

# Sanofi A/S

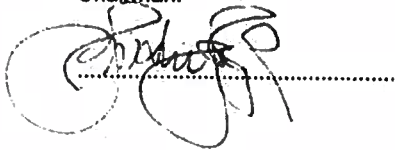
Lyngbyvej 2, DK-2100 København

CVR no. 19 06 43 01

## Annual report

for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 30 June 2020  
Chairman:



A handwritten signature in black ink, appearing to be 'Anders', is written over a horizontal dotted line. The signature is stylized and includes a large circular flourish on the left side.

## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
<b>Financial statements 1 January - 31 December</b>	<b>9</b>
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	13

**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 A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

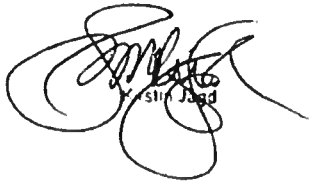
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 30 June 2020  
Executive Board

Rasmus Villemoes

Board of Directors



Søren Jørgensen



Peter Wester Oldenzel



Rasmus Villemoes

## **Independent auditor's report**

### **To the shareholders of Sanofi A/S**

#### **Opinion**

We have audited the financial statements of Sanofi A/S for the financial year 1 January - 31 December 2019, which comprise 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

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.

#### **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 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 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 scepticism 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.

## Independent auditor's report

- 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 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Copenhagen, 30 June 2020  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Alex Petersen  
State Authorised Public Accountant  
mne28604

## **Management's review**

### **Company details**

Name	Sanofi A/S
Address, Postal code, City	Lyngbyvej 2, DK-2100 København
CVR no.	19 06 43 01
Established	15 January 1996
Registered office	København
Financial year	1 January - 31 December
Website	<a href="http://www.sanofi.dk">www.sanofi.dk</a>
Board of Directors	Kirstin Jagd Peter Wester Oldenzel Rasmus Villemoes
Executive Board	Rasmus Villemoes
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg, Denmark
Bankers	Danske Bank BNP

## Management's review

### Financial highlights

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	485.721	433.862	421.220	435.538	393.188
Operating profit/loss	10.863	-2.108	16.884	12.337	36.442
Net financials	-278	-317	-296	-819	-444
<b>Profit/loss for the year</b>	<b>7.223</b>	<b>-3.056</b>	<b>11.630</b>	<b>7.689</b>	<b>26.123</b>
<b>Balance sheet</b>					
Total assets	164.664	176.845	160.424	191.286	192.046
Investments in tangible fixed assets	1.441	3.317	0	0	0
<b>Equity</b>	<b>36.843</b>	<b>16.120</b>	<b>19.176</b>	<b>32.546</b>	<b>59.857</b>
<b>Financial ratios</b>					
Operating margin	2,2%	-0,5%	4,0%	2,8%	9,3%
Gross margin	23,6%	22,7%	26,9%	21,1%	29,0%
Return on assets	6,6%	-1,2%	9,6%	6,4%	20,7%
Current ratio	110,0%	106,3%	112,3%	119,3%	143,5%
Equity ratio	14,2%	9,1%	12,0%	17,0%	31,2%
Return on equity	36,6%	-17,3%	45,0%	16,6%	40,6%
<b>Personnel</b>					
<b>Average number of employees</b>	<b>99</b>	<b>97</b>	<b>95</b>	<b>78</b>	<b>79</b>

## Management's review

### Business review

Sanofi 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 immunology, vaccines, diabetes, oncology, multiple sclerosis, rare diseases 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 2019, the Company's revenue amounted to DKK 485.721 thousand against DKK 433.862 thousand last year. The income statement for 2019 shows a profit of DKK 7.223 thousand against DKK -3.056 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 23.353 thousand, therefore management considers the Company's financial performance in the year satisfactory. For the financial year 2020 management expects a revenue in the range of DKK 500M and a profit in the range of DKK 7-10M.

As of 1 January 2019, Sanofi A/S started selling vaccine products.

### 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. Furthermore, the Company is dependent on the supply chain of products from the Sanofi Group, and any production stop or shut down at manufacturing sites may impact the supply chain to customers in Denmark and hence impact the revenue for 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.

### Statement of corporate social responsibility

Sanofi A/S has not adopted local formal policies on CSR, including human rights, environmental and climate issues, social and employee conditions as well as anti-corruption, because it has been assessed by management that the impact on the aforementioned areas are minimal.



## Management's review

### **Account of the gender composition of Management, cf. Danish Financial Statement Act §99b**

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 1 woman and 2 men. In addition to this, the Company has an equal gender representation at the other executive levels, including the Company's heads of departments and team leaders.

### **Events after the balance sheet date**

After the balance sheet date 31 December 2019, the COVID-19 virus impacted Denmark. Management considers the outbreak to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### **Outlook**

The Company 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 DKK 500M and a profit in the range of DKK 7-10M for the financial year of 2020.

At the time of the signature of the financial statements, management has not been in a position to quantify the financial impact of the COVID-19 virus on the outlook for 2020.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2019	2018
2	<b>Revenue</b>	485.721	433.862
	Cost of sales	-334.147	-292.717
3	Other operating income	18.894	19.149
	Other external expenses	<u>-55.527</u>	<u>-61.622</u>
	<b>Gross margin</b>	114.941	98.672
4	Staff costs	-103.010	-100.669
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	<u>-963</u>	<u>-111</u>
	<b>Profit before net financials</b>	10.968	-2.108
6	Financial income	0	38
7	Financial expenses	<u>-278</u>	<u>-355</u>
	<b>Profit before tax</b>	10.690	-2.425
8	Tax for the year	<u>-3.466</u>	<u>-631</u>
	<b>Profit for the year</b>	<u>7.223</u>	<u>-3.056</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
9	<b>Intangible assets</b>		
	Goodwill	<u>4.078</u>	<u>219</u>
		<u>4.078</u>	<u>219</u>
10	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	401	1.295
	Leasehold improvements	<u>3.674</u>	<u>2.022</u>
		<u>4.075</u>	<u>3.317</u>
11	<b>Investments</b>		
	Other receivables	<u>997</u>	<u>2.467</u>
		<u>997</u>	<u>2.467</u>
	<b>Total fixed assets</b>	<u>9.150</u>	<u>6.003</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Finished goods and goods for resale	<u>65.889</u>	<u>85.497</u>
		<u>65.889</u>	<u>85.497</u>
	<b>Receivables</b>		
	Trade receivables	50.713	38.430
	Receivables from group entities	26.833	29.650
13	Deferred tax assets	1.150	2.288
	Income taxes receivable	1.150	2.786
	Other receivables	155	1.649
	Prepayments	<u>1.623</u>	<u>3.856</u>
		<u>81.624</u>	<u>78.659</u>
	<b>Cash</b>	<u>8.001</u>	<u>6.685</u>
	<b>Total non-fixed assets</b>	<u>155.514</u>	<u>170.841</u>
	<b>TOTAL ASSETS</b>	<u>164.664</u>	<u>176.844</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
12	Share capital	7.000	7.000
	Proposed dividends	13.500	0
	Retained earnings	<u>2.843</u>	<u>9.120</u>
	<b>Total equity</b>	<b><u>23.343</u></b>	<b><u>16.120</u></b>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities</b>		
20	Long-term debt	<u>3.476</u>	<u>0</u>
	<b>Total non-current liabilities</b>	<b><u>3.476</u></b>	<b><u>0</u></b>
	<b>Current liabilities other than provisions</b>		
	Trade payables	21.309	14.690
	Payables to group entities	73.937	101.684
	Other payables	<u>42.598</u>	<u>44.351</u>
		<u>137.844</u>	<u>160.725</u>
	<b>Total liabilities other than provisions</b>	<b><u>141.320</u></b>	<b><u>176.845</u></b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>164.664</u></b>	<b><u>176.845</u></b>

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

**Financial statements 1 January - 31 December**

Note	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2019	7.000	9.120	0	16.120
18	Transfer, see "Appropriation of profit"	<u>0</u>	<u>-6.277</u>	<u>13.500</u>	<u>7.223</u>
	<b>Equity at 31 December 2019</b>	<u><b>7.000</b></u>	<u><b>2.843</b></u>	<u><b>13.500</b></u>	<u><b>23.343</b></u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

#### 1 Accounting policies

The annual report for Sanofi A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

#### 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://www.sanofi.com)

<https://www.sanofi.com/en/investors>

#### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concern matters existing on the balance sheet date.

#### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

##### Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer. Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

The Company considers whether there are other promises in the revenue contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discounts and rebates). In determining the transaction price for the sale of products, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

##### Cost of sales

Cost of sales include costs for the purchase of raw materials and consumables less discounts and changes in inventories

##### Other operating income

Other operating income comprises accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

##### Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

##### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

##### Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

##### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

##### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

the equity with the share referring to entries directly on the equity.

The balance sheet

#### Intangible assets

Intangible assets comprise software licences.

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Software amortisation is 3 years.

Gain and loss from the sale of intangible assets are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

#### Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 7 years.

#### Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and write-down. The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight-line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other plants, operating assets, fixtures and furniture	3-10 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively, the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

##### Write-down of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Write-down takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised write-down is reversed when the condition for the write-down no longer exists. Write-down relating to goodwill is not reversed.

##### Decoration of rented premises

Decoration of rented premises are measured at cost with deduction of accrued depreciation. Depreciation takes place on a straight-line basis over the estimated useful life of the asset, which is set at 5 years.

##### Inventories

Inventories are measured at cost based on the FIFO method. In case the net realisable value of the inventories are lower than the cost, write-down takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under assets comprise incurred costs concerning the next financial year.

##### Cash and equivalents

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".

##### 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".

##### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

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.

##### Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

##### 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.

	DKK'000	2019	2018
<b>2</b>	<b>Segment information</b>		
	Vaccines	73.792	0
	Speciality Care	281.286	307.884
	Primary Care	109.269	106.634
	Consumer Healthcare	<u>21.374</u>	<u>19.344</u>
		<u>485.721</u>	<u>433.862</u>

As of 1 January 2019, Sanofi A/S started selling vaccine products.

Breakdown of revenue by geographical segment:

Exports	9.486	8.897
Domestic	<u>476.235</u>	<u>424.965</u>
	<u>485.721</u>	<u>433.862</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	2019	2018
<b>4</b>	<b>Staff costs</b>		
	Wages/salaries	94.500	92.401
	Pensions	7.799	7.575
	Other social security costs	<u>712</u>	<u>694</u>
		<u>103.011</u>	<u>100.670</u>
	Average number of full-time employees	<u>99</u>	<u>97</u>

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

	DKK'000	2019	2018
<b>5</b>	<b>Amortisation/depreciation of intangible assets and property, plant and equipment</b>		
	Amortisation of intangible assets	455	111
	Depreciation of property, plant and equipment	<u>509</u>	<u>0</u>
		<u>964</u>	<u>111</u>
<b>6</b>	<b>Financial income</b>		
	Other financial income	<u>0</u>	<u>38</u>
		<u>0</u>	<u>38</u>
<b>7</b>	<b>Financial expenses</b>		
	Interest expenses, group entities	23	24
	Exchange adjustments	78	331
	Other financial expenses	<u>177</u>	<u>355</u>
		<u>278</u>	<u>355</u>

<b>DKK'000</b>	<b>2019</b>	<b>2018</b>
<b>8 Tax for the year</b>		
Estimated tax charge for the year	2.422	1.526
Deferred tax adjustments in the year	1.139	-896
Tax adjustments, prior years	<u>-96</u>	<u>0</u>
	<b><u>3.465</u></b>	<b><u>630</u></b>

#### 9 Intangible assets

<b>DKK'000</b>	<b>Acquired intangible assets</b>	<b>Goodwill</b>	<b>Total</b>
Cost at 1 January 2019	1.633	306	1.939
Additions in the year	<u>0</u>	<u>4.314</u>	<u>4.314</u>
Cost at 31 December 2019	<u>1.633</u>	<u>4.620</u>	<u>6.253</u>
Impairment losses and amortisation at 1 January 2019	1.633	87	1.720
Amortisation/depreciation in the year	<u>0</u>	<u>455</u>	<u>455</u>
Impairment losses and amortisation at 31 December 2019	<u>1.633</u>	<u>542</u>	<u>2.175</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>0</u></b>	<b><u>4.078</u></b>	<b><u>4.078</u></b>

#### 10 Property, plant and equipment

<b>DKK'000</b>	<b>Other fixtures and fittings, tools and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
Cost at 1 January 2019	3.071	2.022	5.093
Additions in the year	60	1.381	1.441
Transferred	-694	694	0
Disposals in the year	<u>1.951</u>	<u>0</u>	<u>1.951</u>
Cost at 31 December 2019	486	<u>4.097</u>	<u>4.583</u>
Impairment losses and depreciation at 1 January 2019	1.776	0	1.776
Amortisation/depreciation in the year	152	357	509
Transferred	-66	66	0
Reversal of amortisation/depreciation in the year	<u>1.776</u>	<u>0</u>	<u>1.776</u>
Impairment losses and depreciation at 31 December 2019	86	<u>423</u>	<u>509</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>400</u></b>	<b><u>3.674</u></b>	<b><u>4.074</u></b>

#### 11 Investments

<b>DKK'000</b>	<b>Other receivables</b>
Cost at 1 January 2019	2.467
Additions in the year	15
Disposals in the year	1.485
Cost at 31 December 2019	<u>1.470</u>
<b>Carrying amount at 31 December 2019</b>	<b><u>997</u></b>

#### 12 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	2019	2018
<b>13 Deferred tax</b>		
Deferred tax at 1 January	-2.288	-1.393
Adjustment of the deferred tax charge for the year	<u>1.139</u>	<u>896</u>
<b>Deferred tax at 31 December</b>	<u>-1.150</u>	<u>-2.288</u>
Analysis of the deferred tax		
Deferred tax assets	<u>-1.150</u>	<u>-2.288</u>
	<u>-1.150</u>	<u>-2.288</u>

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

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

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2019	2018
Rent and lease liabilities	<u>11.875</u>	<u>14.736</u>

Rent and lease liabilities include a rent obligation totaling DKK 7.480 thousand in interminable rent agreements with remaining contract terms of 1-5 years with DKK 1.995 thousand falling due in the next 12 months.

Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totaling DKK 4.295 thousand with remaining contract terms of 1-5 years, with DKK 2.492 thousand falling due in the next 12 months.

#### 15 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

#### 16 Related parties

##### 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="https://www.sanofi.com/en/investors">https://www.sanofi.com/en/investors</a>

## Related party transactions

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

DKK'000	2019	2018
<b>Income</b>		
Regional – Employee related recharge	12.073	10.414
Non regional - Employee related recharges	20.603	8.914
R&D rebilling	14.747	13.206
Sale of goods	9.486	8.898
Recharge non-related DK costs	3.066	11.482
<b>Expense</b>		
Purchase of goods	318.468	318.707
Meetings and conferences	687	84
Insurance	99	99
Financial charges	23	24
Shared services and IT charges	979	0
Receivables from sister companies	26.833	29.650
Payables to sister companies	73.937	101.684

There have been material transactions between Sanofi A/S and Sanofi-Aventis Group regarding buying and selling goods.

The aforementioned transactions during the year are with sister companies.

DKK'000	2019	2018
<b>17 Fee to the auditors appointed by the Company in general meeting</b>		
Statutory audit	<u>189</u>	<u>318</u>
	<u>189</u>	<u>318</u>
<b>DKK'000</b>		
<b>18 Appropriation of profit</b>	<b>2019</b>	<b>2018</b>
<b>Recommended appropriation of profit</b>		
Proposed dividend	13.500	0
Retained earnings/accumulated loss	<u>-6.277</u>	<u>-3.056</u>
	<u>7.223</u>	<u>-3.056</u>

## 19 Events after balance sheet date

After the balance sheet date 31 December 2019, the COVID-19 virus impacted Denmark. Management consider the outbreak to constitute a non-adjusting event and as a result, management have not adjusted any figures in the financial statements 2019.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## 20 Long term debt

Other payables relate to the accrued holiday allowance from 1 September 2019 to 31 December 2019 under the new Danish Holiday Act, which is presented as long-term payables at 31 December 2019.