

**Lundbeck Export A/S**

**Central Business Registration No**

**26256275**

**Ottliavej 9**

**DK-2500 Valby**

**Annual Report 2018**

The Annual General Meeting approved the annual report on 30.04.2019

**Chairman of the General Meeting**

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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: 01.01.2018 - 31.12.2018

Phone: +45 36301311

### **Board of Directors**

Jacob Tolstrup, Chairman

Morten Bryde Hansen, Deputy Chairman

Joao Carlos Nunes Rocha

Søren Kjeld Kristensen

Henrik Agerbæk-Larsen

### **Executive Board**

Søren Kjeld Kristensen, 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 01.01.2018 - 31.12.2018.

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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 30.04.2019

### **Executive Board**

Søren Kjeld Kristensen  
Chief Executive Officer

### **Board of Directors**

Jacob Tolstrup  
Chairman

Morten Bryde Hansen  
Deputy Chairman

Joao Carlos Nunes Rocha

Søren Kjeld Kristensen

Henrik Agerbæk-Larsen

## **Independent auditor's report**

### **To the shareholder of Lundbeck Export A/S**

#### **Opinion**

We have audited the financial statements of Lundbeck Export A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, and 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 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 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 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, 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, 30.04.2019

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Sumit Sudan  
State-Authorised Public Accountant  
MNE no 33716

Lars Andersen  
State-Authorised Public Accountant  
MNE no 27762

## Management commentary

	<b>2018</b>	<b>2017</b>	<b>2016<sup>1</sup></b>	<b>2015<sup>1</sup></b>	<b>2014<sup>1</sup></b>
	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>	<b><u>DKK'000</u></b>
<b>Financial highlights</b>					
<b>Key Figures</b>					
Revenue	1,549,297	1,405,921	1,392,026	1,498,397	1,303,070
Gross profit	117,199	158,182	96,733	51,944	79,931
Operating profit/(loss)	46,183	95,395	37,388	(33,142)	(7,189)
Net financials	(3,142)	(54,768)	(2,295)	61,524	40,510
Profit for the year	25,953	28,507	25,357	17,703	1,438
Total assets	687,112	692,923	765,842	779,102	640,233
Investments in property, plant and equipment	1,288	1,944	1,082	3,472	3,020
Equity	334,532	337,213	355,423	330,392	342,961
<b>Ratio</b>					
Return on Equity (%)	7.7	8.2	7.4	5.3	0.4
Equity ratio (%)	48.7	48.7	46.4	42.4	53.6
Profit margin (%)	1.7	2.0	1.8	1.2	0.1
Gross margin (%)	7.6	11.3	6.9	3.5	6.1

For definitions of ratios please refer to accounting policies.

### Primary activity

The Entity's primary activity is to sell finished medicinal products and bulk goods to 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 1,549,297 thousand in 2018 compared with DKK 1,405,921 thousand in 2017. For 2018 revenue increased 10% compared to 2017 which is in line with expectations.

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<sup>1</sup> Comparative figures for 2016, 2015 and 2014 for Revenue and Net financials have not been restated to reflect the change in presentation of foreign currency translation.

Operating profit amounts to DKK 46,183 thousand in 2018 compared to DKK 95,395 thousand in 2017. The decrease in operating profit is partly due to increase in cost of goods sold and increase in other external expenses relating to promotion and market research.

The result is in line with expectations for the financial year.

## **Outlook**

The Entity expects revenue and result before tax for 2019 to be on par with 2018. This means revenue ranging between DKK 1.2 billion and DKK 1.7 billion and a profit before tax between DKK 35 million and DKK 50 million.

## **Particular risks**

The Entity only sells H. Lundbeck A/S' products and products licenced to H. Lundbeck, for which reason particular risks are consistent with those described in H. Lundbeck A/S' 2018 Annual Report.

## **Research and Development activities**

The Research and Development activities of the Lundbeck Group are performed by the Parent. Therefore the Entity has no Research and Development activities.

## **Sustainability**

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 sustainability in the form of a Communication on Progress report to the UN Global Compact on its homepage <http://www.lundbeck.com><sup>2</sup>.

## **Gender diversity of management**

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 the gender diversity of management in the form of a Communication on Progress report to the UN Global Compact on its homepage <http://www.lundbeck.com><sup>3</sup>.

## **Events after the balance sheet date**

No events that could influence the financial statements for 2018 have taken place after the balance sheet date.

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<sup>2</sup> [https://www.lundbeck.com/upload/global/files/pdf/sustainability/COP/COP\\_2018.pdf](https://www.lundbeck.com/upload/global/files/pdf/sustainability/COP/COP_2018.pdf)

<sup>3</sup> [https://www.lundbeck.com/upload/global/files/pdf/sustainability/COP/COP\\_2018.pdf](https://www.lundbeck.com/upload/global/files/pdf/sustainability/COP/COP_2018.pdf)

## 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.

### Changes in the presentation of foreign currency translation

Lundbeck Export has changed the presentation of Foreign currency translation, Financial income and Financial expenses. The exception whereby currency translation related to items hedged by the Parent was recognised in the same item as the hedged items no longer applies; such exchange differences are now recognised under net financials. Comparative figures have been restated.

### 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 Entity has 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 been transferred to the buyer. Revenue is recognised net of VAT, revenue-based taxes 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 gains from the sale of property, plant and equipment.

#### **Cost of goods sold**

Cost of goods sold comprises costs of goods sold 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 incentive programme based on the Parent's shares.

#### **Depreciation and impairment losses**

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation 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 property, plant and equipment. Residual values are assessed annually.

#### **Financial income**

Financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, as well as realised and unrealised gains and losses on receivables and payables denominated in foreign currencies.

#### **Financial expenses**

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, as well as realised and unrealised gains and losses on receivables and payables denominated in foreign currencies.

## Accounting policies

### Tax on profit/loss for the year

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

#### 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.

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.

## Accounting policies

### 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 writedowns 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, such as pre-paid rent, insurance etc. Prepayments are measured at cost.

### 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 and in which shares are granted to employees (equity-settled programmes) are measured at the equity instruments' fair value at the date of grant and recognised under staff costs as or when the employee obtains the right to buy/receive the shares. The offsetting item is recognised directly in equity under retained earnings.

### Other provisions

Other provisions consist of different types of provisions, including provisions for pending lawsuits. Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

## **Accounting policies**

### **Prepayments received from customers**

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

### **Other financial liabilities**

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

### **Income tax receivable or payable**

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

### **Operating leases**

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

### **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 according to the Danish Finance Society's *Recommendations & Financial Ratios*.

<b>Ratios</b>		<b>Calculation formula</b>	<b>Ratios reflect</b>
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 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Revenue	1	1,549,297	1,405,921
Other operating income		218	37
Cost of goods sold		(995,803)	(880,765)
Other external expenses		(436,513)	(367,011)
<b>Gross profit</b>		<b>117,199</b>	<b>158,182</b>
Staff costs	2	(69,348)	(61,033)
Depreciation and impairment losses	3	(1,668)	(1,754)
<b>Operating profit</b>		<b>46,183</b>	<b>95,395</b>
Financial income	4	968	1,034
Financial expenses	5	(4,110)	(55,802)
<b>Profit before tax</b>		<b>43,041</b>	<b>40,627</b>
Tax on profit	6	(17,088)	(12,120)
<b>Profit for the year</b>	7	<b>25,953</b>	<b>28,507</b>

**Balance sheet at 31.12.2018**

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>
Other fixtures and fittings, tools and equipment	8	3,000	3,261
Leasehold improvements	8	<u>262</u>	<u>985</u>
<b>Property, plant and equipment</b>		<b><u>3,262</u></b>	<b><u>4,246</u></b>
Receivables from group enterprises		80,440	126,364
Deposits	9	575	3,285
Deferred tax	10	<u>457</u>	<u>490</u>
<b>Financial assets</b>		<b><u>81,472</u></b>	<b><u>130,139</u></b>
<b>Non-current assets</b>		<b><u>84,734</u></b>	<b><u>134,385</u></b>
<b>Inventories</b>		<b><u>0</u></b>	<b><u>458</u></b>
Trade receivables		448,587	432,721
Receivables from group enterprises		252	279
Income tax receivable		5,488	12,882
Other short-term receivables		36,533	34,725
Prepayments		<u>13,725</u>	<u>13,209</u>
<b>Receivables</b>		<b><u>504,585</u></b>	<b><u>493,816</u></b>
<b>Cash</b>		<b><u>97,793</u></b>	<b><u>64,264</u></b>
<b>Current asset</b>		<b><u>602,378</u></b>	<b><u>558,538</u></b>
<b>Assets</b>		<b><u>687,112</u></b>	<b><u>692,923</u></b>

**Balance sheet at 31.12.2018**

	<b>Notes</b>	<b>2018 DKK'000</b>	<b>2017 DKK'000</b>
Share capital		600	600
Proposed dividends	7	25,900	28,500
Retained earnings		308,032	308,113
<b>Equity</b>		<b>334,532</b>	<b>337,213</b>
Other provisions	11	7,198	34,926
<b>Provisions</b>		<b>7,198</b>	<b>34,926</b>
Prepayments received from customers		20,376	8,081
Trade payables		48,835	25,997
Debt to group enterprises		242,293	268,405
Other short-term payables	12	33,878	18,301
<b>Current liabilities other than provisions</b>		<b>345,382</b>	<b>320,784</b>
<b>Liabilities</b>		<b>352,580</b>	<b>355,710</b>
<b>Equity and liabilities</b>		<b>687,112</b>	<b>692,923</b>
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties	15		
Consolidation	16		

## Statement of changes in equity for 2018

	Share capital	Proposed dividends	Retained earnings	Total
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Equity at 01.01.2018	600	28,500	308,113	337,213
Distributed dividends	-	(28,500)	-	(28,500)
Other adjustments	-	-	(134)	(134)
Profit/(loss) for the year	-	25,900	53	25,953
<b>Equity at 31.12.2018</b>	<u><b>600</b></u>	<u><b>25,900</b></u>	<u><b>308,032</b></u>	<u><b>334,532</b></u>

Other adjustments relates to share-based payments.

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Revenue</b>		
EU Countries	72,529	70,237
Other countries	1,476,768	1,335,684
	<b>1,549,297</b>	<b>1,405,921</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Staff costs</b>		
Wages and salaries	43,066	36,948
Pension costs	575	517
Other social security costs	2,789	2,593
Other staff costs	22,918	20,975
	<b>69,348</b>	<b>61,033</b>

Average number of employees in the financial year	<b>151</b>	<b>156</b>
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	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Depreciation and impairment losses</b>		
Depreciation of property, plant and equipment	1,682	1,861
Profit/loss from sale of property, plant and equipment	(14)	(107)
	<b>1,668</b>	<b>1,754</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Financial income</b>		
Financial income from group enterprises	470	365
Interest income	498	669
	<b>968</b>	<b>1,034</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Financial expenses</b>		
Financial expenses from group enterprises	10	367
Interest expenses	606	546
Exchange rate adjustments	2,047	49,558
Other financial expenses	1,447	5,331
	<b>4,110</b>	<b>55,802</b>

In 2017, other financial expenses included ex gratia discounts related to a distributor agreement.

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Tax on profit</b>		
Current tax	13,064	12,117
Adjustments relating to previous years, current tax	4,014	(4)
Adjustments relating to previous years, deferred tax	0	11
Change in deferred tax for the year	33	(58)
<b>Total tax for the year</b>	<b>17,111</b>	<b>12,066</b>

### Tax for the year is composed of:

Tax on profit for the year	17,088	12,120
Tax on transactions in equity	23	(54)
<b>Total tax for the year</b>	<b>17,111</b>	<b>12,066</b>

## Notes

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>7. Distribution of profit</b>		
<b>Proposed distribution of profit/loss</b>		
Dividends for the financial year	25,900	28,500
Retained earnings	53	7
	<b>25,953</b>	<b>28,507</b>

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold im- provements DKK'000</b>
<b>8. Property, plant and equipment</b>		
Cost at 01.01.2018	10,662	6,223
Additions	1,288	0
Disposals	(931)	(1,000)
<b>Cost at 31.12.2018</b>	<b>11,019</b>	<b>5,223</b>
Depreciation and impairment losses at 01.01.2018	7,401	5,238
Depreciation for the year	1,383	299
Depreciation on disposals	(765)	(576)
<b>Depreciation and impairment losses at 31.12.2018</b>	<b>8,019</b>	<b>4,961</b>
<b>Carrying amount at 31.12.2018</b>	<b>3,000</b>	<b>262</b>

	<b>Deposits DKK'000</b>
<b>9. Deposits</b>	
Cost at 01.01.2018	3,285
Additions	2,408
Disposals	(5,325)
Exchange rate adjustments	207
<b>Cost at 31.12.2018</b>	<b>575</b>
<b>Carrying amount at 31.12.2018</b>	<b>575</b>

## Notes

	<b>2018</b>
	<b>DKK'000</b>
<b>10. Deferred tax</b>	
Deferred tax 01.01.2018	490
Movements relating to profit for the year	(10)
Movements relating to transactions in equity	(23)
<b>Deferred tax 31.12.2018</b>	<b>457</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>11. Other provisions</b>		
Provisions for lawsuits and disputes	0	18,320
Returns	0	2,068
Other provisions	7,198	14,538
	<b>7,198</b>	<b>34,926</b>

	<b>2018</b>	<b>2017</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>12. Other short-term payables</b>		
Wages and salaries, personal income taxes, social security costs, etc.	23,912	17,137
Holiday pay obligation	44	46
Other payables	9,922	1,118
	<b>33,878</b>	<b>18,301</b>

Other payables relates mainly to VAT payable to authorities.

## 13. Unrecognised rental and lease commitments

Contractual obligations comprise rental and lease commitments that total DKK 1,794 thousand at 31 December 2018 (31 December 2017: DKK 6,316 thousand).

## Notes

### 14. Contingent liabilities

#### Bank guarantees and letter of intent

The Entity's banks have issued bank guarantees worth DKK 1.4 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.

### 15. Related parties

The following shareholder holds all the shares and controls the entity:

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

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

### 16. Consolidation

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

Lundbeckfonden, Scherfigsvej 7, DK-2100 Copenhagen, Denmark

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

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