

# **Actavis Nordic A/S**

Ørnegårdsvej 16  
2820 Gentofte

Central Business Registration no. 17 55 77 42

## **Annual Report for 2015**

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/06 2016

**Chairman**

Peter Løvgren

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## **Statement by management on the annual report**

Today, the board of directors and the executive board have discussed and approved the annual report of Actavis Nordic A/S for the financial year 1 January - 31 December 2015.

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 financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015.

In our opinion, Management's Review includes a fair review of the matters dealt with in the Management's review

We recommend the adoption of the annual report at the annual general meeting.

Gentofte, 20 June 2016

### **Executive Board**

Camilla Andrea Harder Hartvig Bjarne Palle Niemi

### **Board of Directors**

Fabian Alexander Hopkins  
chairman

Helena Bergström

Camilla Andrea Harder Hartvig

## **Independent auditor's report**

*To the Shareholder of Actavis Nordic A/S*

### **Report on the financial statements**

We have audited the financial statements of Actavis Nordic A/S for the financial year 1 January - 31 December 2015, which comprise summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### **Management's responsibility for the financial statements**

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

### **Opinion**

In our opinion, the financial statement give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

## **Independent auditor's report**

### **Statement on management's review**

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Hellerup, 20 June 2016

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR-no.33 77 12 31

Martin Lunden  
State Authorised Public Accountant

Thomas Lauritsen  
State Authorised Public Accountant

## Company details

### The company

Actavis Nordic A/S  
Ørnegårdsvej 16  
2820 Gentofte

Central Business Registration no.: 17 55 77 42

Financial year: 1 January - 31 December

Domicile: Gentofte

### Board of Directors

Fabian Alexander Hopkins, chairman  
Helena Bergström,  
Camilla Andrea Harder Hartvig

### Executive board

Camilla Andrea Harder Hartvig  
Bjarne Palle Niemi

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## Financial highlights

5-year summary:

	2015	2014	2013	2012	2011
	MDKK	MDKK	MDKK	MDKK	MDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	350	357	359	319	373
Gross profit	24	4	-15	-18	33
Result of net financials	-107	-20	-189	-1.489	-98
Profit/loss for the year	-77	-16	-202	-1.499	-65
<b>Balance sheet</b>					
Balance sheet total	333	330	414	710	1.795
Equity	-98	-21	-9	-1.219	18
<b>Financial ratios</b>					
Gross margin	6,9%	1,1%	-4,2%	-5,6%	8,8%
Solvency ratio	-29,4%	-6,4%	-2,2%	-171,7%	1,0%
Return on equity	129,4%	106,7%	32,9%	249,6%	-128,7%

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' recommendations and guidelines. For definitions, see the summary of significant accounting policies.

## **Management's review**

### **Main activity**

The objective of the Company is trading in pharmaceuticals and investment in companies trading in pharmaceuticals. Furthermore, the Company carries out related activities, including the ownership of product rights.

Geographically, the Company's activities are primarily aimed at the Nordic countries.

### **Development in the year**

The income statement of the Company for 2015 shows a loss of TDKK 77,052 and at Dec 31, 2015 the balance sheet of the Company shows equity of TDKK -98,189. This is primarily related to impairment loss from investments in subsidiaries.

On Mar 17, 2015 the combination between Actavis plc and Allergan Inc. was completed.

On Jun 15 the company officially changed the corporate name from Actavis plc to Allergan plc.

On July 27, 2015 Allergan announced that the company has entered into a definitive agreement under which Teva will acquire Allergan's legacy Actavis global generics business. As a consequence all integration activities between Allergan and Actavis were cancelled. Divestiture completion is expected by the end of June 2016.

### **Special risks – operating risks and financial risks**

The financial statements are not affected by special risks.

### **Expectations for the year ahead**

The Company expects improved results from ordinary activities in the future, but any profit/loss will primarily depend on the capital and financing structure of the Company.

### **Research and development activities**

The Company's development activities comprise registration of new products for the Group. The Company does not develop new products.

### **Corporate social responsibility, cf. section 99a of the Danish Financial Statement Act.**

Actavis Nordic's management team is accountable for the development and implementation of programmes which support the Group's ambition to contribute to health and increased quality of life in the countries where the Group operates.



## **Management's review**

### **Environmental policy**

The Company does not have an environmental policy.

### **Human rights**

The Company does not have a human rights policy.

### **Statutory Report on the underrepresented gender, cf. section 99b of the Danish Financial Statement Act**

In 2015 3 members are elected to the Board of Directors, it consists of 2 women and 1 man. There has been achieved equitable distribution on the board, why there is not set targets for achieving equitable distribution. In 2015, the Executive Board comprised of two members, one of whom is a woman and the other is a man. Equitable balance in the other layers of management have been achieved, therefore no policies have been created to increase the share of the underrepresented sex in the other management layers.

### **Uncertainties relating to recognition and measurement**

Part of the Company's transactions is settled in foreign currencies. Therefore, changes in foreign exchange rates have a considerable effect on recognition and measurement.

Interest rate risks primarily relate to the Company's interest-bearing debt to group enterprises. The debt carries a floating interest rate.

Hedging of interest rate and currency risks is handled by Group Treasury.

### **Unusual events**

In the opinion of Management, the financial statements are not affected by any exceptional circumstances.

### **Subsequent events**

No subsequent events have occurred beside the above-mentioned Teva acquisition.

## **Accounting policies**

The annual report of Actavis Nordic A/S for 2015 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are consistent with those applied last year.

The annual report for 2015 is presented in TDKK.

In pursuance of section 112(1) and section 86(4) of the Danish Financial Statements Act, consolidated financial statements and cash flow statement have not been prepared. The financial statements of Actavis Nordic A/S are included in the consolidated financial statements of Allergan plc., US.

### **Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate 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 financial income or financial expenses.

## **Accounting policies**

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### **Cost of goods sold**

Cost of goods sold include the raw materials and consumables used in generating the year's revenue.

#### **Other external expenses**

Other external expenses include expenses related to distribution, sale, administration, premises, bad debts, etc.

#### **Financial income and expenses**

Financial income and expenses include interest and realised and unrealised exchange adjustments.

#### **Income from investments in subsidiaries**

Dividend from investments is recognised in the reporting year in which the dividend is declared.

#### **Tax on profit/loss for the year**

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## **Accounting policies**

### **Balance sheet**

#### **Intangible assets**

On initial recognition, intangible assets are measured at cost.

Product rights acquired are measured at the lower of cost less accumulated amortisation and recoverable amount. The amortisation period is five years and amortisation is commenced when the product rights are put to use.

#### **Impairment of fixed assets**

The carrying amount of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

#### **Investments in subsidiaries**

Investment in subsidiaries are measured at cost. Where the cost exceeds the net realisable value, the carrying amount is reduced to such lower value.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provision.

Dividends received are recognised in the income statement in the financial year in which they are declared. If proposed dividends exceed accumulated earnings after the acquisition date, dividends are however recognised as a reduction of the cost of the investments.

The carrying amount of investments in subsidiaries is subject to an annual test for indications of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Impairment losses are recognised in the income statement.

## **Accounting policies**

### **Stocks**

Stocks are measured at using FIFO method. Where the net realisable value is lower than the cost, inventories are carried at this lower value.

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

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

The cost of finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries.

### **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 debt. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### **Prepayments**

Prepayments comprise costs incurred concerning subsequent financial years.

### **Income tax and deferred tax**

Actavis Nordic A/S assumes, in its capacity as management company, the liability for the subsidiaries' payment of income tax to the tax authorities as the joint taxation contributions of the subsidiaries are received.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as income tax receivable or income tax payable, respectively.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

## Accounting policies

Deferred tax is adjusted for elimination of unrealised intra-group gains and losses.

Deferred tax is measured on the basis of the taxation rules and taxation rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debts are measured at net realisable value.

### Financial highlights

Definitions of financial ratios

Gross margin ratio

$\text{Gross Profit} \times 100 / \text{Revenue}$

Solvency ratio

$\text{Equity at year end} \times 100 / \text{Total assets}$

Return on equity

$\text{Net profit for the year} \times 100 / \text{Average equity}$

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
<b>Revenue</b>	2	<b>349.994</b>	<b>357.410</b>
Cost of goods sold		-287.296	-312.392
Other external expenses		-38.892	-41.068
<b>Gross profit</b>		<b>23.806</b>	<b>3.950</b>
Depreciation, amortisation and impairment of intangible assets		-33	-162
<b>Profit/loss before financial income and expenses</b>		<b>23.773</b>	<b>3.788</b>
Income from investments in subsidiaries	3	-93.344	-763
Financial income	4	383	286
Financial costs	5	-13.960	-19.743
<b>Profit/loss before tax</b>		<b>-83.148</b>	<b>-16.432</b>
Tax on profit/loss for the year	6	6.096	412
<b>Net profit/loss for the year</b>		<b>-77.052</b>	<b>-16.020</b>
<b>Proposed distribution of profit</b>			
Retained earnings		-77.052	-16.020
		<b>-77.052</b>	<b>-16.020</b>

## Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
<b>Assets</b>			
Acquired patents		3	36
<b>Intangible assets</b>	7	<u>3</u>	<u>36</u>
Investments in subsidiaries	8	112.642	205.986
<b>Fixed asset investments</b>		<u>112.642</u>	<u>205.986</u>
<b>Fixed assets total</b>		<u>112.645</u>	<u>206.022</u>
Raw materials and consumables		126.869	98.356
<b>Stocks</b>		<u>126.869</u>	<u>98.356</u>
Receivables from subsidiaries		86.570	19.018
Corporation tax		3.672	2.734
Prepayments		857	1.244
<b>Receivables</b>		<u>91.099</u>	<u>22.996</u>
<b>Cash at bank and in hand</b>		<u>1.918</u>	<u>2.679</u>
<b>Current assets total</b>		<u>219.886</u>	<u>124.031</u>
<b>Assets total</b>		<u>332.531</u>	<u>330.053</u>



## Balance sheet at 31 December

	<u>Note</u>	<u>2015</u> TDKK	<u>2014</u> TDKK
<b>Liabilities and equity</b>			
Share capital		951	951
Retained earnings		<u>-99.140</u>	<u>-22.088</u>
<b>Equity total</b>	9	<u><b>-98.189</b></u>	<u><b>-21.137</b></u>
Payables to subsidiaries		<u>326.138</u>	<u>278.167</u>
<b>Long-term debt</b>	10	<u><b>326.138</b></u>	<u><b>278.167</b></u>
Trade payables		3.067	23.833
Payables to subsidiaries		98.134	47.008
Other payables		<u>3.381</u>	<u>2.182</u>
<b>Short-term debt</b>		<u><b>104.582</b></u>	<u><b>73.023</b></u>
<b>Debt total</b>		<u><b>430.720</b></u>	<u><b>351.190</b></u>
<b>Liabilities and equity total</b>		<u><b>332.531</b></u>	<u><b>330.053</b></u>
Capital position	1		
Contingent liabilities	11		
Fee to auditors appointed at the general meeting	12		
Related parties and ownership	13		

## Notes to the Annual Report

### 1 Capital position

In consequence of the negative results and because equity is negative in the amount of DKK -98,189k, the Company is subject to the capital loss provisions of the Danish Companies Act.

Actavis Group ehf. has issued a Letter of Support in which it is stated that they will support the Company financially to the extent necessary to finance its operating activities and to settle its financial obligations, and that the Actavis Group will subordinate their receivables in favour of other creditors. The Letter of Support is effective until 20 June 2017.

Therefore, it is the opinion of the Board of Directors and the Executive Board that based on the Letter of Support the Company's capital resources are sufficient for the Company to continue as a going concern, and consequently, the Annual Report is prepared based on a going concern assumption.

In 2016, the Company's shareholders will decide on the future capital structure of the Company, including how to solve the capital loss issue.

### 2 Information on segments

#### Geographical segment

	<u>Denmark</u>	<u>Finland</u>	<u>Sweden</u>	<u>Norway</u>	<u>Others</u>	<u>Total</u>
<b>TDKK</b>						
<b>2015</b>						
Revenue	149.364	151.600	23.445	11.454	14.131	349.994
<b>2014</b>						
Revenue	168.814	161.945	22.821	3.830	0	357.410

### 3 Income from investments in subsidiaries

	<u>2015</u>	<u>2014</u>
	<u>TDKK</u>	<u>TDKK</u>
Loss from sale of subsidiary	<u>-93.344</u>	<u>-763</u>
	<u><b>-93.344</b></u>	<u><b>-763</b></u>

## Notes to the Annual Report

	<u>2015</u> TDKK	<u>2014</u> TDKK
<b>4 Financial income</b>		
Exchange gains	<u>383</u>	<u>286</u>
	<b><u>383</u></b>	<b><u>286</u></b>
<b>5 Financial costs</b>		
Interest paid to subsidiaries	12.552	19.363
Other financial costs	0	1
Exchange loss	<u>1.408</u>	<u>379</u>
	<b><u>13.960</u></b>	<b><u>19.743</u></b>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	-3.672	-2.734
Adjustment of tax concerning previous years	<u>-2.424</u>	<u>2.322</u>
	<b><u>-6.096</u></b>	<b><u>-412</u></b>

The Company has a deferred tax asset in the amount of DKK 56,4 million at 31 December 2015 (2014: 75,2 million) relating to non-current assets and tax loss carryforwards. Due to uncertainty to the timing of future utilisation, the deferred tax asset is recognised af DKK 0.

**Notes to the Annual Report**

**7 Intangible assets**

	<u>Acquired patents</u>
Cost at 1 January 2015	<u>65.376</u>
Cost at 31 December 2015	<u>65.376</u>
Impairment losses and amortisation at 1 January 2015	65.340
Depreciation for the year	<u>33</u>
Impairment losses and amortisation at 31 December 2015	<u>65.373</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>3</u></b>

## Notes to the Annual Report

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
<b>8 Investments in subsidiaries</b>		
Cost at 1 January 2015	2.178.928	2.222.691
Disposals for the year	<u>0</u>	<u>-43.763</u>
Cost at 31 December 2015	<u>2.178.928</u>	<u>2.178.928</u>
Revaluations at 1 January 2015	-1.972.942	-1.972.942
Revaluations for the year, net	<u>-93.344</u>	<u>0</u>
Revaluations at 31 December 2015	<u>-2.066.286</u>	<u>-1.972.942</u>
<b>Carrying amount at 31 December 2015</b>	<b><u>112.642</u></b>	<b><u>205.986</u></b>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
Actavis Holding AB	Sweden	SEK 1.000.000	100%	76.598	11
- Actavis AB	Sweden	SEK 1.000.000	100%	16.916	14.299
Actavis A/S	Denmark	DKK 884.000	100%	20.857	6.248
Actavis OY	Finland	EUR 16.000	100%	-691	429
UAB Actavis Baltic	Lithuania	EUR 10.000	100%	1.239	379
Actavis Holding Germany GmbH *	Germany	EUR 25.500	100%	-11.631	-3.720
- Medis Pharma GmbH*		EUR 25,000	100%	1.294	0

\* Annual report numbers are based on the latest public numbers as of 31 December 2014.

## Notes to the Annual Report

### 9 Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	951	-22.088	-21.137
Net profit/loss for the year	0	-77.052	-77.052
<b>Equity at 31 December 2015</b>	<b>951</b>	<b>-99.140</b>	<b>-98.189</b>

The share capital consists of 951.004 shares of a nominal value of DKK 1. No shares carry any special rights.

During the last 5 years the share capital has been increased with DKK 1 in 2012, DKK 2 in 2013 and DKK 1 in 2014.

### 10 Long term debt

	<u>2015</u>	<u>2014</u>
	TDKK	TDKK
<b>Payables to subsidiaries</b>		
Between 1 and 5 years	326.138	278.167
Non-current portion	326.138	278.167
Other short-term debt to subsidiaries	98.134	47.008
Current portion	98.134	47.008
	<b>424.272</b>	<b>325.175</b>

## Notes to the Annual Report

### 11 Contingent liabilities

The Company has entered into a series of contracts for product rights under which the Company is to pay for the rights if they are applied on export markets.

	<u>2015</u> TDKK	<u>2014</u> TDKK
<b>12 Fee to auditors appointed at the general meeting</b>		
PricewaterhouseCoopers:		
Audit fee	264	256
Non-audit services	<u>237</u>	<u>188</u>
	<u><b>501</b></u>	<u><b>444</b></u>

### 13 Related parties and ownership

#### Ownership

According to the Company's register of shareholders, the following shareholders hold a minimum of 5% of the voting rights or a minimum of 5% of the share capital:

Actavis Holding NWE B.V., Netherland

#### Consolidated financial statements

Actavis Nordic A/S is included in the consolidated financial statements of Allergan plc., US.

The consolidated financial statements of Allergan plc., US, can be obtained via the Group Company's homepage: [www.allergan.com](http://www.allergan.com)