

Janssen-Cilag A/S

**Bregnerodvej 133, 2
3460 Birkerød**

CVR no. 19 24 86 15

Annual report for 2018

Adopted at the annual general
meeting on Wednesday May 29, 2019

Sven Kragelund Dohmann
Chairman

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Statement by management on the annual report

The Board of directors and executive board have today discussed and approved the annual report of Janssen-Cilag A/S for the financial year 1 January - 31 December 2018.

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 company's financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

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

Management recommends that the annual report should be approved at the annual general meeting.

Birkerød, 29 May 2019

Executive Board


Lars Åke Hjalmar Johansson

Board of Directors


Sven Kragelund Dohmann
chairman


Jesus Morcillo Garcia


Tina Buhl


Lars Åke Hjalmar Johansson


Jette Zoëga

Independent auditor's report

To the Shareholder of Janssen-Cilag A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Janssen-Cilag A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent auditor's report

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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

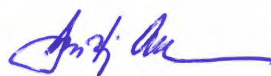
Independent auditor's report

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.

Hellerup, 29 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31



René Otto Poulsen
State Authorised Public Accountant
Mne26718



Jan Boje Andreassen
State Authorised Public Accountant
Mne2338

Janssen-Cilag A/S

Company details

The company

Janssen-Cilag A/S
Bregnerodvej 133, 2
3460 Birkerød

Telephone: +4545948282
Fax: +4545948283

Website: www.janssen-cilag.dk

CVR no.: 19 24 86 15

Reporting period: 1 January - 31 December 2018

Domicile: Rudersdal

Board of Directors

Sven Kragelund Dohmann, Chairman
Jesus Morcillo Garcia
Tina Buhl
Lars Åke Hjalmar Johansson
Jette Zoëga

Executive Board

Lars Åke Hjalmar Johansson

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Lawyers

Novi Attorneys
Strandgade 52
1401 Copenhagen

Bankers

Nordea Bank Danmark A/S
Slotsgade 44
3400 Hillerød

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	<u>2018</u> TDKK	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK	<u>2014</u> TDKK
Key figures					
Profit/loss					
Revenue	1,191,833	968,109	834,738	874,254	875,018
Gross profit	275,074	236,122	261,543	251,744	273,027
Operating profit/loss	77,113	48,904	35,062	25,741	38,672
Net financials	-177	53	-502	-4,070	-805
Profit/loss for the year	60,468	37,063	59,607	14,635	27,678
Balance sheet					
Balance sheet total	674,853	590,967	429,165	439,754	457,724
Investment in property, plant and equipment	881	316	1,411	5,509	9,928
Equity	375,415	314,947	277,884	218,277	203,644
Number of employees	106	104	109	116	107
Financial ratios					
Gross margin (%)	23	24	31	29	31
Profit margin (%)	7	5	4	3	4
Return on assets (%)	12	10	14	6	10
Solvency ratio (%)	56	55	65	51	53
Return on equity (%)	16	13	24	11	20

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

Management's review

Business activities

The Company's main activity is the sale and marketing of Pharmaceuticals and Medical Devices on the Danish Market. The products are bought from group enterprises. In our internal structure the sale of medicines and medical equipment are separately conducted with two separate management teams. Thus, we specify the details of our management review below in two separate headings, Pharmaceuticals and Medical Devices.

Recognition and measurement uncertainties

The recognition and measurement of items in the financial statements is not subject to any uncertainty.

Unusual matters

The Company's financial position at 31 December 2018 and the results of its operations for the financial year ended 31 December 2017 are not affected by any unusual matters.

Business review

The Company's income statement for the year ended 31 December shows a profit of TDKK 60,468, and the balance sheet at 31 December 2018 shows equity of TDKK 375,415.

Pharmaceuticals

On the Danish market, Janssen-Cilag A/S sells pharmaceuticals to wholesalers, hospitals and pharmacies. Compared to previous year, the pharmaceuticals market has shown a growth rate of 9.27%, and in comparison Janssen-Cilag A/S has shown a growth rate of 22.46%. In 2018, the Company had a market share of 5.1% (Janssen-Cilag A/S, AIP incl. parallel imports). Compared with last year, the market share for Janssen-Cilag A/S has grown +0,53%, which is primarily due to the performance of the products within oncology (hematology). All the brands are performing better than in 2017, with special focus on Onco-Hematology portfolio (Zytiga, Darzalex and Imbruvica) and Psoriasis (Stelara). Launches during 2018: Tremfya (psoriatic arthritis) (PSO) source: IMS data.

Medical Devices

The market in Denmark is challenging. Increased focus on national tenders put even higher pressure on price. In Denmark, all citizens are entitled to publicly financed healthcare. Total Danish health expenditure is above the OECD average. The national objectives are better quality, coherence and geographical equality.

Management's review

Financial review

During 2018, the new launches in psoriatic arthritis 2016 and 2017 within the area CLL (chronic lymphocytic leukemia) and Multiple Myeloma are expected to affect the Company's revenue positively. The following products will be affected by activities commenced by The Medicine Council: Stelara, Prezista, Zytiga, Xelplion, Risperdal Consta, Velcade, Imbruvica and Darzalex which may affect growth both positively and negatively depending on the therapeutic instructions from the vocational committees.

Development in the year

Pharmaceuticals

Revenue on the market shows an increase of approx. 39 %, according to internal data primarily due to an increase in the sales of Darzalex, Velcade, Stelara, Tremfya and Xelplion. On this basis, the results must be considered satisfactory.

Medical Devices

The sales grew - in total 3.1% - despite price pressure and strong competition offset by volume growth.

Special risks apart from generally occurring risks in industry

Operating risks

Pharmaceuticals

The price agreement between LIF and the Ministry of Health in respect of hospital products has affected sales negatively in 2017 and will also affect future sales negatively by way of price cuts. Future agreements are not expected to have a positive impact on sales. The introduction of The Medicine Council will impact the market for products for oncology in general. The initial approval process appears to be shorter than before but the transfer of the power of decision to The Therapeutic Areas of The Medicine Council delays the full implementation of new products in the regions considerably. Generally, the pressure on the pharmaceutical industry has increased both in respect of co-operation between doctors, patient associations and the industry and the price of new innovative drugs where expensive drugs might be excluded due to the price only.

Medical Devices

In general, all health and social services are financed by general taxes and are supported by a system of central government block grants, reimbursements and equalization schemes. The market continues to experience overall price pressure related to cost cutting in the hospital services. The country is open for new innovations which drives efficiency.

Management's review

Strategy and objectives

Pharmaceuticals

Based on our "conduct of policy", we develop, register, market and sell high quality drugs for medical treatment, which improves quality of life by preventing, curing and relieving in the best possible way. We focus on providing our business partners with the best possible conditions. This applies especially to patients, doctors, nurses and other practitioners, but also to suppliers, producers, authorities and the society.

Medical Devices

The Medical Devices segment produces a broad range of innovative products used primarily by health care professionals in the fields of orthopedics, neurovascular, surgery, infection prevention, cardiovascular disease, sports medicine, and aesthetics. We want to be leading within our focus areas by offering the best products of the highest quality

Impact on external environment and measures of preventing, reducing or mitigating damage

No production takes place in Denmark; most of the products are bought in packaging designed for the Danish market. Some packages are however repacked for the Danish market in a controlled environment. Destruction of expired and surplus drugs is carried out by Kommunekemi.

Diversity

The Company's goal is to have at least 40% of the underrepresented gender. The Board notes that this goal has been met since the Board of Directors consist of 60% men and 40% women and other management consist of 40% men and 60% women.

Management's review

Statutory report on corporate governance

The company is committed to continuously improving the social responsibility in all areas. All local laws and regulations are adhered to and in several areas higher goals are defined within the company.

The values that guide our decision-making are spelled out in Our Credo. Our Credo challenges the company to put the needs and well-being of the people we serve, our employees and the society in which we live and work first.

Statutory report on corporate social responsibility

Statutory Statement of Social Responsibility - Business model

Johnson & Johnson is the largest and most diversified healthcare company in the world. We are 134,000 employees in 60 countries, united by a common purpose: to change the trajectory of health for humanity. We have been caring for people for over 130 years. This heritage of delivering trusted products and services drives our three business segments: Consumer, Medical Devices and Pharmaceutical.

Janssen-Cilag A/S is a sales and marketing organization whose key activity is to sell pharmaceutical and medical device products in the Danish market.

Risk analysis

The risk of Janssen-Cilag A/S influencing the environment, social and employee relationships, human rights and anti-corruption by its actions is estimated to be limited, since no production takes place in Denmark. Janssen-Cilag A/S complies with all relevant legislation in the mentioned areas. Risks are monitored both locally and from the head office.

Management's review

Policies on environment

Johnson & Johnson has established global policies and statements, including our Environment, Health & Safety (EHS) Policy, our Climate Friendly Energy Policy, and our statements on the Human Right to Water and Respecting Biodiversity to guide the management of our operations around the globe.

These are made actionable by our Environment, Health, Safety and Sustainability standards, which require that our manufacturing and R&D sites have Environment, Health, Safety & Sustainability (EHS&S) management systems in place.

Taken together, these documents establish the expectations for managing our environmental performance, for development and implementation of initiatives that promote greater environmental responsibility, and for efforts to continually reduce our environmental impacts. Employees are aware, that environmental updates are published in the monthly internal newsletter, where to look up policies, work instructions and standard operating procedures and where to look up global citizenship & sustainability reporting page. Senior management has access to the guiding document describing the Nordics Environmental goals and priorities.

Efforts and results concerning environmental issues

All employees with company cars are trained in eco-driving. We encourage less meetings in person, and rather organize digital/telephone meetings. As a result, we have reduced CO2 emission by 20%.

We have introduced special fee's for small order to encourage customers to purchase larger less polluting parcels.

Management's review

Policies on social conditions and labor practices

To ensure that each Johnson & Johnson operating unit throughout the world follows consistent principles relative to Labor and Employment practices, a set of global guidelines have been established. In every instance, we must first ensure that our policies and actions are in full compliance with the laws and regulations of the respective countries in which we operate.

Efforts and results concerning social and employee relationships

The Our Voice Survey annually assesses the ability of employees across the Company to live the values of Our Credo, and provides an additional mechanism for engaging with employees to gain insight into their views about our talent management practices and enterprise performance. The survey addresses critical topics such as engagement, diversity and inclusion, talent development, health and wellness, collaboration, execution and innovation. These results and suggestions are informing ongoing talent discussions and action plans across the enterprise.

We put people first—always—at Johnson & Johnson, a priority you can see reflected in our commitment to having the world's healthiest workforce by 2020. Energy for Performance® Training at Johnson & Johnson is offered by Janssen-Cilag A/S for their employees in Denmark.

In 2018 Janssen-Cilag A/S support Operation Smile by employee initiatives to increase awareness and fund raise.

Policies on human rights

Respecting human rights is the foundation for any successful and sustainable business. Johnson & Johnson acknowledges that challenges to human rights are widespread across the global economy and can be particularly complex at the farthest ends of global supply chains. Johnson & Johnson believes it's critically important to for everyone touched by our business to be treated with fairness, dignity and respect.

Our Statement on Human Rights articulates our commitments and the efforts that support them, and our Responsibility Standards for Suppliers reflect our values and expectations for our suppliers. Responsibility for human rights follows our management structure and resides in our local operating companies, managed by the relevant corporate and business group functions.

Efforts and results concerning human rights

In 2018 Janssen-Cilag A/S all employees attend trainings on anti-bias on diversity and inclusion.

Janssen-Cilag A/S perceives human rights to also concern the right for individuals to have a job, which offers both professional and personal satisfaction, joy and meaning. Janssen-Cilag A/S acknowledges that employees may choose work styles or career options that represent their own most appropriate balance of work within life, and it is the Company's ambition to support the employee in doing so.

Management's review

Policies on anti-corruption and bribery

At Johnson & Johnson, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing to do for our business. Our Johnson & Johnson Code of Business Conduct ensures that we hold ourselves and how we do business to a high standard, allowing us to fulfill our obligations to the many stakeholders we serve.

When we interact with health care professionals, health care organizations and systems, pharmacies, retailers and other providers, and government and private purchasers of health care products and services, including any government official, we do so in a legal and ethical manner consistent with Our Credo, Company policies, laws and regulations and industry standards. Any third party who conducts business on our behalf must also comply with these requirements.

Efforts and results concerning anti-corruption

In Janssen-Cilag A/S all employees are trained annually on anti-bribery practice and legislation. The Company continued to introduce all new employees to company policies on anti-corruption, via the employee handbook which is distributed to all new employees.

In 2018, there were no incidents at Janssen-Cilag A/S which led to the termination of employees.

Accounting policies

The annual report of Janssen-Cilag A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C as well as selected provisions as regards larger entities.

The annual report for 2018 is presented in TDKK

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 recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the company's 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.

Income Statement

Revenue

Income from the sale of goods for resale and finished goods is recognized 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. Revenue is net of all types of discounts granted.

Cost of productions

Cost of productions comprises costs incurred to achieve revenue for the year.

Other operating income and expenses

Other operating income and expenses comprises items of secondary nature relative to the company's activities, including gains and losses on the sale of intangible assets and property, plant and equipment.

Distribution costs

Distribution costs comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Accounting policies

Administrative costs

Administrative costs comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

The company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax 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 tax losses to reduce their own taxable profits.

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 recognized in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible Assets

Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value, which is evaluated on an annual basis, at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.'

Straight-line depreciation is provided on the basis of the following estimated useful life of the assets:

Other fixtures, fittings, tools & equipment	3-10	years
Leasehold improvements	3-10	years

Accounting policies

Assets costing less than DKK 17.000 are expensed in the year of acquisition.

Gains and losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual assets or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of asset after the end of the useful life.

Receivables

Receivables are measured at amortized cost.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, reconstructions etc. Provisions are recognized when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Management company, Janssen-Cilag A/S is liable for payment of the subsidiaries' corporate income taxes to the tax authorities.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Current tax liabilities and current tax receivables are recognized 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.

Accounting policies

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortized cost, which is usually equivalent to nominal value.

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 recognized in the income statement as financial income or financial expenses.

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 recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

Cash flow statement

No cash flow statement has been prepared for the Company as the Company's cash flows are included in the Consolidated Cash Flow Statement of the mother company in the US. C.f Danish Financial Statements Act 86.

Financial Highlights

Definitions of financial ratios.

Gross profit	$\text{Gross Profit X 100 / Revenue}$
Profit Margin	$\text{Profit/loss before financials X 100 / Revenue}$
Return on Assets	$\text{Profit/loss before financials x 100 / Total assets}$
Solvency Ratio	$\text{Equity at year-end x 100 / Total assets}$
Return on Equity	$\text{Net Profit/loss for the year X 100 / Average equity}$

Income statement 1 January - 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Revenue	1	1,191,833	968,109
Cost of productions		<u>-916,759</u>	<u>-731,987</u>
Gross profit		275,074	236,122
Distribution costs		-173,177	-147,246
Administrative costs		<u>-24,784</u>	<u>-39,972</u>
Operating profit/loss		77,113	48,904
Other operating income	2	<u>2,138</u>	210
Profit/loss before financial income and expenses		79,251	49,114
Financial income	3	108	271
Financial costs	4	<u>-285</u>	<u>-218</u>
Profit/loss before tax		79,074	49,167
Tax on profit/loss for the year	5	<u>-18,606</u>	<u>-12,104</u>
Net profit/loss for the year	6	<u>60,468</u>	<u>37,063</u>
 Distribution of profit			
Proposed distribution of profit		303,775	0
Transferred from/to retained earnings		<u>-243,307</u>	<u>37,063</u>
		<u>60,468</u>	<u>37,063</u>

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Assets			
Other fixtures and fittings, tools and equipment		1,482	1,111
Leasehold improvements		<u>0</u>	<u>217</u>
Tangible assets	7	<u>1,482</u>	<u>1,328</u>
Other receivables	8	<u>1,467</u>	<u>1,387</u>
Fixed asset investments		<u>1,467</u>	<u>1,387</u>
Fixed assets total		<u>2,949</u>	<u>2,715</u>
Trade receivables		233,282	272,328
Receivables from group company		406,616	289,143
Other receivables		2,470	16,556
Deferred tax asset	9	749	985
Corporation tax		0	7,373
Prepayments		<u>240</u>	<u>151</u>
Receivables		<u>643,357</u>	<u>586,536</u>
Cash at bank and in hand		<u>16,144</u>	<u>1,716</u>
Current assets total		<u>659,501</u>	<u>588,252</u>
Assets total		<u>662,450</u>	<u>590,967</u>

Balance sheet 31 December

	<u>Note</u>	<u>2018</u> TDKK	<u>2017</u> TDKK
Liabilities and equity			
Share capital		2,300	2,300
Proposed dividends		303,775	0
Retained earnings		<u>69,340</u>	<u>312,647</u>
Equity	10	<u>375,415</u>	<u>314,947</u>
Trade payables		14,228	13,686
Payables to group company		231,994	193,021
Corporation tax payable		1,881	0
Other payables		<u>38,932</u>	<u>69,313</u>
Short-term debt		<u>287,035</u>	<u>276,020</u>
Debt total		<u>287,035</u>	<u>276,020</u>
Liabilities and equity total		<u>662,450</u>	<u>590,967</u>
Staff	11		
Rental agreements and lease commitments	12		
Contingent assets, liabilities and other financial obligations	13		
Related parties and ownership	14		
Audit fees	15		
Events after the Balance sheet date	16		

Janssen-Cilag A/S

Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed Dividend</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2018	2,300	312,647	0	314,947
Net profit/loss for the year	0	60,468	0	60,468
Proposed dividend		-303,775	303,775	0
Equity at 31 December 2018	2,300	69,340	303,775	375,415
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed Dividend</u>	<u>Total</u>
	TDKK	TDKK	TDKK	TDKK
Equity 1. January 2017	2,300	275,584	0	277,884
Net profit/loss for the year	0	37,063	0	37,063
Equity 31. December 2017	2,300	312,647	0	314,947

Notes to the annual report

1 Information on segments

Activities - primary segment

	<u>2018</u> TDKK	<u>2017</u> TDKK
Revenue		
Medical Devices	437,110	424,074
Pharmaceutical	<u>754,723</u>	<u>544,035</u>
	<u>1.191.833</u>	<u>968.109</u>

Geographical - secondary segment

	<u>2018</u> TDKK	<u>2017</u> TDKK
Faroe Islands	2,666	2,163
Denmark	<u>1.189.167</u>	<u>965.945</u>
	<u>1.191.833</u>	<u>968.108</u>

2 Other operating income

	<u>2018</u> TDKK	<u>2017</u> TDKK
Other operating income	<u>2,138</u>	<u>210</u>
	<u>2.138</u>	<u>210</u>

The increase in other operating income in 2018 relates to the divestiture of a Medical Device Business unit called Codman Neurosurgery.

3 Financial income

	<u>2018</u> TDKK	<u>2017</u> TDKK
Exchange adjustments	<u>108</u>	<u>271</u>
	<u>108</u>	<u>271</u>

Notes to the annual report

	<u>2018</u> TDKK	<u>2017</u> TDKK
4 Financial costs		
Other financial costs	215	69
Exchange adjustments costs	<u>70</u>	<u>149</u>
	<u>285</u>	<u>218</u>
	<u>2018</u> TDKK	<u>2017</u> TDKK
5 Tax on profit/loss for the year		
Current tax for the year	18,369	11,883
Deferred tax for the year	<u>237</u>	<u>221</u>
	<u>18.606</u>	<u>12.104</u>
	<u>2018</u> TDKK	<u>2017</u> TDKK
6 Distribution of profit		
Proposed distribution of profit	303,775	0
Transfer from/to retained earnings	<u>-243.307</u>	<u>37.063</u>
	<u>60.468</u>	<u>37.063</u>

Notes to the annual report

7 Tangible assets

	<u>Other fixtures</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost at 1 January 2018	8,984	3,757	12,741
Additions for the year	<u>881</u>	<u>0</u>	<u>881</u>
Cost at 31 December 2018	<u>9,865</u>	<u>3,757</u>	<u>13,622</u>
Impairment losses and depreciation at 1 January 2018	-7,873	-3,540	-11,413
Depreciation for the year	<u>-510</u>	<u>-217</u>	<u>-727</u>
Impairment losses and depreciation at 31 December 2018	<u>-8,383</u>	<u>-3,757</u>	<u>-12,140</u>
Carrying amount at 31 December 2018	<u>1,482</u>	<u>0</u>	<u>1,482</u>
Depreciated over	<u>3-10 år</u>	<u>10 år</u>	

Notes to the annual report

8 Fixed asset investments	<u>2018</u> TDKK	<u>2017</u> TDKK
Cost at 1 January	1,387	1,387
Additions	<u>80</u>	<u>0</u>
Cost at 31 December	1,467	1,387
Carrying amount at 31 December	<u>1,467</u>	<u>1,387</u>

9 Provision for deferred tax	<u>2018</u> TDKK	<u>2017</u> TDKK
Property, plant and equipment	749	985
Transferred to deferred tax asset	<u>749</u>	<u>985</u>
	<u>0</u>	<u>0</u>

Deferred tax has been provided at 22.0% per the current tax rate.

Deferred tax asset

Calculated tax asset	<u>749</u>	<u>985</u>
Carrying amount	<u>749</u>	<u>985</u>

10 Equity

The share capital consists of 4,600 shares of a nominal value of TDKK 500. No shares carry any special rights. The company proposed a dividend payout of TDKK 303,775, which is expected to be paid out by 18 July 2019.

Notes to the annual report

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
11 Staff		
Wages and Salaries	93,944	90,153
Pensions	<u>3,366</u>	<u>2,965</u>
	<u>97,310</u>	<u>93,118</u>
Wages and Salaries and pensions are recognised in the following items:		
Distribution expenses	80,415	77,125
Administrative expenses	<u>16,895</u>	<u>15,993</u>
	<u>97,310</u>	<u>93,118</u>
Average number of employees	<u>106</u>	<u>104</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

Management and other employees are included in Johnson & Johnsons shared based compensation program. Warrants are granted with a vesting period of 4 years. There is performance conditions in connection with the program. Payment to the parent company regarding shared delivered to employees according to the program are recognized as expense in the income statement.

Notes to the annual report

	<u>2018</u> TDKK	<u>2017</u> TDKK
12 Rental agreements and lease commitments		
Operating lease commitments.		
Total future lease payments:		
Within 1 year	962	336
Between 1 and 5 years	<u>8.785</u>	<u>9.091</u>
	<u>9.747</u>	<u>9.427</u>

The future leasing payments consist of office rental and leased company cars and the remaining period to maturity is up to 60 months.

13 Contingent assets, liabilities and other financial obligations

The company has bank guarantee commitments to third parties totaling TDKK 1,387.

Other contingent liabilities

The company is part of a Danish joint taxation with Danish companies in the Johnson & Johnson Group. Accordingly, the Company is liable also for income taxes of the jointly taxes companies in accordance with the Danish Companies Tax Code from the 2013 financial year. From 1 July 2012, the Company is also liable for any obligation including withholding tax on interest, royalties and dividends for jointly taxed companies.

Notes to the annual report

14 Related parties and ownership

Controlling interest

Janssen-Cilag AB, Solna, Sweden	Immediate Parent Company
Johnson & Johnson, New Jersey, USA	Ultimate parent company

All transactions with group companies are in accordance with market value.

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:

Janssen-Cilag AB
Solna
Sweden

Consolidated financial statements

The Company is included in the group annual report of Johnson & Johnson, New Jersey, US

The group annual report of Johnson & Johnson, New Jersey, US may be obtained at the following address:

<http://www.investor.jnj.com/secfiling.cfm?filingID=200406-18-5&CIK=200406>

Notes to the annual report

	<u>2018</u>	<u>2017</u>
	TDKK	TDKK
15 Audit fee		
Total fee	551	679
Of which: audit related fees	<u>441</u>	<u>500</u>

16 Events after the Balance Sheet date

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

