

Boehringer Ingelheim Danmark A/S

Strødamvej 52
2100 København Ø
Denmark

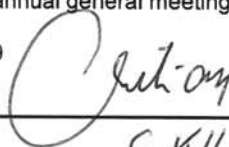
CVR no. 14 45 08 07

Annual report 2018

The annual report was presented and approved at the
Company's annual general meeting on

31 May 2019

chairman


S. KILIAN

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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 Boehringer Ingelheim Danmark A/S for the financial year 1 January – 31 December 2018.

The annual report has been 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 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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

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

Copenhagen, 31 May 2019

Executive Board:



Nicolas Charles Dumoulin

Board of Directors:



Stefan Helmut Kilian
Chairman



Nicolas Charles Dumoulin



Matthias Hasenauer



Independent auditor's report

To the shareholders of Boehringer Ingelheim Danmark A/S

Opinion

We have audited the financial statements of Boehringer Ingelheim Danmark A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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.

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 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

Independent auditor's report

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

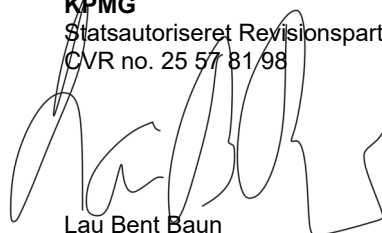
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Lau Bent Baun
State Authorised
Public Accountant
mne26708



Henrik Kyhnauv
State Authorised
Public Accountant
mne40028

Boehringer Ingelheim Danmark A/S
Annual report 2018
CVR no. 14 45 08 07

Management's review

Company details

Boehringer Ingelheim Danmark A/S
Strødamvej 52
2100 Copenhagen Ø
Denmark

CVR no.:	14 45 08 07
Established:	1 August 1990
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Stefan Helmut Kilian, Chairman
Nicolas Charles Dumoulin
Matthias Hasenauer

Executive Board

Nicolas Charles Dumoulin

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2018	2017	2016	2015	2014
Key figures					
Revenue	395,282	325,630	770,374	771,447	731,952
Gross profit	76,166	81,319	183,660	204,883	210,574
Ordinary operating profit	-1,246	10,170	30,209	56,678	63,713
Profit/loss from financial income and expenses	583	1,554	2,490	526	1,402
Profit/loss for the year	-1,461	10,113	22,119	43,864	45,175
Balance sheet					
Total assets	147,428	120,600	363,458	366,012	299,377
Equity	19,809	31,383	85,060	104,285	109,328
Investment in property, plant and equipment	94	0	5,627	18,769	13,586
Ratios					
Gross margin	19.3%	25.0%	23.8%	26.6%	28.8%
Operating margin	-0.3%	3.1%	3.9%	7.3%	8.7%
Return on invested capital	-5.3%	17.9%	32.4%	54.3%	56.4%
Current ratio	113.5%	132.2%	115.8%	122.5%	141.5%
Return on equity	-5.7%	17.4%	23.4%	41.1%	39.2%
Solvency ratio	13.4%	26.0%	23.4%	28.5%	36.5%
Employees					
Average number of full-time employees	82	92	171	177	177

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Company's main activities are sales and marketing of Human Pharmaceuticals (HP) in Denmark.

The Company has no own research projects within human pharmaceuticals. Overall, the Company is engaged significantly in clinical development programs and contributes to the overall R&D activities of the group.

Uncertainty regarding recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual circumstances

No unusual event occurred during the year 2018.

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Development in activities and financial position

Actual Human Pharma net sales 2018 amounted to DKK 395,282 thousand. The income statement of the Company for 2018 shows a loss of DKK 1,460 thousand, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 19,809 thousand.

Revenues in 2018 were actually higher than expected as the Company could better defend its prices in a context of reduced parallel imports but also thanks to good volume development of new products.

After the demerger in 2017, there have been no significant events affecting the perimeter of Boehringer Ingelheim Danmark A/S (BIDK) in 2018.

In September 2018, a dividend of DKK 10,113 thousand has been paid to Boehringer Ingelheim Auslandsbeteiligung GmbH.

Outlook

The main strategy for BI HP business in Denmark is to continue healthy portfolio management and to provide additional patient benefit with our new products, for which we have received approval over the past years. Special focus on:

Expanding market leadership within diabetes with Jardiance® Family (launched Juli 2014) and defend the rest of BI's diabetes portfolio

Further increase Ofev® 16 (launched Q1 2015) market share in Idiopathic Pulmonary Fibrosis and get access for the new indications of the product

Further develop Spiolto® RespiMat in COPD (launched Q3 2015) by launching the Reusable form of the device RespiMat

Defend Pradaxa® through a specialist-targeted approach.

Management's review

Operating review

Based on the above, we expect a turnover and result in 2019 above 2018.

Intellectual capital

Intellectual capital resources in BIDK are a vital part in securing and improving the value and competitiveness of the Company. BIDK's human capital is driven by the knowledge and competencies residing with the Company's employees – our most valuable and relevant resource. This collective know-how is constantly updated and developed with training programs as well as proper recruiting of suitable talents. It will remain a key priority for the organization moving forward (at global, regional and local level).

Research and development activities

The Company does not have any research and development projects but takes part in the overall clinical development programs and contributes to the R&D activities of the corporation.

Particular risks

Operating risks

A significant risk continues to be fluctuating parallel import of Human Pharma products from other EU countries, which generate uncertainty in the assessment of the sales development. This depends on the development of European prices, as government-led price reductions are part of the agenda in a number of European countries.

Environmental matters

The group Boehringer Ingelheim has an overall corporate policy covering environmental impact. BIDK activities are framed by the group policies. However, this policy is not for the time being published as this is not legally required in Germany. After careful consideration and performed risk assessment for implementing local policy to this area and taking into consideration that our operating activities are in Denmark, following the environmental laws imposed upon we see no need to further implement an individual company specific policy.

Corporate social responsibility

Anti-corruption

The group Boehringer Ingelheim has an overall corporate policy covering anti-corruption. BIDK activities are framed by the group policies. However, this policy is not for the time being published as this is not legally required in Germany. After careful consideration and performed risk assessment for implementing local policy to this area and taking into consideration that our main operating activities are in Denmark, following the anti-corruption laws imposed upon we see no need to further implement individual company specific policy.

Social and Staff matters

The group Boehringer Ingelheim has an overall corporate policy covering social and staff matters. BIDK activities are framed by the group policies. However, this policy is not for the time being published as this is not legally required in Germany. After careful consideration and performed risk assessment for implementing local policy to this area and taking into consideration that our operating activities are in Denmark, following the labor laws imposed upon we see no need to further implement an individual company specific policy.

Management's review

Operating review

Human rights

The group Boehringer Ingelheim has an overall corporate policy covering Human rights. BIDK activities are framed by the group policies. However, this policy is not for the time being published as this is not legally required in Germany. After careful consideration and performed risk assessment for implementing local policy to this area and taking into consideration that our operating activities are in Denmark, following the labor laws imposed upon we see no need to further implement an individual company specific policy.

Climate impact

The group Boehringer Ingelheim has an overall corporate policy covering climate impact. BIDK activities are framed by the group policies. However, this policy is not for the time being published as this is not legally required in Germany. After careful consideration and performed risk assessment for implementing local policy to this area and taking into consideration that our operating activities in Denmark with limited climate impact, following the environmental laws imposed upon we see no need to further implement an individual company specific policy.

External environment

The main activities of the Company are sales and marketing of HP in Denmark, which we do not consider having a significant impact on external environment.

Goals and policies for the underrepresented gender

BIDK values and respects its employees' differences and actively promotes a diverse, cooperative and open working environment. We are conscious of the fact that the diversity of our markets and customers should be reflected in our workforce. For us, diversity – with focus on e.g. Gender, Geography and Generation – makes the right mix, but it is inclusion which brings out the best results from this mix. We therefore focus on encouraging an inclusive environment where diversity can thrive.

BIDK strives – at all times – to achieve (whenever possible in relation to competencies) a state of equilibrium between men and women in management, as we are convinced that diversity improves work quality and cooperation in top management through, for example, different approaches to management tasks. BIDK believes that the best innovative ideas and results comes out of ensuring equal opportunities and non-discrimination behavior, and our aspiration is to have all management teams as diverse as possible.

Target figure for the Board of Directors: BIDK's target figure for the underrepresented gender (in this case women) on the Board of Directors is set at 1:3. BIDK strives to maintain a balanced composition of women and men on the Board of Directors whenever possible in relation to competencies. The current composition is three men. The aspiration is – in case of a vacancy in the Board of Directors – to elect a woman.

Target figure for other management levels: As per 31.12.2018 there were 7 female and 7 male managers, of which 4 men are members of the daily Board of Managers (Local Management Team (LMT)). LMT consists of 4 members from BIDK and 1 from sister company Boehringer Ingelheim Animal Health Denmark A/S CVR: 13 52 69 90). Disregarding members of the board of managers, the management levels below then consist of 7 female and 3 male managers as per 31.12.2018, giving a distribution of 70/30. We will not establish any specific equality policy to increase the share of the underrepresented gender on the Board of Directors in BIDK or other management levels, as the pipeline of leaders (high volume of women in the level below) is considered sufficient to reach an equal gender distribution. Successor planning will always take diversity into consideration whenever possible in relation to competencies. BIDK has focus on the equal distribution between genders, not wishing to give one gender any preferential position compared to the other gender in relation to job and career options.

Management's review

Operating review

In 2013/2014, our parent company put Diversity and Inclusion on the agenda. All things considered, this will create more focus on various initiatives to promote equality at the corporation's management levels both globally and locally. In order to reach the above target figures/objectives for more females at management level, the Company has since 2013 focused on and implemented a number of initiatives to foster the development and support of female leaders. Since the setting of the 2013/2014 objectives, initiatives like mentor schemes and regional as well as global leadership development programs could be mentioned.

The target figure for the share of female leaders at board level for this year regarding 'a balanced composition of women and men on the board of managers' is not regarded as fulfilled, since all 3 seats are taken by men. The reason for the lack of development is a.o. the absence of changes among these management positions, which naturally limits the development. However, there will continue to be focus on this topic in case of any change of these positions.

Still, the target figure for female leaders on other management levels is highly satisfactory with a stable development. The (positive) constant development is based on the company's ongoing focus on the gender distribution in terms of internal activities to maintain and develop existing, female talents, which will also be a focus area in 2019.

The timeframe for meeting our targets is set to be in 2022 at the latest.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Revenue	2	395,282	325,630
Costs of raw materials and consumables		-268,761	-195,109
Other operating income		27,473	32,402
Other external costs		<u>-77,828</u>	<u>-81,604</u>
Gross profit		76,166	81,319
Staff costs	3	-77,092	-70,368
Depreciation, amortisation and impairment		<u>-320</u>	<u>-781</u>
Operating profit/loss		-1,246	10,170
Financial income	4	1,126	2,236
Financial expenses	5	<u>-543</u>	<u>-682</u>
Profit/Loss before tax		-663	11,724
Tax on profit/loss for the year	6	<u>-798</u>	<u>-1,611</u>
Profit/Loss for the year	7	<u><u>-1,461</u></u>	<u><u>10,113</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Land and buildings		98	127
Fixtures and fittings, tools and equipment		251	418
Leasehold improvements		0	29
		<u>349</u>	<u>574</u>
Investments	9		
Deposits		2,232	2,097
Total fixed assets		<u>2,581</u>	<u>2,671</u>
Current assets			
Inventories			
Finished goods		66,274	46,000
Receivables			
Trade receivables		37,033	34,288
Receivables from group entities		38,903	35,033
Other receivables		1,128	584
Deferred tax asset		177	192
Corporation tax		1,275	0
Prepayments	10	55	1,782
		<u>78,571</u>	<u>71,879</u>
Cash at bank and in hand		2	50
Total current assets		<u>144,847</u>	<u>117,929</u>
TOTAL ASSETS		<u><u>147,428</u></u>	<u><u>120,600</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	6,000	6,000
Retained earnings		13,809	15,270
Proposed dividends for the financial year		0	10,113
Total equity		19,809	31,383
Liabilities			
Current liabilities			
Trade payables		3,904	4,714
Payables to group entities		92,200	49,555
Corporation tax		0	4,500
Other payables		31,515	30,448
		127,619	89,217
Total liabilities		127,619	89,217
TOTAL EQUITY AND LIABILITIES		147,428	120,600
Fees to auditor appointed at the general meeting	12		
Contractual obligations, contingencies, etc.	13		
Related party disclosures	14		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2018	6,000	15,270	10,113	31,383
Ordinary dividends paid	0	0	-10,113	-10,113
Transferred over the distribution of loss	0	-1,461	0	-1,461
Equity at 31 December 2018	6,000	13,809	0	19,809

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Boehringer Ingelheim Danmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Boehringer Ingelheim Auslandsbeteiligung GmbH.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of human pharmaceuticals is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income

Other operating income comprises items secondary to the activities of the entity.

Other external costs

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

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	20 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

Depreciation period and residual value are reassessed annually.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in banks.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2018</u>	<u>2017</u>
2 Revenue - Segment information		
Information on business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.		
Geographical segments		
Revenue, Denmark	387,469	464,747
Revenue, exports	<u>7,813</u>	<u>-139,117</u>
	<u>395,282</u>	<u>325,630</u>
Business segments		
Business segments consists of only one segment.		
3 Staff costs		
Wages and salaries	71,034	64,413
Pensions	5,396	4,971
Other social security costs	450	871
Other staff costs	<u>212</u>	<u>113</u>
	<u>77,092</u>	<u>70,368</u>
Average number of full-time employees	<u>82</u>	<u>92</u>
Staff costs include remuneration of the Executive Board of DKK 4,792 thousand (2017: DKK 4,052 thousand).		
4 Financial income		
Interest income from group entities	184	343
Exchange gains	<u>942</u>	<u>1,893</u>
	<u>1,126</u>	<u>2,236</u>
5 Financial expenses		
Interest expense to group entities	286	611
Other financial costs	42	64
Exchange losses	<u>215</u>	<u>7</u>
	<u>543</u>	<u>682</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2018	2017			
6 Tax on profit/loss for the year					
Current tax for the year	695	2,842			
Deferred tax for the year	66	-39			
Adjustment of tax concerning previous years	37	59			
Adjustment of deferred tax concerning previous year	0	-1,251			
	<u>798</u>	<u>1,611</u>			
7 Proposed profit appropriation/distribution of loss					
Proposed dividends for the year	0	10,113			
Retained earnings	-1,461	0			
	<u>-1,461</u>	<u>10,113</u>			
8 Property, plant and equipment					
DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2018	477	41	4,456	4,211	9,185
Additions for the year	0	0	94	0	94
Cost at 31 December 2018	477	41	4,550	4,211	9,279
Depreciation and impairment losses at 1 January 2018	-350	-41	-4,038	-4,182	-8,611
Depreciation for the year	-29	0	-261	-29	-319
Depreciation and impairment losses at 31 December 2018	-379	-41	-4,299	-4,211	-8,930
Carrying amount at 31 December 2018	<u>98</u>	<u>0</u>	<u>251</u>	<u>0</u>	<u>349</u>

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9 Investments

DKK'000	<u>Deposits</u>
Cost at 1 January 2018	2,097
Additions for the year	<u>135</u>
Cost at 31 December 2018	<u>2,232</u>
Carrying amount at 31 December 2018	<u><u>2,232</u></u>

10 Prepayments

Prepayments concern software related prepayments till february 2019.

11 Equity

The contributed capital consists of 60 shares of a nominal value of DKK 100,000 each.

All shares rank equally.

12 Fees to auditor appointed at the general meeting

The fee to the auditor is not disclosed in accordance with the Danish Financial Statement Act section 96(3).

13 Contractual obligations, contingencies, etc.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income as well as for Danish withholding taxes through dividend tax and tax on unearned income. The total amount of tax payables is included in the annual report of Boehringer Ingelheim Danmark A/S which is the administration company in relation to the joint taxation.

Furthermore, the Company has assumed those for the branch customary repurchase commitments in respect of goods sold.

DKK'000	<u>2018</u>	<u>2017</u>
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Operating lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	9,496	6,742
Between 1 and 5	3,209	7,558
More than 5 years	<u>0</u>	<u>82</u>
	<u><u>12,705</u></u>	<u><u>14,382</u></u>

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14 Related party disclosures

Related party transactions

DKK'000	<u>2018</u>	<u>2017</u>
Sales of services to group enterprises	69,886	77,087
Interest income from group enterprises	182	343
Purchase of goods from group enterprises	286,434	240,708
Purchase of services from group enterprises	12,581	12,276
Dividend payment to parent company	10,113	0
Loans from group enterprises	0	120,000
Interest expense to group enterprises	286	1,196

Consolidated financial statements

The Company is a part of the consolidated financial statements of Boehringer Ingelheim Auslandsbeteiligung GmbH.

The consolidated financial statements can be obtained by contact to the Company.