

Janssen-Cilag A/S

**Bregnerødvej 133, 2
3460 Birkerød**

CVR no. 19 24 86 15

Annual report for 2021

Adopted at the Annual General
Meeting on 8 June 2022

Sven Dohmann

Sven Dohmann (Jun 8, 2022 13:42 GMT+2)

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 2021.

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 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

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, 8 June 2022

Executive Board

Berkeley Vincent

Berkeley Vincent (Jun 8, 2022 13:52 GMT+2)

Berkeley Alexander Vincent
Managing director

Board of Directors

Sven Dohmann

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Sven Kragelund Dohmann
Chairman

Tim House

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Timothy James House

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Julie Enevold Brooker

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Berkeley Alexander Vincent

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Jette Zoëga

Independent auditor's report

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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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.

Independent auditor's report

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.

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.

Copenhagen, 8 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden
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Martin Lunden
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Mne32209

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Management's review

Company details

The company	Janssen-Cilag A/S Bregnerødvej 133, 2 3460 Birkerød
Telephone:	+4545948282
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Website:	www.janssen-cilag.dk
CVR no.:	19 24 86 15
Reporting period:	1 January - 31 December 2021
Domicile:	Rudersdal

Board of Directors Sven Kragelund Dohmann, Chairman
Berkeley Alexander Vincent, Managing director
Timothy James House
Jette Zoëga
Julie Enevold Brooker

Executive Board Berkeley Alexander Vincent

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

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Bankers Nordea Bank Danmark A/S
Slotsgade 44
3400 Hillerød

Management's review

Financial highlights

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

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,317,424	1,304,814	1,194,701	1,191,833	968,109
Gross profit	286,083	270,376	273,693	275,074	236,122
Operating profit/loss	77,298	72,117	67,789	77,113	48,904
Net financials	-134	-49	-366	-177	53
Profit/loss for the year	60,581	56,374	54,767	60,468	37,063
Balance sheet					
Balance sheet total	436,161	446,744	359,694	674,853	590,967
Investment in property, plant and equipment	560	259	769	881	316
Equity	134,962	132,781	126,407	375,415	314,947
Number of employees	142	116	109	106	104
Financial ratios					
Gross margin (%)	22	21	23	23	24
Profit margin (%)	6	6	6	7	5
Return on assets (%)	18	16	19	12	10
Solvency ratio (%)	31	30	35	56	55
Return on equity (%)	45	44	22	16	13

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 2021 and the results of its operations for the financial year ended 31 December 2021. Certain business areas were affected by the global pandemic (Covid-19) as well as the Danish Nurse strike in 2021.

Management will continue to closely monitor the potential impact of these events and will take measures to mitigate possible consequences.

Business review

The Company's income statement for the year ended 31 December shows a profit of TDKK 60,581 and the balance sheet at 31 December 2021 shows equity of TDKK 134,962.

Pharmaceuticals

On the Danish market, Janssen-Cilag A/S sells pharmaceuticals to wholesalers, hospitals and pharmacies. Compared to previous year, the pharmaceuticals market (Rx Market) has shown a growth rate of 2.8%, and in comparison, Janssen-Cilag A/S has shown growth in net trade sales of 5.8% (As reported).

In 2021, the Company reached a market share of 5.3%. (Janssen-Cilag A/S, AIP incl. parallel imports) vs a market share of 5.0% in 2020.

Medical Devices

In Denmark sales of Medical Devices is split approx. 80/20 between the public healthcare system and private hospitals, where the public market is dominated by competitive tenders. Price pressure is significant, but the sector continues to focus more and more on delivery of value rather than price alone. While this transformation is complex and takes time, it is expected to benefit patients as well as taxpayers due to enhanced patient outcomes.

Again in 2021 the sector was impacted by Covid-19, as many hospitals needed to cater for Covid-19 patients, and many non-critical operations were postponed or cancelled. During summer 2021 a nationwide Nurse strike hit the sector, which slowed down production levels significantly during fall. The pandemic as well as the Nurse strike 2021 slowed down sales in the Medical Device sector in 2021.

Management's review

Research and development

Within the pharma business segment, Janssen-Cilag A/S is currently conducting 21 interventional clinical trials in Denmark, with an additional 17 studies outsourced to Clinical research organizations.

These studies span all our Therapeutic Areas, and include a total of 12 staff.

In addition, there are the same amount of non-interventional studies/projects in collaboration with hospitals.

Within the Medical Devices business segment, R&D is conducted by 3Di, a development company acquired by Johnson and Johnson in 2019. 3Di consists of six Janssen-Cilag A/S employees and conducts development activities on advanced visualization. The 3Di team is located in Copenhagen. The company recognizes product development in their own annual report.

Management's review

Financial review

Development in the year

Pharmaceuticals

Strong growth in Pharmaceutical sales is a result of positive patient uptake across the portfolio, with particularly strong growth in Multiple Myeloma (DARZALEX) including new formulation and unlocking new indications in gastro conditions for STELARA, partly offset by the divestment of the CAELYX brand from the Oncology platform.

Further operational year-on-year growth is expected in 2022, with deeper penetration from new STELARA indications, and further unlocking the patient base in Chronic Lymphomatic Leukaemia with IMBRUVICA. This is expected to be partially offset by increased competition in Oncology, due to loss of exclusivity for ZYTIGA.

Medical Devices

Due to Covid-19 and the Danish Nurse strike the sales of Medical Devices declined versus 2020. In addition, less year-end stocking took place in 2021 compared to 2020, which also had a negative effect on the performance of the year.

2022 is expected to be more optimistic for the Medical Devices portfolio performance, as patient waiting lists are worked off. For 2022 a growth expectation of 3-5% is in line with recovery of elective procedures in the Danish market.

Operating risks

Pharmaceuticals

Danish Medicines Council introduced QALY method when assessing whether new medicinal products should be recommended as standard treatment at Danish hospitals. It has caused delays and increased number of rejections across the industry, resulting in Danish patients are waiting longer for new innovative medicine.

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.

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.

Management's review

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. A strategy process called Horizon 2025 was launched to the Nordic organization in 2020 to ensure strategic and tactical alignment across the wider organization. This process will continue in coming years.

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 products 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.

Janssen-Cilag A/S works actively to promote diversity and equality. The Company strictly prohibits discrimination against any employee or applicant for employment based on non-work related personal characteristics, such as race, colour, religion, gender (including pregnancy, childbirth, or related medical conditions, as well as breastfeeding needs), sexual orientation, gender identity or expression, transgender status, national origin, ethnic origin, social origin, family or marital status, age, disability (physical or mental), medical condition, genetic information, veteran's status, or military service.

Our prohibition against discrimination applies to all employment decisions, including but not limited to those involved in recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, demotions, suspensions, discharge, recall from layoff, re-employment, education, tuition assistance, and Company sponsored social and recreational activities.

Principles, procedures and standards for Diversity, Equity and Inclusion (DE&I)

As stated in our Credo: *“We are responsible to our employees who work with us throughout the world. We must provide an inclusive work environment where each person must be considered as an individual. We must respect their diversity and dignity and recognize their merit. They must have a sense of security, fulfilment and purpose in their jobs. Compensation must be fair and adequate and working conditions clean, orderly and safe. We must support the health and well-being of our employees and help them fulfil their family and other personal responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide highly capable leaders and their actions must be just and ethical.”*

The Company has established routines, guidelines and procedures that will help to promote equality and prevent discrimination, harassment, sexual harassment and gender-based violence.

In Denmark, the Company has established the following guidelines for its work related to diversity and equality, and to prevent discrimination:

- Apply four-step method (continuous improvement cycle) for risk identification and mitigation approach
- Promote gender balance in different types of work – including management positions

Management's review

- Establish, follow up and evaluate guidelines and routines to prevent harassment, sexual harassment and reprisals
- Carry out annual pay surveys

The four-step method is visualized hereunder:



The Company is required to promptly investigate all suspected cases of discrimination as well as ensure that no retaliations are taken toward an employee who has reported a discrimination concern, participated in a discrimination investigation or been subject to harassment or sexual harassment.

The Company has integrated DE&I (Diversity, Equity & Inclusion) throughout the Company's internal processes related to employees. As such, you will find J&J's commitment to DE&I mentioned already in the welcome email to new employees:

Please visit <http://welcome.jnj.com/> for resources that will help you prepare, learn about J&J benefits and perks, our commitment to Diversity, Equity & Inclusion, how our values lead our business, and more.

This is how we work to identify the risks of discrimination and what hinders equality

Plan and organization

In 2021, following the Nordic Managing Directors' decision to implement the model described above for all Nordic Johnson & Johnson companies, the model was presented to the following identified Stakeholders:

- Local unions/Employee representatives
- Employee Relations Labour Relations
- Talent Acquisition
- HR Services
- Business Unit HR/Management
- Diversity, Equity & Inclusion Council – Employee Representative Group leaders
- Work environment/health & safety representatives & Employee Health Services/Global Health

The Stakeholders and leadership teams received training on Anti-Discrimination legislation and Active Measures Risk Assessment and were asked to perform the risk and obstacle assessment. These assessments were submitted to the Nordic management team and workshops were held to identify and decide specific risk mitigating actions to be taken.

The risk assessment covers the following areas for all protected categories of employees:

- working conditions
- provisions and practices regarding pay and other terms of employment
- recruitment and promotion
- possibilities to reconcile gainful employment and parenthood
- education and training, and other skills development

Management's review

The Company has decided to take a number of additional awareness-making and engagement-creating measures in order to underscore its commitment to ensure an equitable workplace and prevent any potential discrimination. Training on reasonable accommodation and differing ability will be provided, and a due diligence will be performed on possible measures to further improve physical and digital accessibility. "Purpose-based interviewing" and "Conscious Inclusion" training will be provided, as well as a general review and training on the Company's anti-harassment and anti-discrimination policies. The introduction of a flexible and hybrid workplace for office-based employees will continue to facilitate a positive and healthy work-life balance. The importance of work-life balance will also be underscored in manager onboarding and recurring employment law trainings and work environment resources available to employees and managers.

Results of the work performed and plans for the future

The Company has several Employee Resource Groups (<https://www.jnj.com/employee-resource-groups>) that are active within the Nordic countries. These are resource groups that are open to employee engagement and have a clear focus on diversity, equity and inclusion. Business leadership support Employee Resource Groups, and they are accessible through the Company's intranet. The Employee Resource Groups participate in Town Halls, send out newsletters, host employee mentorship programs, as well as participate in community outreach programs. These activities and initiatives continue in 2022, with a view to also creating engagement in other Employee Resource Groups.

Currently the following Employee Resource Groups are active in Denmark:

- African Ancestry Leadership Council
- Alliance for Diverse Abilities
- Open & Out
- Generation Now
- Women's Leadership & Inclusion
- We Sustain

In addition to the local Nordic Employee Resource Groups, the global Company Group has a large number of resources dedicated to Diversity, Equity and Inclusion. The Company's policies and positions on equality, discrimination and harassment are available to all employees as well as a large amount of information and resources on these topics. The Global Office of Diversity, Equity and Inclusion hosts awareness-creating events and provides employee-facing engagement information every month.

The Company's compensation and benefit structure has been developed to mitigate risks regarding pay for employees in similar or comparable functions.

Pay gap analyses are carried out on a recurring basis, to ensure that the Company's compensation and benefit structure is appropriate.

Earlier, the Company has established a Nordic structure to assess and identify potential risks for inequality and discrimination. As a result, the model for Nordic Active Measures has been decided. Identified stakeholders have been involved in discussions and assessments and will continue to be involved. The Company's Work Environment Employee Representatives have expressed satisfaction with the current working conditions and environment, as well as with actions taken by the Company to promote equality and mitigate risks of discrimination.

Management's review

In addition to the specific mechanisms in place for reporting individual cases of discrimination or harassment, the Company's employees participate in an annual survey where they can anonymously report or raise any issues or concerns relating to these areas and general work environment and conditions.

The Company is dedicated and continues to be dedicated in its work to promote Diversity, Equity and Inclusion, and has as such integrated DE&I in its Credo, Code of Business Conduct, Policies, Intranet, Training and other various activities.

Our Commitment

At Johnson & Johnson, we believe acting ethically is everyone's responsibility. That means reporting anything you believe to be unethical or illegal. We encourage anyone (including employees, business partners, customers, consumers and others) to report any conduct known or believed to be in violation of Company policies, guidelines, or applicable law.

Consistent with Our Credo and business philosophy, it is our policy to fully comply with the laws and regulations in our countries of operation. Johnson & Johnson will not tolerate threats or acts of retaliation against individuals who, in good faith, provide information in connection with reports of actual or potential misconduct.

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 more than 140.000 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

Two separate quality organizations and Quality Management Systems (QMS) exist for the pharmaceutical and Medical Devices sectors. Risk analysis is an integrated and mandatory part of the QMS and risk analysis as well as SWOT analysis is conducted and updated annually and hence also in 2021.

Looking at the prospects for 2022 outlook is positive after two years being impacted by Covid 19. Although the pandemic appears under much better control in 2022 than in previous years, there is still a risk of new outbreaks, which could impact certain areas of the business. However, the company in general, local Danish management as well as the entire organization are now much better prepared to handle such a situation in the future.

As mentioned previously, a significant Nurse strike took place in 2021 putting pressure on the Danish healthcare system and subsequently on sales of certain products. The risk of a new strike is considered minimal in the next few years.

Policies on environment

Johnson & Johnson, Inc. 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. Results of corporate environmental efforts are published yearly in June in the publicly available Johnson and Johnson report on Health for Humanity.

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. All new employees are trained in this as part of their onboarding process as well as all employees are receiving online brush-up trainings once a year. Senior management has access to the guiding document describing the Nordics Environmental goals and priorities.

To manage environmental risk a Nordic complaint, CAPA (Corrective Actions and Preventive Actions) and non-conformity system is in place as part of the Environmental Management System (EMS). This system also covers Denmark.

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. Air travel is limited where possible, and results are evaluated at bi-annual management reviews.

In the Medical Device sector, a new position as Nordic Sustainability Manager was introduced in 2020 to develop and implement new sustainability initiatives. In 2021 this led to an increased level of activity within the field of sustainability in Denmark. A few examples of this are listed below:

- Sustainability awareness training of all employees

Management's review

- Pilot project for recycling of aluminium foil from suture packaging
- Pro-active engagement in the Danish MedTech Association "Medicoindustrien" on the topic of sustainability
- In general, an increased dialog with many stake holders within the public health care system in Denmark regarding initiatives to mitigate environmental impact.
- Provision of input to the Danish Governments Climate partnership for Life science
- To reduce CO2 emissions, we offer customers the opportunity for environmentally friendly road shipments as opposed to transportation by plane. In 2021 we converted more than 26.000 customer shipments from air to road transport thereby reducing CO2 emissions by 70 tons (validated by 3rd party audit). This initiative has been welcomed by our customers, as it supports their efforts to reduce their scope 3 emissions
- Special fees for orders under a certain value have been introduced to encourage customers to consolidate orders resulting in less shipments and thereby reduced emissions.

Policies on social conditions and labour 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.

As in previous years this survey was also conducted in 2021, and local Danish workshops were set up to analyse the results and implement action plans accordingly. The local Danish teams presented their findings and suggestions to colleagues in the Nordic organisation. Some initiatives were rolled out at a local Danish level, while others were implemented at a Nordic level, when synergies were available.

In accordance with local Danish law a local Works Council (Arbejdsmiljøudvalg, AMU) exists. The group consists of eight employees that meet on a quarterly basis to discuss work environmental matters in the Danish organization. A Workplace Assessment (Arbejdspladsvurdering) was conducted in 2020 and the Works Council has worked on improvements on this basis during 2021. The Works Council is also responsible for training of local employees in first aid including use of defibrillator. As the Danish Janssen-Cilag facility is purely business administration (no manufacturing), the risk for work related incidents is considered limited.

In addition, a cross sector Employee Engagement Forum (EEF) exists in Denmark counting seven employees. The purpose of the EEF is to create a healthy and appealing work atmosphere through informal social activities such as for example cinema visits and concerts. During 2021 activities were restricted due to the Covid 19 situation in the country. However, the EEF already is planning several new and engaging activities for 2022 and beyond.

Energy for Performance® Training is offered by Janssen-Cilag A/S for their employees in Denmark.

Many Employee Resource Group exist in the Danish organization. The objective of these groups is to stimulate important initiatives across all sectors at all levels of the organization. The actual Employee Resource Groups are listed previously in this report.

Management's review

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.

As an ongoing process the gender balance is evaluated at all levels of the organization and when imbalances occur, action plans are put in place to achieve a desired development.

Efforts and results concerning human rights

The Johnson & Johnson, Inc. initiative Diversity & Inclusion is implemented globally and hence also in Denmark. The program has the purpose to eliminate discrimination due to for example race, gender, sexual or religious orientation. As per the company CREDO Janssen-Cilag A/S trains all employees on anti-bias on diversity and inclusion. Also going forward this initiative will receive substantial focus and be a strong instrument in forming the Danish Janssen-Cilag A/S culture.

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.

No human rights violations took place in the Danish organization in 2021.

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 fulfil 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 shared with all new employees.

In 2021, there were no incidents at Janssen-Cilag A/S which led to the termination of employees.

Management's review

Data ethics

Responsible Business Practices

At Janssen-Cilag A/S (“Janssen”), we aim to create an open and honest environment where we can achieve our best work both compliantly and with integrity. That’s what we mean by responsible conduct, and we strive to ensure it’s reflected in decisions and interactions of employees throughout their work. When it comes to ethical and responsible practices, we expect all our employees to help us sustain the trust earned over the course of more than 130 years of business operations across our family of companies. In doing so, we are empowered to advance Our Purpose of blending heart, science, and ingenuity to profoundly change the trajectory of human health. We apply this solid foundation of ethical and values-based conduct to our business practices, including how we govern our organization; engage and inspire a diverse, skilled workforce; apply standards of ethics in our research; assure the safety of our products for our patients and consumers; act as stewards of the environment and maintain a global supply network that supports our mission

Ethics

Our responsibilities to patients, consumers, healthcare professionals, employees, communities and shareholders are embedded in Our Credo. Our comprehensive policies, procedures and trainings help our employees and contingent workers comply with applicable laws, regulations and industry codes, as well as the Company’s internal standards and expectations for responsible conduct.

We believe that Companies that operate in line with high standards of ethical and compliant conduct protect people, communities, and their own business from risk, and establish a strong basis for sustainable business over time.

As a legal entity that is part of the world’s largest and most diversified healthcare company, Janssen requires clear, comprehensive, and robust guidance for ethical behavior across our corporation to provide an aligned and consistent framework for employees and contingent workers. All legal entities within the Johnson & Johnson group of companies conduct a wide range of activities in the healthcare marketplace, including research, medical education, product and procedure training, marketing, and selling. These interactions involve many different healthcare stakeholders as well as employees, suppliers, business partners and officials from governments and health authorities around the world. A variety of legal and ethical standards, some of which are unique to the healthcare industry, apply to these activities.

To protect our people, our patients, and our business, Janssen takes every reasonable measure to ensure that we all operate in accordance with ethical and compliance laws and standards that apply to our business.

Guiding Principles

Janssen is strongly committed to maintaining ethical and compliant conduct with a high level of integrity. As stated in the Johnson & Johnson Credo: “We must provide highly capable leaders and their actions must be just and ethical ... We are responsible to the communities in which we live and work and to the world community as well ... We must be good citizens ...” Additionally, Janssen’s firm commitment to ethical and compliant conduct is underlined by its adoption of both Johnson & Johnson’s Code of Business Conduct and Procurement Code of Conduct.

Janssen’s success depends on conducting its business responsibly and earning the trust of the people we serve. To maintain ethical and compliant conduct with high level of integrity, our comprehensive policies, procedures and compliance training help our employees and contingent workers navigate applicable laws,

Management's review

regulations and industry codes, as well as our own ethical standards. All Janssen's employees and certain categories of contingent workers are assigned and required to complete the Code of Business Conduct training every two years.

Data Privacy & Information Security

Janssen is strongly committed to protecting the privacy of those who entrust us with their personal information. In addition to our Code of Business Conduct and all the laws that apply to Janssen's handling of personal information, we maintain global privacy policies to which all our business operations must adhere. Our policies reflect our commitment to fair and transparent information practices. Similarly, through our Information Security and Risk Management organization, we safeguard Janssen's networks, systems, products, and information against evolving cyber threats to prevent unintended or unauthorized access to both business and personal information. All Janssen employees and certain categories of contingent workers are assigned and required to complete the Information Security training and the GDPR – A Practical Overview training every year. All new employees are assigned and required to complete The Information Security and GDPR training.

In 2021, in addition to ongoing programs and controls, our focus included:

Proactive cyber protection for our COVID-19 vaccine information: The intensive development processes and global scrutiny of all COVID-19 development, including the work undertaken at various companies in the Johnson & Johnson group, made vaccine-related information a target for sophisticated attackers and cybercrime. The global information and security organization identified a clear need for additional vigilance and protection of critical data, communications, applications, and systems supporting the development and production of the COVID-19 vaccine and during 2021, increased threat intelligence and proactive monitoring was maintained, as well as targeted protection of key manufacturing sites, systems, and processes to prevent disruption to vaccine-related activities from potential cyber threats. Further, heightened privacy support and guidance for on-site COVID-19 testing was established including at Janssen.

Data Privacy

With the major advances in digital technology and the importance of data to drive innovation and discovery, it has become increasingly important for individuals to have a clear understanding of how and when their personal information is being used, as well as their rights under applicable laws and regulations. They need to have confidence that their personal information is being handled appropriately, securely, and consistently with applicable laws. In the course of doing business, a company will gather personal information about the individuals with whom it engages in order to provide better services, solutions and products. We believe that Companies that collect such personal information have a responsibility to protect every individual's right to privacy, to establish reasonable security measures—including, at a minimum, those prescribed by law—and to ensure appropriate handling and protection of personal information in their possession or control.

Janssen maintains a Privacy Compliance Framework that establishes a consistent approach applicable to all its operating companies that use personal information. This Framework sets forth fundamental Privacy Principles, including:

- **Transparency & Choice:** Janssen clearly and conspicuously discloses to individuals what personal information is being collected about them, how it will be used or shared and to obtain their permission for such purposes.

Management's review

- **Right to Access & Correction:** Individuals have the right to review, correct, update, restrict or delete their personal information, in alignment with local laws.
- **Data Integrity & Security:** As responsible custodians of personal information, we are committed to protecting the integrity and security of data that has been entrusted to us, applying a combination of appropriate physical, technical and organizational safeguards to protect them.

Information Security

In any corporation, information is a critical asset that must be managed and protected; its unauthorized use, disclosure, modification or destruction can adversely impact the corporation's ability to achieve its goals. Information assets can include proprietary product formulas, information used in manufacturing processes, customer data or any information systems required for the proper functioning of the company. In today's advanced technological environment, where more information than ever is stored electronically, information assets are under constant threat from malicious cyberattacks that can disrupt business functions and/or compromise the security of personal data that the organization is committed to protect. At Janssen, we believe that a proactive information security strategy to properly manage information assets and protect against such deliberate, as well as inadvertent, threats is necessary to safeguard any business and its stakeholders.

Janssen is fiercely committed to protecting its information assets and business integrity. We adhere to the policies and processes set out by the Information Security and Risk Management (ISRM) organization. This group is part of a global organization, led by a Chief Information Security Officer, which has global reach with presence in all our major markets of the world, and provides ongoing security consulting on relevant policies, procedures and requirements to all Johnson & Johnson businesses including Janssen. ISRM has developed a Position on Information Security [2 robust] program, which Janssen applies to enhance its own security capabilities, safeguard the Janssen networks, systems, products and information against evolving cyber threats. The program encompasses people, processes and technology.

Accounting policies

The annual report of Janssen-Cilag A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting principles are unchanged compared to prior year.

Certain amounts have been reclassified in the comparative figures for 2020 to ensure the same presentation.

Change of presentation of operating expenses

In current year Management deemed to change the presentation of operating expenses from the by-function method, which includes the categories distribution costs and administration costs, to the by-nature method, which implies reporting the expenses group based on their nature. The change is deemed to provide a better representation of the Company's expenses situation according to the peculiarity of the business.

Restatement of profit and loss statement

The profit and loss statement in the financial period ended on 31 December 2020 reported the operating expenses with the by-function breakdown. The management decided to represent the operating expenses with the by-nature breakdown which is deemed to provide a more faithful representation of the expenses. Change in the presentation of expenses by nature did not affect amount of total expenses, but only reclassification between individual items in the income statement.

	<u>2020</u>
	TDKK
Expenses by-function profit and loss	
Distribution costs	-162,467
Administrative costs	-35,792
Total	<u>-198,259</u>
Expenses by-nature profit and loss	
Other external expenses	-970
Staff costs	-127,946
Depreciation, amortisation and impairment losses	-1,004
Other operating expenses	-68,339
Total	<u>-198,259</u>

The annual report for 2021 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.

Accounting policies

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.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Stock Based Compensation

The Company recognizes compensation expense associated with the issuance of equity instruments to employees for their services. Based on the type of equity instrument, the fair value is estimated on the date of grant using either the Black-Scholes option valuation model or a combination of both the Black-Scholes option valuation model and Monte Carlo valuation model, and is expensed in the financial statements over the service period. The input assumptions used in determining fair value are the expected life, expected volatility, risk-free rate and expected dividend yield. Prior to fiscal 2020, for performance share units, the fair market value was calculated for each of the three component goals at the date of grant: operational sales, adjusted operational earnings per share and relative total shareholder return. Beginning in fiscal 2020, for performance share units, the fair market value is calculated for the two component goals at the date of grant: adjusted operational earnings per share and relative total shareholder return. The fair values for the earnings per share goal of each performance share unit was estimated on the date of grant using the fair market value of the shares at the time of the award, discounted for dividends, which are not paid on the performance share units during the vesting period. The fair value for the relative total shareholder return goal of each performance share unit was estimated on the date of grant using the Monte Carlo valuation model.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment, and goodwill.

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.

Accounting policies

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.

Accounting policies

Balance sheet

Tangible Assets

Items of 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.

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

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.

Intangible Assets

Intangible assets are recognized at the time of acquisition if it is likely that economic future benefits with the assets will flow to the Company, and the cost is measurable.

Positive difference between the cost of the acquired capital and the fair value of the acquired assets and liabilities during a business combination are recognized under intangible assets as Goodwill.

Goodwill must be systematically depreciated over the income statement, after an individual assessment of the useful life. If one useful life cannot be estimated, it should be fixed at 10 years. The useful life is reassessed annually.

Negative goodwill shall be recognised as income at the acquisition date.

Goodwill is depreciated on a straight-line depreciation plan according with its useful life. If the useful life can't be estimated, Goodwill should be depreciated considering a useful life of 10 years.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment 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.

Accounting policies

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

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.

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

Income statement 1 January - 31 December

	Notes	2021	2020
		TDKK	TDKK
Revenue	1	1,317,424	1,304,814
Cost of production		-1,031,341	-1,034,438
Gross margin		286,083	270,376
Other external expenses		-554	-970
Staff costs	13	-141,804	-127,946
Depreciation, amortisation and impairment losses	7, 8	-998	-1,004
Write-up of current assets and other than current financial assets		305	0
Other operating expenses		-65,734	-68,339
Operating profit		77,298	72,117
Other operating income	2	1,648	2,807
Profit before financial income and expenses		78,946	74,924
Other financial income	3	196	271
Other financial expenses	4	-330	-320
Profit before tax		78,812	74,875
Tax on result for the year	5	-18,231	-18,501
Net profit for the year	6	60,581	56,374

Balance sheet 31 December

	Notes	2021	2020
		TDKK	TDKK
Assets			
Goodwill		2,992	3,395
Intangible assets	7	2,992	3,395
Other fixtures and fittings, tools and equipment		1,256	1,291
Tangible assets	8	1,256	1,291
Other receivables		1,213	1,390
Fixed asset investments	9	1,213	1,390
Fixed assets total		5,461	6,076
Trade receivables		314,822	195,357
Receivables from group company		108,379	228,911
Other receivables		1,437	2,028
Deferred tax asset	10	232	355
Corporation tax		4,306	2,139
Prepayments		214	344
Receivables		429,390	429,134
Cash at bank and in hand		1,310	11,534
Current assets total		430,700	440,668
Assets total		436,161	446,744

Balance sheet 31 December

	Notes	2021	2020
		TDKK	TDKK
Liabilities and equity			
Share capital		2,300	2,300
Proposed dividends		31,000	58,400
Retained earnings		101,662	72,081
Equity	11	134,962	132,781
Other payables	12	9,775	11,204
Long-term debt		9,775	11,204
Trade payables		15,606	17,832
Payables to group enterprises		242,708	243,488
Other payables		33,110	41,439
Short-term debt		291,424	302,759
Debt total		301,199	313,963
Liabilities and equity total		436,161	446,744
Staff	13		
Rental agreements and lease commitments	14		
Contingent assets, liabilities and other financial obligations	15		
Related parties and ownership	16		
Audit fees	17		
Events after the Balance sheet date	18		

Statement of changes in equity

	Share capital	Retained earnings	Proposed Dividend	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2021	2,300	72,081	58,400	132,781
Net profit for the year	0	60,581	0	60,581
Dividend paid	0	0	-58,400	-58,400
Proposed dividend	0	-31,000	31,000	0
Equity at 31 December 2021	2,300	101,662	31,000	134,962

	Share capital	Retained earnings	Proposed Dividend	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January 2020	2,300	74,107	50,000	126,407
Net profit for the year	0	56,374	0	56,374
Dividend paid	0	0	-50,000	-50,000
Proposed dividend	0	-58,400	58,400	0
Equity at 31 December 2020	2,300	72,081	58,400	132,781

Notes to the annual report

Information on segments

Activities - primary segment

	2021	2020
	TDKK	TDKK
1 Revenue		
Medical Devices	401,045	456,969
Pharmaceutical	916,379	847,845
	1,317,424	1,304,814

Geographical - secondary segment

	2021	2020
	TDKK	TDKK
Faroe Islands	2,702	7,106
Denmark	1,314,722	1,297,708
	1,317,424	1,304,814

	2021	2020
	TDKK	TDKK
2 Other operating income		
Other operating income	1,648	2,807
	1,648	2,807

	2021	2020
	TDKK	TDKK
3 Financial income		
Exchange adjustments	196	271
	196	271

	2021	2020
	TDKK	TDKK
4 Financial costs		
Other financial costs	-240	-267
Exchange adjustments costs	-90	-53
	-330	-320

Notes to the annual report

	2021	2020
	TDKK	TDKK
5 Tax on profit for the year		
Current tax for the year	18,067	17,494
Adjustment in current income tax relating to previous years	41	865
Change in deferred tax	123	98
Adjustment in deferred tax relating to previous years	0	44
	18,231	18,501

	2021	2020
	TDKK	TDKK
6 Distribution of profit		
Proposed distribution of profit	31,000	58,400
Transfer from/to retained earnings	29,581	-2,026
	60,581	56,374

7 Intangible assets

	Total
	TDKK
Goodwill	
Cost at 1 January 2021	4,034
Cost at 31 December 2021	4,034
Impairment losses and depreciation at 1 January 2021	-639
Amortisation for the year	-403
Impairment losses and depreciation at 31 December 2021	-1,042
Carrying amount at 31 December 2021	2,992
Depreciated over	10 years

As at 27 May 2019 Janssen Cilag A/S the company entered into a Business transfer agreement, involving the transfer of assets from Actelion Pharmaceutical Sverige Aktiebolag's Danish branch. As a result of this transfer of assets Goodwill arose in the value of TDKK 4,034.

Notes to the annual report

8 Tangible assets

	Other fixtures	Leasehold improvements	Total
Cost at 1 January 2021	9,877	3,536	13,413
Additions for the year	560	0	560
Cost at 31 December 2021	10,437	3,536	13,973
Impairment losses and depreciation at 1 January 2021	-8,586	-3,536	-12,122
Depreciation for the year	-595	0	-595
Impairment losses and depreciation at 31 December 2021	-9,181	-3,536	-12,717
Carrying amount at 31 December 2021	1,256	0	1,256
Depreciated over	3-10 years	3-10 years	

9 Fixed asset investments

	2021 TDKK	2020 TDKK
Cost at 1 January	1,390	1,873
Additions/Disposals	-177	-483
Cost at 31 December	1,213	1,390
Carrying amount at 31 December	1,213	1,390

10 Deferred tax asset

	2021 TDKK	2020 TDKK
Intangible assets	-151	-113
Property, plant and equipment	383	468
Transferred to deferred tax asset	232	355
	0	0

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

Deferred tax asset

Calculated tax asset	232	355
Carrying amount	232	355

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the annual report

11 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 in the financial period ended 31 December 2021 a dividend payout of TDKK 31,000 which is to be paid out in June 2022.

12 Non-current liabilities

	2021	2020
	TDKK	TDKK
Holiday payable from 1 to 5 years	9,775	11,204
	9,775	11,204

The long-term other payables regard holiday payables which are due for payment within 1-5 years after the balance sheet date.

13 Staff

	2021	2020
	TDKK	TDKK
Wages and Salaries	120,345	105,314
Pension costs	13,709	11,650
Other costs	7,750	10,982
	141,804	127,946

Remuneration to management and Board of Directors

Management and Board of Directors	5,887	5,721
Previous presentation of salaries and pensions with the by-function scheme		
Distribution expenses		79,729
Administrative expenses		48,217
		127,946
Average number of employees	142	116

Management and other employees are included in Johnson & Johnson, Inc.'s share based compensation program. Stock options are granted with a vesting period of 10 years and maturity of 3 years for stock options and restricted stock units. There are performance conditions in connection with the program. Payment to the parent company regarding shares delivered to employees according to the program are recognized as expense in the income statement.

Notes to the annual report

	2021	2020
	TDKK	TDKK
14 Rental agreements and lease commitments		
Operating lease commitments		
Total future lease payments:		
Within 1 year	4,845	3,982
Between 1 and 5 years	7,346	4,744
	12,191	8,726

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

15 Contingent assets, liabilities and other financial obligations

The company is part of a Danish joint taxation with Danish companies in the Johnson & Johnson, Inc. 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.

The company gave a declaration to 3Dintegrated ApS, which states that intercompany and future loans will not be recalled unless the liquidity position of 3Dintegrated ApS is adequate to justify such payment, and the patent company and group enterprises will subordinate their receivables from 3Dintegrated ApS in favour of other creditors of the company.

16 Related parties and ownership

Controlling interest

Janssen-Cilag AB Solna, Sweden	Immediate Parent company
Johnson & Johnson, Inc. 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

Notes to the annual report

Consolidated financial statements

The Company is included in the group annual report of Johnson & Johnson, Inc., New Jersey, USA.

The group annual report of Johnson & Johnson, Inc. may be obtained at the following address:

<https://www.investor.jnj.com/annual-meeting-materials/2021-annual-report>

	2021	2020
	TDKK	TDKK
17 Audit fee		
Audit fee	428	451
Of which: audit related fees	428	428

18 Events after the Balance Sheet date

The Ukraine conflict outbreak, however the escalation of the events reached recently, has not impacted the normal course of business the company, nor triggered revisions on valuations of assets and liabilities differently from what was foreseen.

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












[1769410] J-C A/S, LE7070, FS, FY 2021

Final Audit Report

2022-06-08

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2022-06-08 - 11:52:11 AM GMT

 Berkeley Vincent (bvincen1@its.jnj.com) entered valid password.

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 Email viewed by Julie Brooker (jbrooker@its.jnj.com)

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 Julie Brooker (jbrooker@its.jnj.com) entered valid password.


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 Document e-signed by Julie Brooker (jbrooker@its.jnj.com)


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 Email viewed by Martin Lunden (martin.lunden@pwc.com)

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 Martin Lunden (martin.lunden@pwc.com) entered valid password.
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 Document e-signed by Martin Lunden (martin.lunden@pwc.com)
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