHG emissions by 95% and its value chain emissions by 90% from 2019 levels through accelerating the transition away from fossil fuels and engaging suppliers to catalyze equivalent action.

2022 progress on our near-term targets, approved by the Science Based Targets Initiative (SBTi), are outlined below:

Financial statements 1 December - 30 November

Management's review

Statement on social responsibility §99 a - Continued

Reducing scope 1 and 2 GHG emissions by 46% from a 2019 baseline by 2030: Scope 1 & 2 GHG emissions in 2022 were 1.5% lower than 2021 in spite of production increases, including the production of PAXLOVID® (nirmatrelvir tablets and ritonavir tablets). Emissions for 2022 were 11.2% lower than the 2019 baseline.

Sourcing 80% of electricity from renewables by 2025, and 100% by 2030: Pfizer sourced 7.8% renewable electricity in 2022.

Reducing emissions from upstream transportation and distribution by 10% and from business travel by 25% by 2025 from a 2019 baseline: Although emissions associated with the transportation and distribution of PAXLOVID and the COVID-19 vaccine, transported predominantly by air using cold-chain technologies, continued to increase, we eliminated approximately 50,000 mt of GHG emissions by transitioning other product shipments from air to ocean in 2022. Travel-related GHG emissions were 78% lower than the 2019 baseline. Going forward we will continue to utilize digital tools as appropriate to limit travel. Working to accelerate change across our supply chain, driving 64% of our suppliers of goods and services by spend to also set science based GHG emission reduction goals by 2025: Currently 29% of our suppliers by spend have or have committed to develop GHG emissions reduction targets approved by the SBTi.

Human Rights

Pfizer is committed to conducting business in an ethical and responsible manner. This includes respecting internationally recognized human rights throughout our operations. Human rights are fundamental rights and freedoms that all people are entitled to, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. These rights are enshrined in the International Bill of Human Rights and other international treaties and instruments, including the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Pfizer is also committed to acting in line with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Pfizer is proud to have been one of the early signatories to the United Nations (UN) Global Compact, an initiative that calls on companies to align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and to take actions that advance societal goals. In honoring our commitment, throughout 2022 and looking forward, we have continued to focus on the right to health to prevent and mitigate adverse human rights impacts in our global operations, and remediate any adverse human rights impacts we may cause or contribute to. Wherever we can, we also seek to advance human rights.

Our approach to human rights risks is informed by international standards, industry best practice, and expert assessment. Laws and standards can vary significantly across the 100+ countries where we operate. In cases where local standards are less stringent than international human rights standards, Pfizer seeks to apply the international standard. In cases where local laws conflict with international human rights standards, Pfizer will comply with applicable laws while seeking ways to respect international human rights to the greatest extent possible. In line with the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises, Pfizer's human rights approach focuses on addressing risks that could have the most severe impact on people: our patients, our colleagues, the workers of our business partners, and the communities in which we operate. Our responsibility to respect human rights extends throughout our operations, from lab to patient, including our diverse global supply chain of numerous local and global third-party vendors.

As a biopharmaceutical company, the right to health is of paramount importance. Other salient human rights are the principle of non-discrimination; the right to privacy; freedom from slavery and forced labor; the right to enjoy just and favorable conditions of work; the right to a safe workplace; and the right to a clean, healthy, and sustainable environment.

Financial statements 1 December - 30 November

Management's review

Statement on social responsibility §99 a - Continued

Pfizer prohibits the use of all forms of forced, bonded, indentured, or compulsory labor (hereinafter, 'modern slavery') in our supply chain and business operations. We recognize that the risks of modern slavery are particularly likely where our business partners rely upon migrant workers and other workers who are particularly vulnerable to exploitation. We conduct due diligence to assess and address risks of modern slavery in our own operations and in our supply chain. In 2021, Pfizer rolled out a global corporate labor and human rights standard for our supplier base with a focus on modern slavery. The standard includes requirements for mitigating potential risk of harm to people arising from violation of human rights and labor standards. There has been no breaches of human rights and labor standards policy in Denmark.

Social

Although Denmark has navigated relatively well during the pandemic and COVID-19 was reclassified on February 1st, 2022, from "a disease that poses a threat to society" to "a very dangerous disease", the COVID-19 pandemic continued to introduce uncertainty and fluid challenges, heightening our business imperative to harness scientific innovation to help create a healthier, more equitable world for all. To that end we introduced two variant adapted vaccines in September and October of 2022 that would form the basis of the fall vaccination campaign (aimed at people +50 years of age) in Denmark. The availability of the variant adapted vaccines was recently recognized by the Danish Health Authority as a major contributing factor to the successful management of the COVID-19 infection spike in the fall of 2022.

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. More than 96% of the 3.6 m people who was vaccinated with a variant adapted booster vaccine, was vaccinated with Comirnaty, Pfizer's COVID-19 vaccine, making Pfizer a significant contributor to the health of the Danish population.

Human Capital

Our ability to successfully deliver on our purpose to the benefit of patients is dependent on our people. We focus on integrating workforce, workplace, and work output by paying special attention to the health and wellness of our colleagues, prioritizing meaningful work that contributes to our Purpose: Breakthroughs that change patients' lives, and fostering an amazing place to work where our people can thrive and grow.

From recruitment to retirement, Pfizer works to cultivate a positive colleague experience dedicated to professional and personal success, providing equitable opportunities, and creating breakthroughs. We focus on ensuring each of our employees feels connected to our purpose and supported by the culture we continuously work to maintain, which is built on our company values of courage, excellence, equity, and joy.

Financial statements 1 December - 30 November

Management's review

Statement on social responsibility §99 a - Continued

Our annual engagement survey, Pfizer Pulse, provides a forum for our colleagues to give structured feedback and allows us to measure and track priority areas and equip leaders with actionable insights. We are proud that in 2022, on average 95 percent of colleagues in Denmark reported feeling engaged, as measured by pride in working at Pfizer, a willingness to recommend Pfizer as a great place to work, and intent to stay. In addition, 93 percent agreed their daily work contributes to our purpose.

In Pfizer Denmark, we support Pfizer's global goals of equity and diversity. In our organization, we have 69% female representation and 31% male. The company's Board of Directors has equal representation with 1 female of 4 board members, the leadership team consists of 56% Females vs 44% Males (9). We have a similar representation across all levels of seniority with 57% Females vs 43% Males for Director positions and above (14), and 58% Females vs 42% Males in Sr. Manager positions (45).

Our commitment to pay equity for all colleagues is based in our value of Equity and our intention to continue to build a diverse and inclusive workforce. In terms of base pay, Pfizer pays our female colleagues globally at greater than 99 percent (99.4 percent) of what we pay male colleagues. When looking at Denmark we identified no gender pay gaps in 2022.

Governance

At Pfizer, we have established values and clear expectations regarding how we achieve our purpose. We are committed to living our values and to acting with integrity. Our values help guide us in making decisions ethically, thoughtfully, and responsibly to help support our business in delivering on our purpose with quality and integrity for our patients and society. The Regulatory and Compliance Committee of the Board of Directors oversees our quality and compliance governance framework, including the business-led Quality & Compliance Committees across our core functions, which drive proactive risk management and accountability. This Committee's oversight of healthcare quality and compliance includes business ethics; quality and integrity in the discovery, development, manufacturing, and delivery of vaccines and medicines; responsible product marketing; third-party risk management; and compliance with anti-bribery / anti-corruption, transparency, product promotion, and other applicable laws and regulations, in pursuit of advancing integrity and Pfizer's purpose. Our leaders set the tone for our strong culture of acting with integrity in all we do and support a speak-up culture in which colleagues can raise concerns without fear of retaliation. Our patient-centric purpose and established culture of quality and safety are of paramount importance as we innovate and continue to deliver breakthroughs.

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 4 members, of which 1 female and 3 males. As this ratio is considered balanced in regard to §99b, no target has been set to decrease the gender underrepresentation.

We strive for opportunity parity as measured by workforce parity of 40 percent for women and men at the Senior Manager level and above. At the end of 2022 our representation was 57 percent for women at Senior Manager Level and above. These aspirational goals are not quotas and Pfizer continues to make employment decisions based on qualifications.

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.

Example 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

With the formation of the Consumer Healthcare JV in 2019 and the spin-off of our former Upjohn Business in the fourth quarter of 2020, Pfizer transformed into a more focused, global leader in science-based innovative medicines and vaccines. We took efforts to ensure our cost base and support model aligned appropriately with our operating structure. While certain direct costs transferred to the Consumer Healthcare JV in 2019, and to the Upjohn Business in connection with the spin-off, there are indirect costs which did not transfer.

As part of a global initiative in Pfizer Inc, we transformed our commercial go-to market model in the way we engage patients and physicians. We also made several organizational changes in the third quarter of 2022 to further transform our operations to better leverage our expertise in certain areas and in anticipation of potential future new product or indication launches. Actions included, among others, centralization of certain activities and enhanced use of digital technologies. The costs for this effort primarily included severance and associated implementation costs.

Operating Review

The operating profit decreased by DKK 20,2 million compared to 2020/21, with operating profit being DKK 119,5 million in 2021/22. The result for the year is satisfactory, with a turnover and operating profit within the range of expectations set for 2021/22.

Marketing and Distribution costs increased by DKK 7,2 million compared to prior year. Main driver is due to increased distribution costs and activity post Covid-19 restrictions.

Development expenses increased by DKK 2,4 million compared to prior year, mainly due increased cost to medical.

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 395 million at year end 2021/22, which is 29,7% of the balance sheet total.

Financial statements 1 December - 30 November

Management's review

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 2023 the Company expects revenue and profit for the year to decrease. This will be largely driven by decline of Comirnaty/COVID-19 vaccine and Paxlovid/COVID-19 oral antiviral treatment revenue. The number of prescriptions for Pfizer medicine 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 scrutiny.

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	<u>2021/22</u>	<u>2020/21</u>
DKK'000			
Revenue	2	2,299,853	1,580,587
Cost of sales		<u>-2,056,720</u>	<u>-1,324,422</u>
Gross profit		243,133	256,165
Marketing and distribution expenses	3	-136,665	-129,450
Development expenses	3	-66,356	-63,905
Administrative expenses	3,4,5	<u>-33,968</u>	<u>-32,204</u>
		6,144	30,606
Other operating income/expenses, net	6	<u>113,354</u>	<u>109,069</u>
Operating profit from continuing operations		119,498	139,675
Net interest income and expenses and similar items	7	<u>-309</u>	<u>-1,488</u>
Profit from continuing operations before tax		119,189	138,187
Tax on profit for the year	8	<u>-27,153</u>	<u>-32,124</u>
Profit from continuing operations for the year		<u>92,036</u>	<u>106,063</u>
Profit for the year		<u>92,036</u>	<u>106,063</u>

Note 1 - Accounting Policies

Note 9 - Proposed Profit Allocation

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	2022	2021
ASSETS			
Non-current assets	10		
Fixtures and fittings, tools and equipment		319	379
Total non-current assets		319	379
Current assets			
Inventories		194,749	143,350
Receivables			
Trade receivables		35,453	156,843
Amounts owed by group enterprises		1,087,652	432,832
Other receivables		35	552
Prepayments	12	1,960	1,981
Corporation tax	11	6,072	31,890
Deferred tax	13	2,980	3,474
		1,134,151	627,572
Cash and bank balances		1,454	12,402
Total current assets		1,330,355	783,324
TOTAL ASSETS		1,330,674	783,703

Financial statements 1 December - 30 November

Balance sheet as at 30 November

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity	14		
Share capital		250,772	250,772
Retained earnings		50,308	232,272
Proposed dividend		94,000	—
Total equity		395,080	483,044
Provisions			
Other provisions	15	5,551	3,423
Total provisions		5,551	3,423
Short-term liabilities other than provisions			
Trade payables		18,394	17,630
Amounts owed to group enterprises		846,418	209,738
Corporation tax		—	—
Other payables	16	65,230	69,868
Total liabilities		930,042	297,236
Total equity and liabilities		1,330,674	783,703

Note 17 - Contingent liabilities and other financial obligations

Note 18 - 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 2021	250,772	232,272	—	483,044
Extraordinary Dividend	—	-180,000	—	-180,000
Transferred from profit for the year	—	-1,964	94,000	92,036
Equity at 30 November 2022	250,772	50,308	94,000	395,080

Financial statements 1 December - 30 November

Notes

1 Accounting Policies

The annual report for 2021/22 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
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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 *2022 Financial Report* at www.pfizer.com

Financial statements 1 December - 30 November

2. Segment information

Geographical breakdown

	Denmark Pharmaceutical Products	Iceland	Total
DKK'000			
2021/22			
Revenue	2,169,538	130,315	2,299,853
2020/21			
Revenue	1,475,555	105,033	1,580,587

All revenue is related to the sale of prescription medicine.

DKK'000	2021/22	2020/21
3. Staff costs		
Wages & Salaries	132,466	123,402
Pensions	10,823	10,578
Other Social Security Costs	873	1,059
	144,162	135,039
Staff Costs are recognised as follows in the financial statements:		
Marketing and distribution costs	85,704	83,796
Research & Development Expenses	39,838	38,788
Administrative Expenses	18,620	12,455
	144,162	135,039
Average Number of Employees	119	119

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>2021/22</u>	<u>2020/21</u>
4. Depreciation and impairment loss		
Property, plant and equipment		
Depreciation for the year	<u>60</u>	<u>87</u>
	<u>60</u>	<u>87</u>
Depreciation & impairment losses are recognised as follows in the financial statements:		
Development Expenses	<u>60</u>	<u>87</u>
	<u>60</u>	<u>87</u>
5. Fees to auditors appointed at the annual general meeting		
Statutory audit	614	623
Other	<u>32</u>	<u>25</u>
	<u>646</u>	<u>648</u>
6. Other operating income/expenses, net		
Sales & Marketing Service	33,739	31,651
Administrative Services	11,058	10,125
Development Services	<u>68,557</u>	<u>67,293</u>
	<u>113,354</u>	<u>109,069</u>

Financial statements 1 December - 30 November

DKK'000	<u>2021/22</u>	<u>2020/21</u>
7. Net interest income and expenses and similar items		
Foreign exchange adjustments	-846	-412
Interest expenses	623	-981
Bank charges	-86	-95
	<u>-309</u>	<u>-1,488</u>
8. Tax on the profit for the year		
Corporation tax on profit for the year	27,141	31,337
Adjustment for deferred tax	494	843
Adjustments to taxes from prior years	-482	-56
	<u>27,153</u>	<u>32,124</u>
9. Proposed profit appropriation		
Allocation to Retained earnings	<u>50,308</u>	<u>232,272</u>
Profit for the year	<u>92,036</u>	<u>106,063</u>
9. Distribution of profit		
Proposed dividend for the year	94,000	—
Retained earnings	-1,964	106,063
	<u>92,036</u>	<u>106,063</u>

Financial statements 1 December - 30 November

10. Property, plant and equipment

	Fixtures and fittings, tools and equipment
Costs at 30 November 2021	7,693
Disposals for the year	-1,369
Costs at 30 November 2022	6,324
Depreciation at 30 November 2021	-7,314
Depreciation	-60
Disposals	1,369
Reversal of depreciation on disposals	—
Depreciation at 30 November 2022	-6,005
Carrying amount at 30 November 2022	319

11. Corporation tax

	2021/22	2020/21
Tax on taxable income for the year	-27,141	-31,337
Tax payment on account	15,740	59,322
Receivable/ (Payable), outstanding from prior years	17,473	3,905
Payable tax, outstanding from prior years	—	—
Receivable corporation tax at 30 November	6,072	31,890

12. Prepayments

Other prepayments	1,960	1,981
	1,960	1,981

13. Deferred tax

Deferred tax 1 December	3,474	2,780
Adjustment for deferred tax from prior years	—	1,537
Adjustment of deferred tax	-494	-843
	2,980	3,474

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

Financial statements 1 December - 30 November

14. 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>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Share capital at 1 December	250,772	250,772	250,771	250,771	250,771
Share capital at 30 November	<u>250,772</u>	<u>250,772</u>	<u>250,771</u>	<u>250,771</u>	<u>250,771</u>

DKK'000	<u>2021/22</u>	<u>2020/21</u>
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15. Other provisions

Provision for returned goods

Provision for returned goods 1 December	2,609	142
Correction to provision previous year	491	—
Used during the year	-4,063	-654
Provision for the year	<u>3,045</u>	<u>3,121</u>
Provision for returned goods 30 November	<u>2,082</u>	<u>2,609</u>

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

Provision for restructuring

Provision for restructuring 1 December	814	—
Correction to provision previous year	-491	—
Used during the year	-1,989	—
Provision for the year	<u>5,135</u>	<u>814</u>
Provision for restructuring 30 November	<u>3,469</u>	<u>814</u>
Total provisions 30 November	<u>5,551</u>	<u>3,423</u>

Financial statements 1 December - 30 November

DKK'000	<u>2021/22</u>	<u>2020/21</u>
16. Other payables		
VAT and taxes	25,028	29,018
Payable wages and salaries inclusive holiday provision	26,271	26,432
Other payables	13,931	14,418
	<u>65,230</u>	<u>69,868</u>

17. 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 4,7 million (2020/21 figure of DKK 7,3 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 3,813,019,91. 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. A guarantee of DKK 2,383,137,45 is given to Wihlborgs A/S.

Financial statements 1 December - 30 November

18. Related party disclosures

Pfizer ApS' related parties comprise the following:

DKK'000	2021/22	2020/21
Description		
Provision of Above Market services by Pfizer ApS to Pfizer Worldwide Services	80,903	76,056
Provision of clinical trial support services by Pfizer ApS to Pfizer Worldwide Services	9,547	12,132
Provision of co- promote services by Pfizer Aps to Pfizer Worldwide Services	19,319	15,707
Purchase of finished goods by Pfizer ApS from various Pfizer suppliers	2,097,485	1,207,543
Sales of finished goods by Pfizer ApS to Pfizer affiliates	8,687	5,207
Provision of management services by Pfizer ApS to Pfizer Norway & UK	1,314	1,490

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>