

# Sanofi-aventis Denmark A/S

Slotsmarken 13, DK-2970 Hørsholm

CVR no. 19 06 43 01

## Annual report

for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on 29 May 2017

Chairman:

A handwritten signature in blue ink is written over a horizontal dotted line. The signature is stylized and appears to be 'Sørensen'.

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Sanofi-aventis Denmark A/S for the financial year 1 January - 31 December 2016.


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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Hørsholm, 29 May 2017  
Executive Board:

  
Charlotte Søby Vestergaard

Board of Directors:

  
Kirstin Jagd  
Chairman  
Charlotte Søby Vestergaard  
Rasmus Villemoes

## Independent auditor's report

To the shareholders of Sanofi-aventis Denmark A/S

### Opinion

We have audited the financial statements of Sanofi-aventis Denmark A/S for the financial year 1 January - 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 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 responsibilities 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 as 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of the 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 skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the 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.

## Independent auditor's report

- u 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 conclusion is 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.
- u Evaluate the overall presentation, structure and contents of the financial statements, including the note 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 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 our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Christian Schwenn Johansen  
State Authorised Public Accountant

## Management's review

### Company details

Name	Sanofi-aventis Denmark A/S
Address, Postal code, City	Slotsmarken 13, DK-2970 Hørsholm
CVR no.	19 06 43 01
Established	15 January 1996
Registered office	Hørsholm
Financial year	1 January - 31 December
Website	<a href="http://www.sanofi-aventis.dk">www.sanofi-aventis.dk</a>
Board of Directors	Kirstin Jagd, Chairman Charlotte Søby Vestergaard Rasmus Villemoes
Executive Board	Charlotte Søby Vestergaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

## Management's review

### Financial highlights

DKK'000	2016	2015	2014	2013	2012
<b>Key figures</b>					
Revenue	435,538	393,188	304,314	255,285	291,098
Operating profit/loss	12,337	36,442	21,108	8,412	13,171
Net financials	-819	-444	-598	128	213
Profit/loss for the year	7,689	26,123	25,013	-16,168	8,839
<b>Total assets</b>					
Investment in property, plant and equipment	0	0	0	226	0
Equity	32,546	59,857	68,734	78,721	128,312
<b>Financial ratios</b>					
Operating margin	2.8%	9.3%	6.9%	3.3%	4.5%
Gross margin	21.1%	29.0%	30.2%	28.5%	78.0%
Return on assets	6.4%	20.7%	13.1%	4.7%	7.7%
Current ratio	119.3%	143.5%	172.2%	162.6%	212.6%
Solvency ratio	17.0%	31.2%	43.0%	48.5%	65.6%
Return on equity	16.6%	40.6%	33.9%	-15.6%	9.8%
<b>Average number of employees</b>					
	78	79	87	74	69

## Management's review

### Management commentary

#### Business review

Sanofi-aventis Denmark A/S is engaged in the sale of originally produced prescription drugs and participates in extensive cooperation on clinical trials of present and future products. The Company's main activities are within diabetes, oncology and cardio-vascular illnesses.

#### Recognition and measurement uncertainties

Management evaluates that no certain risks are related to recognition and measurement in connection with the presentation of the annual report.

#### Financial review

In 2016, the Company's revenue amounted to DKK 435,538 thousand against DKK 393,188 thousand last year. The income statement for 2016 shows a profit of DKK 7,689 thousand against DKK 26,123 thousand last year, and the balance sheet at 31 December 2016 shows equity of DKK 32,546 thousand. In the annual report for 2016, Management expected a revenue in the range of DKKm 400m and a profit in the range of DKKm 8-10. Management considers the Company's financial performance in the year satisfactory.

The Company consider the result for the year to be satisfactory.

#### Knowledge resources

The Company's future economic viability is dependent on the research and development work undertaken by the group, which is described further below. As the Company's activities consist of marketing, sale and distribution, knowledge resources in these areas are of significant importance to the future success of the business.

#### Special risks

Parallel imports and changes in the European reference prices have an impact on the performance of the Company.

#### Impact on the external environment

Management does not consider the Company's impact on the external environment significant.

#### Research and development activities

Future income from products is dependent on the success of research and development activities within the group.

#### Statutory CSR report

The Company has not drawn up any CSR policies, including human rights, environment and climate impact, as the parent has done so for the entire group. Reference to the parents CSR reporting is <http://en.sanofi.com/csr/csr.aspx> and the full CSR report may be downloaded from the direct link: [http://en.sanofi.com/Images/47679\\_CSR\\_Report\\_2015\\_EN.pdf](http://en.sanofi.com/Images/47679_CSR_Report_2015_EN.pdf)

#### Account of the gender composition of Management

The Company has a policy for the gender composition of Management. The Company's Management has equal gender representation, with the Executive Board comprising of 1 woman and the Board of Directors comprising of 2 women and 1 man. In addition to this, the Company has a equal gender representation at the other executive levels, including the Company's head of department and team leaders.



## Management's review

### Management commentary

#### Events after the balance sheet date

No post balance sheet events have been identified, which could have a material impact on the financial statements for 2016.

Sanofi global has made a business swop with Boehringer Ingelheim whereby Sanofis animal health business is exchanged with Boehringer Ingelheim's consumer healthcare (CHC) business. Sanofi Aventis Denmark A/S will benefit from this transaction by adding the CHC business from BI from January 1st 2017.

To optimize distribution flow sales to Iceland has been transferred to the Sanofi affiliate in Norway.

#### Outlook

Sanofi-aventis will introduce new products within its strategic focus areas the coming years, which is anticipated to have a positive effect on the sales performance.

Furthermore, the expectations for the future sales performance and earnings in the Company are that the market share for parallel imports do not exceed the Company's expectations and that the reimbursement rules and prices in the market remain relative stable.

The management expects the revenue to be in the range of DKKm 450 and a profit in the range of DKKm 10 for the financial year of 2017.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
2	Revenue	435,538	393,188
	Cost of sales	-304,968	-245,983
3	Other operating income	11,042	12,064
	Other external expenses	-49,868	-45,273
	Gross margin	91,744	113,996
4	Staff costs	-78,970	-77,029
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-437	-525
	Profit before net financials	12,337	36,442
6	Financial income	110	42
7	Financial expenses	-929	-486
	Profit before tax	11,518	35,998
8	Tax for the year	-3,829	-9,875
	Profit for the year	7,689	26,123

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2016</u>	<u>2015</u>
	ASSETS		
	Fixed assets		
9	Intangible assets		
	Acquired intangible assets	337	652
		<u>337</u>	<u>652</u>
10	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	69	186
	Leasehold improvements	0	7
		<u>69</u>	<u>193</u>
	Investments		
	Other receivables	1,468	1,481
		<u>1,468</u>	<u>1,481</u>
	Total fixed assets	<u>1,874</u>	<u>2,326</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	70,126	62,062
		<u>70,126</u>	<u>62,062</u>
	Receivables		
	Trade receivables	54,963	59,310
	Receivables from group entities	57,085	63,135
12	Deferred tax assets	2,270	1,320
	Other receivables	469	293
	Prepayments	990	1,605
		<u>115,777</u>	<u>125,663</u>
	Cash	3,509	1,995
	Total non-fixed assets	<u>189,412</u>	<u>189,720</u>
	TOTAL ASSETS	<u><u>191,286</u></u>	<u><u>192,046</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	<u>2016</u>	<u>2015</u>
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	7,000	7,000
	Retained earnings	546	17,857
	Dividend proposed for the year	<u>25,000</u>	<u>35,000</u>
	Total equity	<u>32,546</u>	<u>59,857</u>
	Liabilities		
	Current liabilities		
	Trade payables	10,115	8,064
	Payables to group entities	104,057	77,974
	Income taxes payable	439	5,788
	Other payables	<u>44,129</u>	<u>40,363</u>
		<u>158,740</u>	<u>132,189</u>
	Total liabilities other than provisions	<u>158,740</u>	<u>132,189</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>191,286</u></u>	<u><u>192,046</u></u>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Fee to the auditors appointed by the Company in general meeting

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed for the year</u>	<u>Total</u>
Equity at 1 January 2016	7,000	17,857	35,000	59,857
17 Transfer, see "Appropriation of profit"	0	-17,311	25,000	7,689
Dividend distributed	<u>0</u>	<u>0</u>	<u>-35,000</u>	<u>-35,000</u>
Equity at 31 December 2016	<u>7,000</u>	<u>546</u>	<u>25,000</u>	<u>32,546</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

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

#### Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the Company is prepared, as the Company's cash flows are part of the consolidated cash flow statement for Sanofi-aventis Participations SA, which can be required from the following homepage: [www.sanofi.com](http://en.sanofi.com/Images/49288_20-F_2016.pdf) (direct link: [http://en.sanofi.com/Images/49288\\_20-F\\_2016.pdf](http://en.sanofi.com/Images/49288_20-F_2016.pdf)).

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

#### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Income statement

##### Revenue

Revenue is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year-end;
- a binding sales agreement has been made;
- the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

##### Other external expenses

Other external expenses include expenses related to distribution, sale, administration, premises, bad debts, lease payments under operating leases, etc.

##### Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	3-5 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	3-10 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised exchange gains and allowances under the advance-payment-of-tax scheme, etc.

##### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

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

#### Balance sheet

##### Intangible assets

Intangible assets comprise software licences.

Intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Property, plant and equipment comprise other fixtures, fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and write-downs.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realisable value.

The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash and cash equivalents comprise cash which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

#### Equity

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

#### Other payables

Other payables are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

##### Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK'000	2016	2015
2 Segment information		
General Medicines	50,888	57,021
Sanofi Genzyme	282,015	245,710
Diabetes & CV	102,635	90,457
	<u>435,538</u>	<u>393,188</u>

Sanofi Aventis Denmark A/S has split the sales on segments reflecting the new global business unit structure implemented from 2016. General medicine impacted by price erosion and parallel import however keeping stable sales due to more focus on core products. Sanofi Genzyme showing continued growth from all products within the portfolio, but main growth coming from the launch of new products within Multiple Sclerosis. Diabetes and Cardiovascular business unit also growing versus 2015 despite generic competition. Growth driven by strong Diabetes performance on all core products.

Breakdown of revenue by geographical segment:

Exports	2,436	1,179
Domestic	433,102	392,009
	<u>435,538</u>	<u>393,188</u>

### 3 Other operating income

Other operating income is related to cross charge of services provided to other Sanofi group entities due to functions having regional responsibilities.

DKK'000	2016	2015
4 Staff costs		
Wages/salaries	72,681	70,969
Pensions	5,656	5,500
Other social security costs	618	560
Other staff costs	15	0
	<u>78,970</u>	<u>77,029</u>
Average number of full-time employees	<u>78</u>	<u>79</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK'000	2016	2015
5 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	315	327
Depreciation of property, plant and equipment	122	198
	<u>437</u>	<u>525</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

	DKK'000	2016	2015
6	Financial income		
	Interest receivable, group entities	22	40
	Other interest income	0	2
	Other financial income	88	0
		<u>110</u>	<u>42</u>
	DKK'000	2016	2015
7	Financial expenses		
	Interest expenses, group entities	44	73
	Exchange adjustments	520	12
	Interest surcharges and tax recognised under net financials	273	294
	Other financial expenses	92	107
		<u>929</u>	<u>486</u>
	DKK'000	2016	2015
8	Tax for the year		
	Estimated tax charge for the year	4,896	9,324
	Deferred tax adjustments in the year	-950	551
	Tax adjustments, prior years	-117	0
		<u>3,829</u>	<u>9,875</u>

Tax adjustments, prior years, relates to a tax adjustment for income year 2013 for the former subsidiary, Genzyme Biosurgery ApS.

9	Intangible assets	
	DKK'000	Acquired intangible assets
	Cost at 1 January 2016	<u>1,633</u>
	Cost at 31 December 2016	<u>1,633</u>
	Impairment losses and amortisation at 1 January 2016	981
	Amortisation/depreciation in the year	315
	Impairment losses and amortisation at 31 December 2016	<u>1,296</u>
	Carrying amount at 31 December 2016	<u>337</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 10 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2016	1,550	226	1,776
Cost at 31 December 2016	1,550	226	1,776
Impairment losses and depreciation at 1 January 2016	1,364	219	1,583
Amortisation/depreciation in the year	117	7	124
Impairment losses and depreciation at 31 December 2016	1,481	226	1,707
Carrying amount at 31 December 2016	69	0	69

#### 11 Share capital

The Company's share capital has remained DKK 7,000 thousand over the past 5 years, made up of 70,000 class A-shares of DKK 100 each.

DKK'000	2016	2015
12 Deferred tax		
Deferred tax at 1 January	-1,320	-1,871
Adjustment of the deferred tax charge for the year	-950	551
Deferred tax at 31 December	-2,270	-1,320
Analyses of the deferred tax		
Deferred tax assets	-2,270	-1,320
	-2,270	-1,320

Deferred tax asset related to timing differences on accounting and tax values of PPE, inventories and provisions.

#### 13 Contractual obligations and contingencies, etc.

##### Other financial obligations

##### Other rent and lease liabilities:

DKK'000	2016	2015
Rent and lease liabilities	10,945	10,525

Rent and lease liabilities include a rent obligation totalling DKK 5.026 thousand (2015: DKK 5,628 thousand) in interminable rent agreements with remaining contract terms of 1-5 years with DKK 3.265 thousand (2015: DKK 3,216 thousand) falling due in the next 12 months.

Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 2,653 thousand (2015: DKK 4,897 thousand) with remaining contract terms of 1-5 years, with DKK 2,653 thousand (2015: DKK 2,242 thousand) falling due in the next 12 months.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

#### 15 Related parties

Sanofi-aventis Denmark A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Sanofi-Aventis Participations SA	France	Parent company
Sanofi SA	France	Ultimate parent company

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Sanofi SA	France	<a href="http://en.sanofi.com/Image/s/49288_20-F_2016.pdf">http://en.sanofi.com/Image/s/49288_20-F_2016.pdf</a>

##### Related party transactions

Sanofi-aventis Denmark A/S was engaged in the below related party transactions:

DKK'000	2016	2015
Purchase of goods	227,187	211,398
NOBA recharge	11,042	12,958
Employee related cross charges	7,369	5,724
R&D rebilling	6,401	7,122
Shared services and IT charges	3,261	2,138
Sale of goods	2,436	1,179
Recharge non related DK costs	533	941
Study transactions	419	497
Meetings and conferences	-1,290	-187
Insurance	-115	-75
Receivables from sister companies	58,024	63,135
Payables to sister companies	104,057	77,974

The aforementioned transactions during the year are with sister companies.

DKK'000	2016	2015
16 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	230	230
	230	230
DKK'000	2016	2015
17 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	25,000	35,000
Retained earnings/accumulated loss	-17,311	-8,877
	7,689	26,123