

# Boehringer Ingelheim Danmark A/S

Strødamvej 52  
DK-2100 Copenhagen  
Denmark

CVR no. 14 45 08 07

## Annual report 2020

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

10 June 2021

Stefan Reinel  
chairman



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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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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, 10 June 2021  
Executive Board:

DocuSigned by:  
*Nicolas Dumoulin*  
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Nicolas Charles Dumoulin

Board of Directors:

DocuSigned by:  
*Stefan Kilian*  
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Stefan Helmut Kilian  
Chairman

DocuSigned by:  
*Thomas Heinrich*  
D17876947343443...  
Thomas Heinrich

DocuSigned by:  
*Nicolas Dumoulin*  
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Nicolas Charles Dumoulin



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## 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 2020 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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.



## Independent auditor's report

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.

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.



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## Independent auditor's report

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, 10 June 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'Lau Bent Baun'.

Lau Bent Baun  
State Authorised  
Public Accountant  
mne26708

A handwritten signature in blue ink, appearing to read 'Carsten Nielsen'.

Carsten Nielsen  
State Authorised  
Public Accountant  
mne30212

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## Management's review

### Company details

Boehringer Ingelheim Danmark A/S  
Strødamvej 52  
DK-2100 Copenhagen  
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  
Thomas Heinrich  
Nicolas Charles Dumoulin

### Executive Board

Nicolas Charles Dumoulin

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø  
Denmark

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## Management's review

### Financial highlights

DKK'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	409,835	422,704	395,282	325,630	770,374
Gross profit/loss	97,992	114,382	76,166	81,319	183,660
Ordinary operating profit/loss	19,304	31,466	-1,246	10,170	30,209
Profit/loss from financial income and expenses	-307	-9,594	583	1,554	2,490
Profit/loss for the year	14,386	-26,713	-1,461	10,113	22,119
<b>Balance sheet</b>					
Total assets	177,655	145,215	146,153	-53,613	363,458
Equity	7,482	-6,904	19,809	31,383	85,060
Investment in property, plant and equipment	115	126	94	0	5,627
<b>Ratios</b>					
Gross margin	23.9%	27.1%	19.3%	25.0%	23.8%
Operating margin	4.7%	7.4%	-0.3%	3.1%	3.9%
Return on invested capital	7.7%	6.2%	-5.3%	17.9%	32.4%
Current ratio	102.9%	93.8%	113.6%	66.2%	115.8%
Return on equity	4,977.9%	-252.7%	-5.7%	17.4%	23.4%
Solvency ratio	4.2%	-4.8%	13.6%	-58.5%	23.4%
<b>Employees</b>					
Average number of full-time employees	81	86	82	92	171

The financial ratios have been calculated as follows:

Gross margin 
$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

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 
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$



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## Management's review

### Operating review

#### Principal activities

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

The Company does not have its own research projects within human pharmaceuticals. The Company has been engaged in local clinical development programmes for overall R&D activities of the Group until the end of the first quarter of 2020, but not beyond as this activity has been centralized.

#### Events after the balance sheet date

No events materially affecting the annual report have occurred.

#### Development in activities and financial position

Revenue amounted to DKK 409,835 thousand in 2020, a 3% decrease compared to last year. Revenue in 2020 were lower than expected for two main reasons. First, a significant increase in parallel imported goods has affected the local sales of Jardiance, Synjardy, Pradaxa and Trajenta. Second, the epidemic of Covid-19 has significantly reduced diagnostic of COPD among Danish sufferers as patients were worried about going to see their physicians and physicians have reduced or stopped lung function measurement by fear of contamination. This has impacted negatively sales of Spiolto.

The pre-tax profit reached DKK 18,997 thousand compared to DKK 21,872 thousand in 2019.

The income statement of the Company for 2020 shows a net result of DKK 14,386 thousand and is thus returning back to an expected level after the loss incurred in 2019 that was caused by an additional tax payment resulting from a transfer pricing audit.

At 31 December 2020 the balance sheet of the Company shows equity of DKK 7,482 thousand compared to DKK -6,904 thousand at 31 December 2019.

It is Management's expectation that equity will be re-established through the Company's own earnings.

#### Outlook

The main strategy for BI HP business in Denmark rests on the following pillars:

- Expanding market leadership within diabetes with Jardiance® Family (launched July 2014) and defend the rest of BI's diabetes portfolio. Prepare the reimbursement of the new Heart Failure indication in Q3 2021.
- Further increase Ofev® (launched Q1 2015) use in Idiopathic Pulmonary Fibrosis and launch the new indications of the product after getting reimbursement.
- Continue to defend the COPD franchise by increasing Spiolto® use (launched Q3 2015) and by promoting the advantages of RespiMat reusable device (used across the portfolio).

Based on the above and an expected decrease of parallel trade activities, we expect a turnover and result in 2021 above 2020.

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## Management's review

### Operating review

#### Intellectual capital

Boehringer Ingelheim Danmark A/S holds a significant Human Capital with highly trained and experienced employees. We believe that we have superior know how on medical partnerships as well as on generation of Real World Evidence than the average of the local pharma industry. The Company also holds a significant Relational Capital with Healthcare Professionals, many of whom gave permission for digital interactions with the Company.

#### Research and development activities

The Company does not have any research and development projects but has been engaged in local clinical development programmes for overall R&D activities of the Group until the end of the first quarter of 2020, but not beyond as this activity has been centralized.

#### Particular risks

##### *Operating risks*

A significant risk continues to be fluctuating parallel import in Denmark 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. This risk has been increased by the Covid-19 situation as the Danish authorities have put in place parallel-import friendly measures with the aim to better ensure supply of medicines.

#### Corporate social responsibility

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. The company has been engaged in local clinical development programmes for overall R&D activities of the Group until the end of the first quarter of 2020, but not beyond as this activity has been centralized.

As the company is part of a larger Group, it hasn't deemed material to the business to develop any local specific policy for the following areas:

- Environmental impact
- Climate impact
- Anti-corruption
- Social and Staff matters
- Human rights

However, the company has a strong compliance policy in matters of data protection, anticorruption, anti-discrimination. Initiatives have been put in place in 2020 for sustainability: waste management, introduction of e-cars in car policy.

After careful consideration and performed risk assessment we have not identified any material risks to our business model.

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## Management's review

### Operating review

#### Goals and policies for the underrepresented gender

Target figure for the Board of Directors: *Boehringer Ingelheim Danmark A/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 skills. Target is to be achieved by 2024. 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: At 31 December 2020, there were 6 female and 8 male managers, of which 4 men are members of the daily Board of Managers (Local Management Team (LMT)). LMT consists of 4 members from *Boehringer Ingelheim Danmark A/S* and 1 from the associated 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 6 female and 4 male managers at 31 December 2020, giving a distribution of 60/40. 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.

In 2013/14, 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 2013/14 objectives, initiatives like mentor schemes and regional as well as global leadership development programmes 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 2021.

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## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2020	2019
<b>Revenue</b>	2	409,835	422,704
Costs of raw materials and consumables		-254,157	-261,874
Other operating income		8,655	21,809
Other external costs		-66,341	-68,257
<b>Gross profit</b>		97,992	114,382
Staff costs	3	-78,572	-82,798
Depreciation		-116	-118
<b>Operating profit</b>		19,304	31,466
Other financial income		17	58
Other financial expenses	4	-324	-9,652
<b>Profit before tax</b>		18,997	21,872
Tax on profit for the year	5	-4,611	-48,585
<b>Profit/loss for the year</b>	6	14,386	-26,713

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## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	7		
Land and buildings		91	69
Fixtures and fittings, tools and equipment		265	288
		<u>356</u>	<u>357</u>
<b>Investments</b>	8		
Deposits		2,261	2,233
<b>Total fixed assets</b>		<u>2,617</u>	<u>2,590</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods		110,793	88,326
<b>Receivables</b>			
Trade receivables		41,863	37,591
Receivables from group entities		21,757	14,344
Other receivables		528	393
Deferred tax asset	9	91	133
Corporation tax		0	1,797
		<u>64,239</u>	<u>54,258</u>
<b>Cash at bank and in hand</b>		6	41
<b>Total current assets</b>		<u>175,038</u>	<u>142,625</u>
<b>TOTAL ASSETS</b>		<u>177,655</u>	<u>145,215</u>

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### Balance sheet

DKK'000	Note	2020	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	10	6,000	6,000
Retained earnings		1,482	-12,904
<b>Total equity</b>		<u>7,482</u>	<u>-6,904</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other payables		<u>7,188</u>	<u>2,438</u>
<b>Current liabilities</b>			
Trade payables		1,754	9,401
Payables to group entities		130,249	108,443
Corporation tax		5,261	0
Other payables		<u>25,721</u>	<u>31,837</u>
		<u>162,985</u>	<u>149,681</u>
<b>Total liabilities</b>		<u>170,173</u>	<u>152,119</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>177,655</u>	<u>145,215</u>
<b>Contractual obligations, contingencies, etc.</b>	11		
<b>Related party disclosures</b>	12		

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### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	6,000	-12,904	-6,904
Transferred over the profit appropriation	0	14,386	14,386
<b>Equity at 31 December 2020</b>	<b>6,000</b>	<b>1,482</b>	<b>7,482</b>

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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Boehringer Ingelheim Danmark A/S for 2020 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.

Immaterial reclassifications have been made in the comparison figures to comply with the current year presentation.

#### 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.



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## Financial statements 1 January – 31 December

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#### 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.

###### Costs of raw materials and consumables

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 costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

###### Depreciation

Depreciation comprise amortisation, depreciation and impairment of 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.

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies as surcharges and refunds under the on-account tax scheme, etc.

###### Tax on profit for the year

Tax for the year consists of current tax for the year, changes in deferred tax for the year and adjustment of tax concerning previous years. 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.

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#### 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:

Land and buildings	20 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation period and residual value are reassessed annually.

Land is not depreciated.

##### Impairment on fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

##### Financial fixed assets

Financial fixed assets consist of rental deposit.

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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Inventories

Finished goods are measured at cost, comprising purchase price plus delivery costs in accordance with the weighted average 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 selling price.

##### 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 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.

##### Cash at bank and in hand

Cash and cash equivalents comprise of cash in banks.

##### Liabilities

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

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## Financial statements 1 January – 31 December

### Notes

DKK'000 2020 2019

#### 2 Revenue - Segment information

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

##### Geographical segments

Revenue, Denmark	400,152	415,124
Revenue, exports	<u>9,683</u>	<u>7,580</u>
	<u>409,835</u>	<u>422,704</u>

##### Business segments

Business segments consists of only one segment.

#### 3 Staff costs

Wages and salaries	72,494	76,012
Pensions	5,364	5,534
Other social security costs	578	1,072
Other staff costs	<u>136</u>	<u>180</u>
	<u>78,572</u>	<u>82,798</u>

Average number of full-time employees	<u>81</u>	<u>86</u>
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Pursuant to Section 98 b (3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed (2019: DKK 3,864 thousand).

#### 4 Other financial expenses

Interest expense to group entities	311	218
Other financial costs	<u>13</u>	<u>9,434</u>
	<u>324</u>	<u>9,652</u>

#### 5 Tax on profit for the year

Current tax for the year	4,569	7,455
Deferred tax for the year	42	45
Adjustment of tax concerning previous years	<u>0</u>	<u>41,085</u>
	<u>4,611</u>	<u>48,585</u>

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#### 6 Proposed profit appropriation/distribution of loss

DKK'000	2020	2019
Retained earnings	14,386	-26,713
	14,386	-26,713

#### 7 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 2020	477	41	4,676	4,211	9,405
Additions for the year	50	0	65	0	115
Cost at 31 December 2020	527	41	4,741	4,211	9,520
Depreciation at 1 January 2020	-408	-41	-4,388	-4,211	-9,048
Depreciation for the year	-28	0	-88	0	-116
Depreciation at 31 December 2020	-436	-41	-4,476	-4,211	-9,164
<b>Carrying amount at 31 December 2020</b>	91	0	265	0	356

#### 8 Financial fixed assets

DKK'000	Deposits
Cost at 1 January 2020	2,233
Additions for the year	28
Cost at 31 December 2020	2,261
<b>Carrying amount at 31 December 2020</b>	2,261

#### 9 Deferred tax assets

DKK'000	2020	2019
Deferred tax at 1 January	133	177
Deferred tax adjustment for the year in the income statement	-42	-44
	91	133

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#### 10 Equity

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

All shares rank equally.

#### 11 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>2020</u>	<u>2019</u>
<b>Operating lease obligations</b>		
<b>Lease obligations under operating leases. Total future lease payments:</b>		
Within 1 year	9,701	10,642
Between 1 and 5	<u>5,781</u>	<u>5,578</u>
	<u>15,482</u>	<u>16,220</u>

#### 12 Related party disclosures

##### Control

Boehringer Ingelheim Danmark A/S is part of the consolidated financial statements of Boehringer Ingelheim Auslandsbeteiligung GmbH, Binger Strasse 173 55216 Ingelheim, Germany, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Boehringer Ingelheim Auslandsbeteiligung GmbH can be obtained from the Group's website at: [www.boehringeringelheim.com/annual-results-press-conference](http://www.boehringeringelheim.com/annual-results-press-conference)

##### Related party transactions

DKK'000	<u>2020</u>
Sale of services to group entities	49,352
Purchase of goods from group entities	274,723
Purchase of services to group entities	21,997
Interest expense to group enterprises	311

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

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