



Roche A/S
Annual Report 2021

Registration No. 25 23 05 15
Roche A/S
Industriholmen 57
2650 Hvidovre
This report contains 29 pages

The annual report was presented and approved at
the Company's annual general meeting
on June 30, 2022

DocuSigned by:

Louise Homøe

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Chairman of the annual general meeting



Content

Statement by the Executive Board and Board of Directors	3
Independent auditor's report	4
Management's review	7
Company details	7
Financial highlights	8
Operating review	9
Corporate Social Responsibility	10
Financial statements for the period 1 January - 31 December	13
Income statement	13
Balance sheet	14
Equity	16
Notes to the financial statements	17



Statement by the Executive Board and Board of Directors

The Executive Board and Board of Directors have considered and approved the annual report for the year 1 January - 31 December 2021 for Roche A/S.

The annual report has been 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.

Moreover, in our opinion, the Management's review includes a fair review of developments in the Company's operations and financial position, profit for the year and the Company's financial position.

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

Hvidovre, 30th of June 2022

Executive Board:

DocuSigned by:

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Darine Ghanem
Managing director

Board of Directors

DocuSigned by:

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Beat Krähenmann
Chairman

DocuSigned by:

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Darine Ghanem

DocuSigned by:

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Ehab
Abdelmoneim
Youssef Hassan



Independent auditor's report

To the shareholders of Roche A/S

Opinion

We have audited the financial statements of Roche A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and 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 accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Management's responsibility 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, that 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 30 June 2022

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik Barner Christiansen
State Authorised
Public Accountant
mne 10778



Roche A/S
Annual report 2021
Registration No. 25 23 05 15

Management's review

Company details

Roche A/A
Industriholmen 59
DK-2650 Hvidovre

Telephone: +45 36 39 99 99
Fax: +45 36 39 99 00
Web site: Roche.dk
E-mail: denmark.info@roche.com
Registration No.: 25 23 05 15
Established: 1970
Registered office: Hvidovre

Board of Directors

Beat Krähenmann, chairman
Ehab Abdelmoneim Youssef Hassan
Darine Ghanem

Executive Board

Darine Ghanem

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Annual general meeting

The annual general meeting is to be held on 30th of June 2022.



Financial statements for the period 1 January - 31 December

Financial highlights

TDKK	2021	2020	2019	2018	2017
Key figures					
Revenue	732,832	701,850	718,237	808,154	897,912
Gross profit	133,009	126,855	126,123	152,886	165,918
Ordinary operating profit	20,869	10,981	22,450	34,695	40,078
Financial income and expenses	-34	-36	-17	-17	-21
Net profit for the year	16,253	12,300	21,755	30,177	33,122
Total assets					
Total assets	354,474	378,443	351,751	323,573	361,297
Investments	0	0	0	48	0
Equity	142,787	127,234	159,934	138,179	158,002

Financial ratios

Operating margin	2.8%	1.6%	3.1%	4.3%	4.5%
Return on investment	5.7%	3.0%	6.6%	10.1%	11.9%
Gross margin ratio	18.1%	18.1%	17.6%	18.9%	18.5%
Equity ratio	40.5%	33.6%	45.5%	42.7%	43.7%
Return on equity	12.0%	8.6%	14.6%	20.4%	23.4%
Average number of full-time employees					
Average number of full-time employees	110	121	121	120	122

Financial ratios are calculated in accordance with the guidelines “Recommendations & Ratios” issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on investment	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$
Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$



Operating review

Principal activities

The company's main activity is the sole distribution in Denmark and Iceland of pharmaceuticals delivered by F. Hoffmann-La Roche AG, Basel and other Roche companies.

Development in activities and financial position

Based on the current market conditions the company's result for 2021 is considered satisfactory.

The expectation of management for 2021 was a stable result. The actuals for 2021 show an increase. This is mainly due to the successful realization of planned cost savings.

Outlook

In 2022, we anticipate a stable end of year result based on the success of our new products, regardless of the loss of exclusivity of one of our strategic products.

Since our products are used for treatment of patients with severe and life-threatening diseases, we expect our financial results for 2022 to be consistent with our predictions.

There are indirect, general effects resulting from the ongoing war between the Ukraine and Russia like high inflation rates and increasing prices for energy affecting Roche A/S.

However, these effects are assessed to be not material.

As Roche A/S does not have any customers, vendors or assets in the respective countries and no shortages in the supply chain are expected there are no direct effects on Roche A/S.

The above assessment is reflecting the current state of knowledge and could change in the future if unforeseen developments occur.

Risks

There are no specific uncertainties or unusual conditions in relation to the presentation of the annual report for 2021. The company is not exposed to any subsequent risks besides those that are considered normal risks of the business. The financial risks are covered by various intercompany agreements such as the cash pooling agreement with Roche Pharmholding B.V., Netherlands which ensures daily liquidity and the foreign exchange hedging agreement where the FX-exposure of the cash pool accounts are hedged by Roche Pharmholding B.V., Netherlands.



Corporate Social Responsibility

General CSR policies

With reference to the Danish Financial Statements Act § 99a, section 6, separate disclosure of corporate social responsibility is omitted. Instead, we refer to the Global Annual Report for Roche Holding Ltd for 2022, where compliance in regards of CSR, impact on human rights, climate, environment social and staff matters, anticorruption and bribery can be found. The relevant information is disclosed on page 72-129 in the global annual report (direct link:<https://assets.cwp.roche.com/f/126832/x/32d69fd141/ar21e.pdf>).

Impacts on environment

We have strict limitation on emissions to air, water and waste that we are measuring locally and report to our global company (highlighted in the global annual report pages 96-107). Our building includes solar panels to leverage eco-friendly energy.

Anticorruption and bribery

Roche rejects all forms of corrupt business behaviour, such as bribery (public, private, active and passive), embezzlement, fraud, theft and the granting of improper advantages. The Roche Directive on Integrity in Business provides further guidance on these topics.

Our Local Compliance Officer ensures all of our employees are trained on our global strict behaviour in Business and Anti Corruption program (highlighted in the global annual report pages 121-124). We ask suppliers to confirm their compliance to our anti corruption standards. There is an annual self-assessment of our compliance processes that is confirmed by Management. In addition, there is a global Roche Speak up line providing employees a chance to raise any concerns.

Social and staff matters

Our People are our most important and valuable asset (highlighted in the global annual report pages 84-95). We believe in diversity of targets that give people a clear purpose, as depicted in our annual bonus scheme. Based on a survey amongst the employees, conducted by the Great Place To Work Institute in the Spring 2021, Roche A/S was awarded as #2 Denmark's best place to work 2021 (medium-sized companies).

Impact on climate

We have strict limitation on emissions to air, water and waste that we are measuring locally and report to our Group (highlighted in the global annual report pages 96-107). Our building includes solar panels to leverage clean energy. Our sustainability requirements specify human rights requirements. We are committed to continue our efforts to promote and respect human



rights by ensuring our suppliers uphold our Code of Conduct. We as well conduct due diligence of our key suppliers.

Impact on human rights

Our sustainability requirements specify human rights requirements. We are committed to continue our efforts to promote and respect human rights by ensuring our suppliers uphold our Code of Conduct. We as well conduct due diligence of our key suppliers.

Gender composition

As part of its commitment to be the place to work and drive innovation, Roche is dedicated to supporting diversity and inclusion, and works in accordance with UN Sustainable Development Goal 5 "Achieve gender equality and empower all women and girls". Roche promotes equal opportunities and measures how many women reach leadership positions, a key step towards equality.

Three Board Members have been elected on the company's general meeting. The board members are selected based on their position within Roche. From October 2021 on the Board of Directors consists of 2 men and 1 woman.

The target for the gender composition for the Board of Directors is 1 woman and 2 men by 2022. This target has been achieved with the current gender distribution of 2 men to 1 woman. To accomplish the target of keeping this status, Roche constantly strives to identify new qualified candidates amongst both women and men who potentially can enter the Board of Directors.

Looking at the management group under the Board of Directors, the gender composition is currently 3 women and 9 men. In order to accomplish a more equal gender composition, Roche similarly strives to identify candidates amongst both women and men, when Roche is recruiting for a vacant position in the management group. Thus, Roche does not take the gender into consideration in the selection of a qualified candidate.

Business model description

Our Business Model is to provide our innovative medicines to patients in Denmark and Iceland.

Due diligence

We conduct due diligence of our key suppliers (highlighted in the global annual report page 121-125).



Data ethics

Based on dialogues with stakeholders across the company and in accordance with section 99d of the Danish Financial Statement Act, it was decided to put in place a data ethics policy. This policy provides a framework for the company's activities within the area of data ethics and incorporates our commitment to the principles of ethical data us from the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA). These principles include autonomy, transparency, data quality, fairness and non-discrimination, ethics by design, responsible data sharing, and responsibility and accountability. Amongst other things, our data ethics framework includes that all data being stored is protected by GDPR requirements, all data collected through internal and external platforms or external partners is only used internally if not specifically agreed upon differently, sharing of data with external parties is only possible if a specific data processing agreement is in place and all employees are receiving ongoing training and education around relevant topics. We constantly monitor potential cyber risks in relation to the collection of data. In case risks are identified, management is informed and sufficient actions are implemented. Further relevant information on this topic can also be found in [Roche's Code of Conduct](#) as well as the [Privacy Policy](#).

Risks

We are constantly assessing risk to our business on a local level and define mitigating measures in the Leadership team. The current risk profile is in line with the normal business risks for the pharmaceutical industry (global risk management processes is described in the global annual report page22).

Nonfinancial key performance indicators (KPIs)

We are measuring multiple KPIs locally leading to the global KPIs in the annual report.

Intellectual capital

It is of vital importance when dealing in pharmaceuticals, that the employees of the company possess knowledge of products and market conditions. This knowledge is increased and maintained through further education and by recruiting employees with a high level of education and knowledge.

Subsequent events

Since year-end no events have occurred, which could have a significant impact on the Company's financial position.



Financial statements for the period 1 January - 31 December

Income statement

TDKK	Note	2021	2020
		<u> </u>	<u> </u>
Revenue	2	732,832	701,850
Cost of sales		-599,823	-574,995
Gross profit		<u>133,009</u>	<u>126,855</u>
Marketing and Distribution costs	3	-87,787	-93,931
Administrative costs	3	-24,353	-21,943
Operating profit		<u>20,869</u>	<u>10,981</u>
Other operating income	4	139,945	128,721
Other operating costs	3	-138,472	-122,828
Profit before financial items		<u>22,342</u>	<u>16,874</u>
Financial income	5	14	33
Financial expenses	6	-48	-69
Profit before tax		<u>22,308</u>	<u>16,838</u>
Tax on profit	7	-6,055	-4,538
Profit for the year	8	<u><u>16,253</u></u>	<u><u>12,300</u></u>



Financial statements for the period 1 January - 31 December

Balance sheet

TDKK	Note	2021	2020
ASSETS			
Tangible fixed assets	9		
Land and buildings		0	29,383
Fixtures and equipment		220	2,046
Total non-current assets		220	31,429
Current assets			
Inventories		173,383	170,745
		173,383	170,745
Receivables			
Trade receivables		119,629	76,747
Amounts owed by affiliated companies		54,851	93,442
Other receivables		2,910	287
Prepayments	10	2,016	997
Corporation tax		0	4,796
Deferred tax	11	1,465	0
		180,871	176,269
Cash at bank and in hand	12	0	0
Total current assets		354,254	347,014
TOTAL ASSETS		354,474	378,443



Financial statements for the period 1 January - 31 December

TDKK	Note	2021	2020
EQUITY AND LIABILITIES			
Equity			
Share capital	13	4,000	4,000
Retained earnings		139,487	123,234
Proposed dividend		0	0
Total equity		143,487	127,234
Provisions			
Other provisions	14	2,986	13,441
Provision for deferred tax		0	692
Total provisions		2,986	14,133
Current liabilities other than provisions			
Trade payables		16,108	10,041
Debt to affiliated companies		125,685	156,377
Other payables	15	66,208	70,658
		208,001	237,076
Total liabilities other than provisions		208,701	237,076
TOTAL EQUITY AND LIABILITIES		354,474	378,443
Contingencies, etc.	16		
Related party disclosures and transactions	17		



Financial statements for the period 1 January - 31 December

Equity

TDKK	Share capital	Retained earnings	Proposed dividends	Total
Equity 1 January 2021	4,000	123,234	0	127,234
Dividends	0	0	0	0
Transferred profit appropriation	0	16,253	0	16,253
Equity 31 December 2021	4,000	139,487	0	143,487



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Roche A/S for 2021 has been prepared in accordance with the provisions applying to class C-enterprises (large) under the Danish Financial Statements Act. The accounting policies used in the preparation of the financial statements are unchanged and by that consistent with those of last year.

With reference to the Danish Financial Statement Act § 86, section 4, the cash flow statement is omitted. Instead, we refer to the Annual Report for 2021 for Roche Holding Ltd., Basel, Switzerland. This can be found on:

<https://assets.cwp.roche.com/f/126832/x/8df367bf68/fb21e.pdf>

With reference to the Danish Financial Statement Act § 96, section 3, fee paid to auditors appointed at the annual general meeting is not disclosed.

Recognition and measurement

All sales are recognized in the profit and loss account as earned based on the following criteria:

Delivery has been made before year end, a binding sales agreement has been made, the sales price has been determined, and payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, sales are recognized in the profit and loss account as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortized cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognized in the profit and loss account, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the profit and loss account.

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

Liabilities are recognized in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

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



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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 expense.

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 at the date at which the receivable or payable arose or was recognized in the income statement as financial income or expense.

Income Statement

Revenue

Revenue from sales of the company's products is recognized in the profit and loss account by the time of invoicing. Taxes, rebates and sales commission are deducted from the gross turnover.

Marketing and Distribution expenses

Marketing expenses include wages for marketing staff, promotion material, warehouse- and distribution costs etc. and extra ordinary restructuring cost due to transformation.

Administrative costs

Administrative costs include wages for administrative staff, depreciation of office machines and other office costs.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Other operating income

Other operating income includes debited expenses in connection with clinical trials.

Other operating costs

Other operating costs include clinical trial costs.

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized exchange adjustment etc.

Tax on profit/loss for the year

Tax on profit/loss for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognized in the income statement.

Balance

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10-40 years
Furniture and fixtures	3-15 years



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively.

Land is not depreciated.

Depreciation is recognized in the income statement as administrative costs.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as other operating income or other operating costs, respectively.

Leases

Payments relating to operating leases and other leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Impairment of tangible fixed assets

The carrying amount of tangible fixed assets is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized write-downs are reversed when the basis for the write-down no longer exists.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortized cost. Write-down is made for bad debt losses based on an individual assessment of receivables.

Prepayments

Prepayment assets comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

The Company is covered by the Danish rules of compulsory joint taxation of the Roche Groups Danish affiliates. The Company is the administration company for the joint taxation and as such, settles all payments of corporate taxes towards tax authorities.

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to be liable as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Accounting policies (continued)

Dividends

The proposed dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provision comprise anticipated costs related to sales return, restructurings etc. Provisions are recognized when, as a result of past events, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Segment information

Information is provided on geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

	2021	2020
TDKK		
2 Segment information		
Geographic		
Sales domestic	703,386	670,475
Export	29,446	31,375
	<u>732,832</u>	<u>701,850</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

	2021	2020
TDKK		
3 Staff Costs		
Wages and salaries	105,822	109,638
Pensions	8,195	8,934
Other social security costs	971	1,052
Other staff costs	14,013	21,894
	129,001	141,518
Staff costs are recognized as follows in the financial statements:		
Marketing and Distribution costs	49,057	65,233
Administration costs	19,690	18,208
Other operating costs	60,254	58,077
	129,001	141,518
Average number of full-time employees	110	121

Remuneration to the Board of Directors and Executive Board are included in the staff costs:

Wages and salaries	3,843	3,296
Pensions	0	0
Other social security costs	2	2
Other staff costs	0	0
	3,845	3,298

Pursuant to section 98b, (3), (i) of the Danish Financial Statements Act, remuneration to the Board of Directors and the Executive Board has been disclosed as a total remuneration.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

Long-term award program

The program consists of a mix of Stock-Settled Stock Appreciation Rights (S-SARs) and Performance Share Plan (PSP) the employee can decide on a preferred mix based on available combinations. The long-term award program is granted by the Roche Group exclusive to the Board of Management and selected employees of Roche A/S leadership team. Concerning all activity regarding Roche A/S the long-term award program is solely offered to Roche A/S employees. The total costs related to a long-term award program DKK 1,747 thousand (2020: DKK 1,943 thousand) is included in staff costs and not further detailed as per the Danish Financial Statement Act, sec. 98, (2), 2.

4 Other Operating Income

Other Operating Profit consists of income from services provided to Group companies.

TDKK.	2021	2020
	<u> </u>	<u> </u>
5 Financial income		
Interest income from affiliated companies	0	31
Other financial income	14	2
	<u>14</u>	<u>33</u>
6 Financial expenses		
Interest expenses to affiliated companies	12	17
Other financial expenses	36	52
	<u>48</u>	<u>69</u>
7 Tax on the profit for the year		
Current tax for the year	8,118	4,675
Deferred tax adjustment for the year	-2,158	-137
Adjustment to previous years	95	0
	<u>6,055</u>	<u>4,538</u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

TDKK.	2021	2020
	<u> </u>	<u> </u>
8 Proposed profit appropriation		
Proposed dividend	0	0
Retained earnings	16,253	12,300
	<u>16,253</u>	<u>12,300</u>
	<u> </u>	<u> </u>



Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Tangible fixed assets

TDKK	Land and buildings	Fixtures and equipment	Total
Cost at 1 January 2021	66,698	14,103	80,801
Additions	0	0	0
Transferred	0	0	0
Disposals	-66,698	-12,244	-78,942
Cost at 31 December 2021	0	1,859	1,859
Depreciation at 1 January 2021	37,313	12,059	49,372
Depreciation	707	98	805
Impairment	0	0	0
Disposals	-38,020	-10,518	-48,538
Depreciation at 31 December 2021	0	1,639	1,639
Carrying amount at 31 December 2021	0	220	220
Depreciated over	10-40 years	3-15ears	-

TDKK	2021	2020
10 Prepayments		
Prepaid congresses	0	0
Accrued loss for rent free period	1,715	0
Other prepaid expenses	301	997
Prepayments at 31 December	2,016	997



Financial statements for the period 1 January - 31 December

Notes to the financial statements

TDKK.	2021	2020
11 Deferred tax asset/-liability		
Deferred tax liability at 1 January	-692	-829
Adjustment to previous years	0	0
Adjustment of deferred tax	2,158	137
Deferred tax asset/-liability at 31 December	1,465	-692
Deferred tax relates to		
Property, plant and equipment	421	-2,049
Prepayments	-377	0
Provisions	1,421	1,357
Deferred tax asset/-liability at 31 December	1,465	-692

12 Cash in hand and bank

The company has a cash pooling agreement with Roche Pharmaholding B.V., Netherlands which ensures daily liquidity and the foreign exchange hedging agreement where the FX-exposure of the cash pool accounts are hedged by Roche Pharmaholding B.V., Netherlands.

13 The share capital comprises:

- 2 shares of DKK 1,200 thousand each
- 1 shares of DKK 600 thousand each
- 2 shares of DKK 400 thousand each
- 1 shares of DKK 200 thousand each

All shares rank equally.

The share capital has not changed for the past five years.

TDKK	2021	2020
14 Other provisions		
Provision for restructuring expenses	2,344	13,150
Provision for sales returns	642	291
Other provisions at 31 December	2,986	13,441



Financial statements for the period 1 January - 31 December

Notes to the financial statements

	2021	2020
TDKK		
15 Other payables		
Holiday allowance	10,673	23,005
Payable VAT	20,686	13,042
Accrued bonus	17,760	12,316
Other	17,089	22,295
	66,208	70,658
Other payables at 31 December		

16 Contingencies, etc.

Lease obligations

The Company has operating lease obligations of DKK 4,997 thousand as per 31st December 2021 (2020: DKK 7,050 thousand), of which DKK 4,866 thousand is due within the next twelve months (2020: DKK 3,225 thousand).

Rent obligations

The Company has rent obligations regarding – office buildings and expatriate employees. The obligation amounts to DKK 24,938 thousand per 31st December 2021 (2020: DKK 447 thousand). Cancellation of the contracts before end date will result in payment of DKK 24,938 thousand (2020: DKK 447 thousand).

Tax obligations

The Company is jointly taxed with other Danish companies in the Roche Group. As the administrative company and a wholly owned subsidiary of Roche Holding Ltd. the Company is unlimited and solidarity liable with the other companies in the joint taxation regarding Danish corporation taxes and withholding taxes on dividends, interests and royalties in the joint taxation. At 31 December 2021, the jointly taxed companies' net liabilities to SKAT amounted to DKK 0 (nil). Any subsequent corrections of the taxable income in the joint taxation or withholding taxes could lead to the Company's liability being higher.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

17 Related party disclosures and transactions

The Company is a 100% owned subsidiary. The Company is part of the consolidated financial statements of Roche Holding AG, Grenzacherstrasse 124, 4058 Basel, Switzerland, in which the Company is included as a subsidiary.

The consolidated financial statements of Roche Holding AG for 2021 can be obtained by contacting the Company or at the following website:

<https://assets.cwp.roche.com/f/126832/x/8df367bf68/fb21e.pdf>

Transactions with related parties consist exclusively of purchasing goods, purchasing services and selling services to group companies.

TDKK	2021
Purchase of goods from Group companies	-638.928
Purchase of services from Group companies	-2.913
Sale of goods to Group companies	0
Sale of services to Group companies	141.653
Total	-500.188

The company's balances with Group companies at December 31 2021 are recognized in the balance sheet. Accounts receivable balances consist of reimbursements from F. Hoffmann-La Roche AG and services delivered under the Service Level Agreement with Roche Diagnostics Denmark A/S. Accounts payable balances primarily consist of purchased goods from F. Hoffmann-La Roche AG.

Interest income and expenses are disclosed in note 5 and 6.

Sales of services from group companies consists of facility services, warehouse services, office services and canteen services.

No transactions have been carried out with the Board of Directors and the Executive Management apart from ordinary remuneration.

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