

Lundbeck Export A/S

Central Business Registration No

26256275

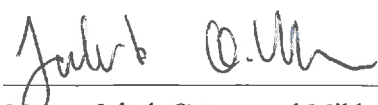
Ottiliavej 9

DK-2500 Valby

Annual report 2016

The Annual General Meeting adopted the annual report on 08.05.2017

Chairman of the General Meeting



Name: Jakob Østergaard Mikkelsen

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Entity details

Entity

Lundbeck Export A/S

Ottiliavej 9

DK-2500 Valby

Central Business Registration No: 26256275

Registered in: Copenhagen

Financial year: 01.01.2016 - 31.12.2016

Phone: +45 36301311

Fax: +45 36301940

Board of Directors

Staffan Schüberg, Chairman

Morten Bryde Hansen, Deputy Chairman

Joao Carlos Nunes Rocha

Herman Santoni Ramos

Henrik Agerbæk-Larsen

Executive Board

Herman Santoni Ramos, Chief Executive Officer

Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

DK-0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Lundbeck Export A/S for the financial year 01.01.2016 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.


Copenhagen, 08.05.2017

Executive Board



Herman Santoni Ramos
Chief Executive Officer

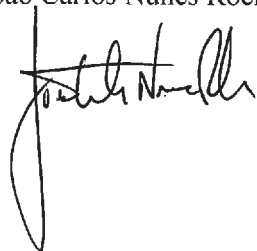
Board of Directors



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Chairman

Morten Bryde Hansen
Deputy Chairman

Joao Carlos Nunes Rocha



Herman Santoni Ramos

Henrik Agerbæk-Larsen

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Deputy Chairman

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Herman Santoni Ramos

~~Henrik Agerbæk-Larsen~~

Independent auditor's report

To the shareholders of Lundbeck Export A/S

Opinion

We have audited the financial statements of Lundbeck Export A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do.

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, individual-

ly 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

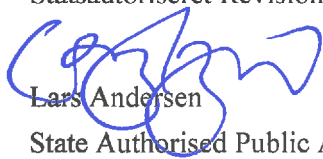
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 08.05.2017

Deloitte

Statsautoriseret Revisionspartnerselskab



Lars Andersen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

	2016	2015	2014	2013	2012
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Financial highlights					
Key Figures					
Revenue	1,392,026	1,498,397	1,303,070	1,339,054	1,210,316
Gross profit/(loss)	96,733	51,944	79,931	166,770	152,031
Operating profit/(loss)	37,388	(33,142)	(7,189)	80,101	41,102
Net financials	(2,295)	61,524	40,510	(26,741)	(3,236)
Profit/(loss) for the year	25,357	17,703	1,438	30,112	21,379
Total assets	765,842	779,102	640,233	604,049	638,982
Investments in property, plant and equipment	1,082	3,472	3,020	2,771	7,007
Equity	355,423	330,392	342,961	343,922	313,562
Ratio					
Return on Equity (%)	7.4	5.3	0.4	9.2	7.1
Equity ratio (%)	46.4	42.4	53.6	53.8	52.1
Profit margin (%)	1.8	1.2	0.1	2.2	1.8
Gross margin (%)	6.9	3.5	6.1	12.5	12.6

Primary activity

The Entity's primary activity is to sell medical specialities and bulk goods to export markets in the Middle East, the Indian subcontinent with the exception of Pakistan and India, Africa with the exception of South Africa, South America, Asia and Europe.

Development in activities and finances

The Entity's revenue totalled DKK 1,392,026 thousand in 2016 against DKK 1,498,397 thousand in 2015. 2016 sales are slightly lower than 2015 and within the expected range.

Operating profit amounts to DKK 37,388 thousand. The operating profit is primarily caused by decreased cost of sales and other external expenses.

The Board of Directors considers the results to be as expected due to the circumstances for the financial year.

Outlook

The Entity expects revenue and result before tax for 2017 to be on a par with 2016. This means revenue

ranging between DKK 1.2 billion and DKK 1.5 billion and a result before tax between DKK 25 million and DKK 50 million.

Particular risks

The Entity sells H. Lundbeck A/S' products only, for which reason particular risks are consistent with those described in H. Lundbeck A/S' 2016 annual report.

Research and development activities

The research and development activities of the Lundbeck Group are performed by the Parent. This is why the Entity has no research or development activities.

Corporate social responsibility

The Entity is covered by the policies of the Parent, H. Lundbeck A/S. Management has chosen to disclose the mandatory annual statutory report on CSR in the form of a Communication on Progress report to the UN Global Compact on its homepage <http://www.lundbeck.com/global/CSR>.

Events after the balance sheet date

No events that could influence the financial statements for 2016 have taken place after the balance sheet date.

Accounting policies

Reporting Class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including rental income and gains from the sale of intangible assets and property, plant and equipment.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff. This item also includes costs of a share-based arrangement based on the Parent's shares.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets and property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies.

Accounting policies

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Lundbeckfond Invest A/S and its Danish subsidiaries. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balances calculated pursuant to the interest deduction limitation rule of the Danish Corporation Tax Act have been allocated among the jointly taxed companies that are subject to limitation of deductibility based on their share of the total limitation. Deferred tax liabilities in respect of these balances are recognised in the balance sheet, whereas deferred tax assets are recognised only if they qualify for recognition as deferred tax assets.

Balance sheet

Intellectual property rights

Intellectual property rights comprise software.

Software is measured at cost less accumulated amortisation and impairment losses. Cost of software includes expenses for project design, including direct wages and expenses directly attributable to the project.

The basis of amortisation is cost less estimated residual value after the end of useful life. Straight-line amortisation is applied over the estimated useful life which normally constitutes three years.

Profits and losses from the sale of intangible assets are calculated as the difference between selling price and the carrying amount at the time of sale less selling costs.

Property, plant and equipment

Other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement together with depreciation and impairment losses.

Inventories

Goods for resale are measured at the latest known cost at the balance sheet date, which is equivalent to cost computed according to the FIFO method.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less provisions for bad and doubtful debts.

Other investments

Other investments include investments in affiliated companies. These are recognised at cost.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of assets and liabilities and their tax bases. The tax value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments recognised in assets comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Share-based payments

Share-based incentive programmes in which employees may opt to buy shares in the Parent in which shares are allocated to employees (equity schemes) are measured at the equity instruments' fair value at the date of grant and recognised under staff costs when or as the employee obtains the right to buy/receive the shares. The balancing item is recognised directly in equity under other transactions.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

According to section 86(4) of the Danish Financial Statements Act, the Entity has omitted to prepare a cash flow statement.

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios reflect
Return on equity (%)	= $\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the enterprise by the owners.
Equity ratio (%)	= $\frac{\text{Equity} \times 100}{\text{Total assets}}$	The Financial strength of the Entity.
Profit margin (%)	= $\frac{\text{Profit/(loss) for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Gross margin (%)	= $\frac{\text{Gross profit/(loss)} \times 100}{\text{Revenue}}$	The Entity's operating gearing.

Income statement for 2016

	Notes	2016 DKK'000	2015 DKK'000
Revenue	1	1,392,026	1,498,397
Other operating income		208	661
Cost of sales		(957,910)	(1,119,230)
Other external expenses		(337,591)	(327,884)
Gross profit/(loss)		96,733	51,944
Staff costs	2	(57,634)	(83,086)
Depreciation, amortisation and impairment losses	3	(1,711)	(2,000)
Operating profit/(loss)		37,388	(33,142)
Financial income	4	4,539	72,812
Financial expenses	5	(6,834)	(11,288)
Profit/(loss) before tax		35,093	28,382
Tax on profit/(loss)	6	(9,736)	(10,679)
Profit/(loss) for the year	7	25,357	17,703

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Intellectual property rights		0	10
Intangible assets	8	0	10
Other fixtures and fittings, tools and equipment		3,649	4,764
Leasehold improvements		692	951
Property, plant and equipment	9	4,341	5,715
Other receivables	10	4,223	5,618
Receivables from group enterprises		135,508	203,235
Deferred tax	11	443	489
Fixed asset investments		140,174	209,342
Fixed assets		144,515	215,067
Inventories		373	0
Trade receivables		515,011	451,281
Receivables from group enterprises		32	940
Other short-term receivables		51,116	55,634
Prepayments		3,286	6,442
Receivables		569,445	514,297
Cash		51,509	49,738
Current asset		621,327	564,035
Assets		765,842	779,102

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital		600	600
Share Premium		2,820	2,820
Retained earnings		310,003	326,972
Proposed dividend		42,000	0
Equity		<u>355,423</u>	<u>330,392</u>
Other provisions		36,702	39,610
Provisions	12	<u>36,702</u>	<u>39,610</u>
Prepayments received from customers		8,026	7,612
Trade payables		31,216	34,133
Debt to group enterprises		307,962	340,245
Income tax payables		9,639	10,532
Other payables	13	16,874	16,578
Current liabilities other than provisions		<u>373,717</u>	<u>409,100</u>
Liabilities		<u>410,419</u>	<u>448,710</u>
Equity and liabilities		<u><u>765,842</u></u>	<u><u>779,102</u></u>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties	16		
Consolidation	17		
Financial highlights	18		
Events after the balance sheet date	19		

Statement of changes in equity for 2016

	Con- tributed capital <u>DKK'000</u>	Share Premi- um <u>DKK'000</u>	Pro- posed dividend <u>DKK'000</u>	Re- tained earnings <u>DKK'000</u>	Total <u>DKK'000</u>
Equity at 01.01.16	600	2,820	0	326,972	330,392
Other adjustments	0	0	0	(326)	(326)
Profit/(loss) for the year	0	0	42,000	(16,643)	25,357
Equity at 31.12.2016	600	2,820	42,000	310,003	355,423

Other adjustments are share based payments.

Notes

	2016	2015
	DKK'000	DKK'000
1. Revenue		
EU Countries	88,956	138,943
Other countries	1,303,070	1,359,454
	1,392,026	1,498,397
	2016	2015
	DKK'000	DKK'000
2. Staff costs		
Wages and salaries	37,778	51,530
Pension costs	621	2,788
Other social security costs	2,671	3,386
Other staff costs	16,564	25,382
	57,634	83,086
Average number of employees in the financial year	164	202
	2016	2015
	DKK'000	DKK'000
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	10	11
Depreciation of property, plant and equipment	1,811	2,375
Profit/loss from sale of intangible assets and property, plant and equipment	(110)	(386)
	1,711	2,000

Notes

	2016	2015
	DKK'000	DKK'000
4. Financial income		
Financial income arising from group enterprises	406	4,667
Interest income	778	2,288
Exchange rate adjustments	3,355	65,857
	<u>4,539</u>	<u>72,812</u>
	2016	2015
	DKK'000	DKK'000
5. Financial expenses		
Financial expenses from group enterprises	90	3,717
Interest expenses	483	47
Exchange rate adjustments	4,620	6,063
Other financial expenses	1,641	1,461
	<u>6,834</u>	<u>11,288</u>
	2016	2015
	DKK'000	DKK'000
6. Tax on profit/(loss)		
Current tax	9,639	10,532
Adjustments relating to previous years, current tax	10	(104)
Adjustments relating to previous years, deferred tax	(9)	103
Change in deferred tax for the year	55	116
Effect of changed tax rates	0	32
Tax on equity postings	41	0
	<u>9,736</u>	<u>10,679</u>
	2016	2015
	DKK'000	DKK'000
7. Distribution of profit		
Proposed distribution of profit/loss		
Dividend for the financial year	42,000	0
Retained earnings	(16,643)	17,703
	<u>25,357</u>	<u>17,703</u>

Notes

	Intellectual property rights DKK'000	
8. Intangible assets		
Cost at 01.01.2016		204
Cost at 31.12.2016		204
Amortisation and impairment losses at 01.01.2016		(194)
Amortisation for the year		(10)
Amortisation and impairment losses at 31.12.2016		(204)
Carrying amount at 31.12.2016		0
	Other fixtures and fittings, tools and equipment DKK'000	Leasehold im- provements DKK'000
9. Property, plant and equipment		
Cost at 01.01.2016	11,177	5,615
Additions	1,082	0
Disposals	(1,708)	(38)
Cost at 31.12.2016	10,551	5,577
Depreciation and impairment losses at 01.01.2016	(6,413)	(4,664)
Depreciation for the year	(1,558)	(253)
Depreciation on disposals	1,069	32
Depreciation and impairment losses at 31.12.2016	(6,902)	(4,885)
Carrying amount at 31.12.2016	3,649	692

Notes

	Other receivables	
	DKK'000	
10. Other receivables		
Cost at 01.01.2016		5,618
Additions		2,841
Disposals		(4,173)
Exchange rate adjustments		(63)
Cost at 31.12.2016		4,223
Carrying amount at 31.12.2016		4,223
		2016
		DKK'000
11. Deferred tax		
Deferred tax 01.01.2016		489
Adjustment of deferred tax at beginning of year		9
Movements during the year		(55)
Deferred tax 31.12.2016		443
	2016	2015
	DKK'000	DKK'000
12. Other provisions		
Provisions for lawsuits and disputes	18,320	18,327
Other provisions	18,382	21,283
	36,702	39,610
	2016	2015
	DKK'000	DKK'000
13. Other short-term payables		
Wages and salaries, personal income taxes, social security costs, etc payable	15,984	13,916
Holiday pay obligation	187	479
Other costs payable	703	2,183
	16,874	16,578

Notes

14. Unrecognised rental and lease commitments

Contractual obligations comprise rental and lease commitments that total DKK 5,986 thousand at 31 December 2016 (31 December 2015: DKK 34,392 thousand).

15. Contingent liabilities

Bank guarantees and letter of intent

The Entity's banks have issued bank guarantees worth DKK 1.1 million in favour of third parties.

Joint taxation

The Entity is part of a Danish joint taxation scheme with Lundbeckfond Invest A/S, according to which the Entity has partly a joint and several liability and partly a secondary liability with respect to corporate income taxes etc. for the jointly-taxed companies. In addition, the Entity has partly a joint and several liability and partly a secondary liability with respect to any obligations to withhold tax on interest, royalties and dividends for these companies. However, in both cases the secondary liability is capped at an amount equal to the share of the capital of the Entity directly or indirectly owned by the ultimate parent company.

16. Related parties

The following shareholder controls the entity:

- H. Lundbeck A/S, Ottiliavej 9, DK-2500 Valby

There has been no transactions with related parties that were not on an arm's length basis.

17. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Lundbeck Foundation, Scherfigsvej 7, DK-2100 Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

H. Lundbeck A/S, Ottiliavej 9, DK-2500 Valby

18. Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts". Please refer to accounting policies for definitions.

19. Events after the balance sheet date

Please refer to Management commentary.