

Biogen (Denmark) A/S

Stationsparken 37, 3., 2600 Glostrup

CVR no. 21 68 29 77

Annual report 2019

Approved at the Company's annual general meeting on 20 August 2020

Chairman:

DocuSigned by:

Mil Raymond Sisak
.....
Mil Raymond Sisak

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	11
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes to the financial statements	15

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Biogen (Denmark) A/S for the financial year 1 January - 31 December 2019.

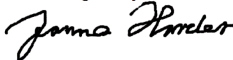
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

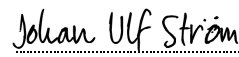
Glostrup, 20 August 2020
Executive Board:

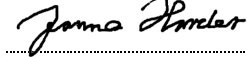
DocuSigned by:

8A8E386C55AD4E9.....
Janne Harder Holmelund
CEO

Board of Directors:

DocuSigned by:

82315338427240E.....
Neil Raymond Sisak
Chairman

DocuSigned by:

70B5249281A944E.....
Ulf Johan Ström

DocuSigned by:

8A8E386C55AD4E9.....
Janne Harder Holmelund

DocuSigned by:

386043B9B4734DB.....
Allan Frank Fischer
Petersen

Independent auditor's report

To the shareholder of Biogen (Denmark) 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 2019 and of the results of the Company operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Biogen (Denmark) A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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.

Management's responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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.

Statement on Management's Review

Management is responsible for the Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read 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 the 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 Statement Act. We did not identify any material misstatement in Management's Review.

Hellerup, 20 August 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

DocuSigned by:



Torben Jensen

State authorised public accountant
mne18651

DocuSigned by:



Rikke Lund-Kühl

State authorised public accountant
mne33507

Management's review

Company details

Name	Biogen (Denmark) A/S
Address, Postal code, City	Stationsparken 37, 3., 2600 Glostrup
CVR no.	21 68 29 77
Established	19 April 1999
Financial year	1 January - 31 December
Website	www.biogen.com
Telephone	+45 77 41 57 57
Telefax	+45 77 41 57 99
Board of Directors	Neil Raymond Sisak, Chairman Ulf Johan Ström Janne Harder Holmelund Allan Frank Fischer Petersen
Executive Board	Janne Harder Holmelund, CEO
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Financial highlights

DKK	2019	2018	2017	2016	2015
Key figures					
Revenue	324,931,439	354,996,821	349,466,112	392,113,116	298,427,977
Operating profit/loss	2,031,892	1,207,242	140,339	8,866,083	9,184,024
Net financials	-946,153	-1,101,810	-894,741	-548,318	154,746
Profit for the year	12,285,122	12,526,911	9,095,758	12,980,189	9,088,920
Financial ratios					
Total assets	210,577,234	198,621,139	154,521,018	174,693,592	112,237,068
Investment in property, plant and equipment	79,019	192,635	96,518	128,650	98,000
Equity	104,344,967	92,059,845	79,532,934	70,437,176	57,456,988
Return on assets	1.0%	0.7%	0.1%	6.2%	7.7%
Equity ratio	49.6%	46.3%	51.5%	40.3%	51.2%
Return on equity	12.5%	14.6%	12.1%	20.3%	17.2%
Average number of employees	22	25	27	24	29

Financial ratios are calculated in accordance with the recommendations on the calculation of financial ratios Recommendations and Financial Ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

Biogen (Denmark) A/S is part of US based Biogen Inc. working with development, production and marketing of drugs, principally in the neurological, immunological.

Research that has been rewarded with two Nobel prizes and has led to the globally leading interferon drug AVONEX for treatment of multiple sclerosis. Biogen has developed an even more efficient natalizumab drug TYSABRI, which were released for sale in the end of 2006.

In 2014 Biogen launched TECFIDERA, in 2016 BENEPALI, in 2017 SPINRAZA and in 2018 IMRALDI.

Financial review

The income statement for 2019 shows a profit of DKK 12,285,122 against a profit of DKK 12,526,911 last year, and the balance sheet at 31 December 2019 shows equity of DKK 104,344,967.

In spite of increased competition both on prices and products Biogen (Denmark) A/S has been able to maintain the revenue. Biogen has globally succeeded in keeping its position in a growing market for treatment of multiple sclerosis during 2019. Results for the year are as expected.

Non-financial matters

Knowledge resources

The Company is operating in the area of biotechnological products with a high degree of specialized technological and knowledge based knowhow.

Special risks

For biotech companies the most significant risks relate to the generally large degree of uncertainty in relation to research and development of new products and the strong public regulations governing the industry, including the market conditions for sale of pharmaceuticals.

Impact on the external environment

The affiliate does not perform any manufacturing activities in Denmark. At group level, the company is taking additional initiatives aimed at more sustainable consumption of energy and water, reuse of materials and environmentally friendly disposal of waste.

Research and development activities

Each year the Biogen Group makes considerable investments worldwide in research and the developments of new products.

Statutory CSR report

Our Business Model

Biogen (Denmark) A/S' main activities are supply of pharmaceuticals into Denmark.

Our Guiding Principles

Biogen's commitment is grounded in the Code of Business Conduct (also referred to as Values in Action), the Sustainability Policy and other related policies and position statements. These principles and policies outline our focus on ethical business conduct, compliance, accountability and transparency and other topics.

Our Code of Business Conduct (Values in Action)

The Code of Business Conduct provides guidance on making ethical decisions while conducting business on behalf of Biogen. The Code helps employees apply core values to specific situations in the day-to-day actions. The Code serves as the company baseline standard and as a guide to other written standards, such as policies, procedures, and functional guidance. The code is referring to additional information on several topics in the Global Policies.

Management's review

Corporate, Environmental, and Social Responsibility

Biogen is an active participant in Pharmaceutical Supply Chain Initiatives (PSCI), and supports the Principles, which align with international frameworks and standards, including the United Nations Global Compact. PSCI is a group of major pharmaceutical companies that share a vision of better social, economic and environmental outcomes as documented in the Pharmaceutical Industry Principles for Responsible Supply Chain Management.

For additional information on global strategies, commitments and efforts regarding social responsibility and sustainability are published in the Biogen Annual Report available at https://www.biogen.com/en_us/yearinreview.html

Supply Chain Responsibility

Our Code of Business Conduct, Human Rights Position Statement and Anti-Slavery and Human Trafficking Statement establish the principles and practices for our ethical business, which we expect all of our suppliers, business partners and employees to follow. In addition, our commitment to inclusive sourcing and procurement practices is represented in our supplier diversity program.

Environmental, Health and Safety Policy

Our Environmental, Health and Safety Policy Statement sets forth our commitment to provide and maintain a healthy and safe work environment and to minimize the impact of our business operations and products on the environment.

Biogen at group level is a science-based company and employ science in our approach to resource use and in our day-to-day business operations. The goal is to mitigate any negative impacts and, where feasible, create positive ones - for example, by becoming a carbon neutral company and embracing green chemistry. For additional information Biogen Annual report is available at https://www.biogen.com/en_us/yearinreview.html

Employees are responsible for knowing and adhering to Biogen's EHS Policy. All employees are expected to act responsibly and follow EHS policies and procedures in order to protect themselves, their co-workers, the community, the environment and the company. As necessary, all employees are required to attend safety classes specifically tailored to their lines of work. The Company emphasizes a proactive safety culture involving employees in mitigation of identified risks at the work place as this will affect the lost time injury rate positively.

EHS is included in several sections of the Values in Action - Code of Business Conduct. In 2019 all employees have been trained in the Code of Business Conduct as part of an annual training cycle.

DocuSign is part of the Continuous Improvement (CI) initiatives in Biogen. By using DocuSign, we will save cost and reduce prints, copies, and workload. In addition, we will continue to improve our environmental performance, impact, and footprints.

Again in 2019 we partnered with Glint to measure and improve sentiment, satisfaction, and performance. The ultimate goal is to create a stronger organization by listening to our employees.

Antibribery and Anticorruption

Biogen has as part of the Global Corporate Compliance Policies an Antibribery and Anticorruption policy, which sets forth a commitment to preventing and detecting bribery and corruption of all types, and set the basic standards for interactions with all third parties, including commercial counterparts, healthcare professionals, government employees and government entities.

- ▶ Biogen is committed to doing business with integrity and complying with applicable legal and ethical standards
- ▶ Biogen adheres to the international and national pharmaceutical industry codes, applicable in the countries where we do business
- ▶ Biogen conducts business fairly and transparently

Antibribery and Anticorruption is included as a section of the Values in Action - Code of Business Conduct. In 2019 all employees have been trained in the Code of Business Conduct as part of an annual training cycle. All new suppliers have been thoroughly checked to ensure that our suppliers are compliant with our policies.

Management's review

Human rights

Biogen respects fundamental human rights and believes that every individual deserves to be treated fairly and with dignity. Biogen is committed to supporting internationally recognized fundamental human rights activities and initiatives. The Biogen Human Rights position is in accordance with the United Nations' Universal Declaration of Human Rights, its Articles and principles. As a responsible organization, Biogen respects the human rights of all people with whom we interact, including our patients, customers, employees and third parties who work as our external business partners. Biogen strives to uphold human rights in all our business activities.

In every country where we operate, Biogen follows all laws, regulations and international conventions related to human rights, including the International Labour Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises.

Fair working conditions and Human Rights are included as a section of the Values in Action - Code of Business Conduct. In 2019 all employees have been trained in the Code of Business Conduct as part of an annual training cycle. All new suppliers have been thoroughly checked to ensure that our suppliers are compliant with our policies.

In Biogen at group level, 26 percent of Biogen's U.S. management (director-level and above) were ethnic or racial minorities in 2019. High potential mid-career underrepresented minorities participate in The Partnership, Inc.'s BioDiversity Fellows Program, supporting our efforts to build our talent pipeline with a rich and diverse mix of leaders. Additionally, Biogen remains committed to taking actions to ensure all employees feel supported in the workplace. Biogen scored 100% on the 2019 Disability Equality Index (DEI), putting Biogen among America's best places to work for disability inclusion. For five consecutive years, Biogen have been recognized as the 'Best Place to Work' for LGBTQ Equality in the U.S. by the Human Rights Campaign, scoring 100% on the 2019 Corporate Equity Index. We are honored to be recognized as a company of choice for employees. In 2019, we received the following recognition:

- Forbes list of the World's Best Employers: Ranked 85th
- Forbes list of America's 'Most JUST Companies': Ranked 30th overall, 1st among ranked pharmaceutical and biotech companies

Community

The foundation of Biogen's philosophy - Caring Deeply - can be seen in the ways we engage with the communities where we work. We recognize our responsibility to conduct business in a way that protects and improves our environment and the community. As we discover, manufacture and market our products, we will continue to work to minimize our environmental impact in all our processes. We strive to minimize our use of natural resources, reduce waste, and mitigate our impact on climate change. We proactively assess environmental risks and opportunities to continuously improve our performance.

We have not identified any operations with significant potential or actual negative impact on local communities. At our major locations, Biogen has procedures in place to help ensure that the impact of our operations on our local communities remains minimal. These include environmental assessments and traffic flow strategies. We also positively impact the communities where we live and work through our community programs such as sponsorships to local sports events and participation in Care Deeply Day where employees work voluntarily in support to local charities.

Our production of pharmaceutical drugs for treatment of diseases with few treatments available and our interest in the community have increased our opportunities for attracting skilled and diversified labor. Community engagement is included as a section of the Values in Action - Code of Business Conduct. In 2019 all employees have been trained in the Code of Business Conduct as part of an annual training cycle.

Account of the gender composition of Management

The supervisory board consists of 3 males (75%) and 1 female (25%).

The site leadership team currently consists of 57% females and 43% males. Since the site leadership team consist of 7 persons it is not possible to get a more equal composition between the genders and therefore, we considered this to be equally represented. The expectation going forward is that an equal representation of genders will be continued.

Management's review

Events after the balance sheet date

At the beginning of 2020, the existence of a new coronavirus (Covid-19), which has spread in and outside China, including Denmark, has been confirmed and has disrupted many business and economic activities. The Company considers the outbreak of this epidemic to be a subsequent event that does not lead to a change in the financial statements. As the situation is unstable and is evolving rapidly, it is not possible to estimate the potential impact on the Company. We will include the potential impact of the epidemic on macroeconomic forecasts, our position and results in estimates of provisions and reserves in 2020.

Outlook

We expect a stable revenue and profit for the year development in 2020 compared to 2019.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
3	Revenue	324,931,439	354,996,821
	Cost of sales	-275,291,731	-301,569,908
	Gross profit	49,639,708	53,426,913
4	Distribution costs	-39,903,092	-43,542,468
4	Administrative expenses	-7,704,724	-8,677,203
	Operating profit	2,031,892	1,207,242
	Other operating income	15,268,389	16,746,395
	Other operating expenses	-399,446	-579,425
	Profit before net financials	16,900,835	17,374,212
	Financial income	11,030	1,556
	Financial expenses	-957,183	-1,103,366
	Profit before tax	15,954,682	16,272,402
5	Tax for the year	-3,669,560	-3,745,491
	Profit for the year	12,285,122	12,526,911

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	216,493	267,074
		<u>216,493</u>	<u>267,074</u>
7	Investments		
	Other receivables	539,507	529,595
		<u>539,507</u>	<u>529,595</u>
	Total fixed assets	<u>756,000</u>	<u>796,669</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	199,934,739	143,486,920
	Receivables from group entities	46,745	1,305,867
8	Deferred tax assets	152,014	159,993
9	Prepayments	601,093	592,796
		<u>200,734,591</u>	<u>145,545,576</u>
	Cash	<u>9,086,643</u>	<u>52,278,894</u>
	Total non-fixed assets	<u>209,821,234</u>	<u>197,824,470</u>
	TOTAL ASSETS	<u><u>210,577,234</u></u>	<u><u>198,621,139</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	501,000	501,000
	Retained earnings	<u>103,843,967</u>	<u>91,558,845</u>
	Total equity	<u>104,344,967</u>	<u>92,059,845</u>
	Liabilities other than provisions		
10	Non-current liabilities other than provisions		
	Other payables	<u>1,579,587</u>	<u>794,938</u>
		<u>1,579,587</u>	<u>794,938</u>
	Current liabilities other than provisions		
10	Current portion of long-term liabilities	59,462	119,943
	Trade payables	4,643,405	39,041,545
	Payables to group entities	22,246,442	14,930,772
	Joint taxation contribution payable	3,661,566	3,719,826
	Other payables	<u>74,041,805</u>	<u>47,954,270</u>
		<u>104,652,680</u>	<u>105,766,356</u>
	Total liabilities other than provisions	<u>106,232,267</u>	<u>106,561,294</u>
	TOTAL EQUITY AND LIABILITIES	<u>210,577,234</u>	<u>198,621,139</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties
- 14 Fee to the auditors appointed by the Company in general meeting

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	Equity at 1 January 2018	501,000	79,031,934	79,532,934
15	Transfer, see "Appropriation of profit"	0	12,526,911	12,526,911
	Equity at 1 January 2019	501,000	91,558,845	92,059,845
15	Transfer, see "Appropriation of profit"	0	12,285,122	12,285,122
	Equity at 31 December 2019	501,000	103,843,967	104,344,967

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Biogen (Denmark) A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes in accounting policies

The change from medium-sized reporting class C to large reporting class C does not affect the income statement or the balance sheet for 2019 or the comparative figures.

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year. Comparative figures have been restated to reflect the policy changes.

Omission of a cash flow statement

The cash flow statement for the company is incorporated in the cash flow statement of the consolidated financial statement of Biogen Idec Inc.

Basis of recognition and measurement

The annual report has been prepared under the historical cost method.

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

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

Foreign currency translation

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue from sale of finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

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

Cost of sales

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

Distribution costs

Distribution expenses include expenses incurred for purposes of distributing goods sold during the year and expenses related to sales campaigns, etc. Distribution expenses include expenses related to sales personnel, advertising and exhibitions.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other operating income and operating expenses

Other operating income comprise revenue from Management Fee invoiced to group companies.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments

Under investments are deposits regarding leases recognized. Deposits are measured at cost.

Leases

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

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

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

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses concerning rent, service contracts and insurance premiums regarding subsequent reporting years.

Cash

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

Liabilities

Debt is measured at amortised cost corresponding to the nominal unpaid debt.

Other liabilities are measured at net realisable value.

Segment information

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Events after the balance sheet date

At the beginning of 2020, the existence of a new coronavirus (Covid-19), which has spread in and outside China, including Denmark, has been confirmed and has disrupted many business and economic activities. The Company considers the outbreak of this epidemic to be a subsequent event that does not lead to a change in the financial statements. As the situation is unstable and is evolving rapidly, it is not possible to estimate the potential impact on the Company. We will include the potential impact of the epidemic on macroeconomic forecasts, our position and results in estimates of provisions and reserves in 2020.

DKK	<u>2019</u>	<u>2018</u>
3 Segment information		
Breakdown of revenue by geographical segment:		
Denmark	<u>324,931,439</u>	<u>354,996,821</u>
	<u>324,931,439</u>	<u>354,996,821</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018
4 Staff costs		
Wages/salaries	27,409,319	30,775,587
Pensions	1,965,223	2,359,927
Other social security costs	262,410	286,422
Other staff costs	653,273	736,849
	<u>30,290,225</u>	<u>34,158,785</u>
Average number of full-time employees	<u>22</u>	<u>25</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
5 Tax for the year		
Estimated tax charge for the year	3,661,581	3,719,826
Deferred tax adjustments in the year	7,979	25,665
	<u>3,669,560</u>	<u>3,745,491</u>
6 Property, plant and equipment		
DKK		Other fixtures and fittings, tools and equipment
Cost at 1 January 2019		641,950
Additions in the year		<u>79,019</u>
Cost at 31 December 2019		720,969
Impairment losses and depreciation at 1 January 2019		374,876
Amortisation/depreciation in the year		<u>129,600</u>
Impairment losses and depreciation at 31 December 2019		504,476
Carrying amount at 31 December 2019		<u>216,493</u>
7 Investments		
DKK		Other receivables
Cost at 1 January 2019		529,595
Additions in the year		<u>9,912</u>
Cost at 31 December 2019		539,507
Carrying amount at 31 December 2019		<u>539,507</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018
8 Deferred tax		
Deferred tax at 1 January	-159,993	-185,658
Adjustment of the year of deferred tax	7,979	25,665
Deferred tax at 31 December	-152,014	-159,993
Deferred tax relates to:		
Property, plant and equipment	-61,081	-68,806
Other taxable temporary differences	-90,933	-91,187
	-152,014	-159,993

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including lease of equipment, prepaid rent and accrued IT-expenses.

10 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,639,049	59,462	1,579,587	0
	1,639,049	59,462	1,579,587	0

11 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally liable with other jointly taxed group entities for payment of income tax for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

DKK	2019	2018
Rent and lease liabilities	6,975,931	8,568,934

Rent and lease liabilities include a rent obligation totalling DKK 5.729.349 in interminable rent agreements with remaining contract terms of 1-5 years. Furthermore, the company has liabilities under operating leases for cars and IT equipment, totalling DKK 1.246.582, with remaining contract terms of 1-4 years.

12 Collateral

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

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Biogen (Denmark) A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Biogen Netherlands B.V.	Straawinskylaan 757, 1077XX Amsterdam, Holland	Controlling interest
Biogen MA Inc.	250 Binney Street, CAMBRIDGE, MA 02142, US	Controlling interest
Biogen Inc.	250 Binney Street, CAMBRIDGE, MA 02142, US	Controlling interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Biogen Netherlands B.V.	Straawinskylaan 757, 1077XX Amsterdam, Holland	The consolidated accounts of Biogen Netherlands B.V can be obtained by written application to Biogen Netherlands B.V., Straawinskylaan 757, 1077XX Amsterdam, Holland
Biogen Inc.	250 Binney Street, CAMBRIDGE, MA 02142, US	The consolidated accounts of Biogen Inc, can be obtained by written application to Biogen Inc., 250 Binney Street, CAMBRIDGE, MA 02142, US

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

With reference to section 98 c(7) of the Danish Financial Statements Act, the company has chosen only to disclose transactions with related parties not carried through on normal market terms. All transactions with related parties have been carried through on normal market terms.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	<u>2019</u>	<u>2018</u>
14 Fee to the auditors appointed by the Company in general meeting		
Total fees to PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab	185,000	167,000
	<u>185,000</u>	<u>167,000</u>
Statutory audit	185,000	
	<u>185,000</u>	
15 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	12,285,122	12,526,911
	<u>12,285,122</u>	<u>12,526,911</u>