
Teva Denmark A/S

Vandtårnsvej 83 A, DK-2860 Søborg

Annual Report for 2017

CVR No 29 63 40 76

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /6 2018

Henri Pieter Josephus
Henrichs
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Teva Denmark A/S for the financial year 1 January - 31 December 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Søborg, 1 June 2018

Executive Board

Morten Nielsen
Executive Officer

Bjarne Palle Niemi
Executive Officer

Board of Directors

Henri Pieter Josephus Henrichs
Chairman

Boris Niklas Döbler

Morten Nielsen

Independent Auditor's Report

To the Shareholder of Teva Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Teva Denmark A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 1 June 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden
State Authorised Public Accountant
mne32209

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company Information

The Company

Teva Denmark A/S
Vandtårnsvej 83 A
DK-2860 Søborg

CVR No: 29 63 40 76

Financial period: 1 January - 31 December

Municipality of reg. office: Gladsaxe

Board of Directors

Henri Pieter Josephus Henrichs, Chairman
Boris Niklas Döbler
Morten Nielsen

Executive Board

Morten Nielsen
Bjarne Palle Niemi

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2017 TDKK	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK
Key figures					
Profit/loss					
Gross profit/loss	42,675	31,212	34,809	30,824	28,277
Profit/loss before financial income and expenses	7,255	6,080	7,681	5,737	5,131
Net financials	-3,387	-119	-830	-765	-887
Net profit/loss for the year	2,589	4,797	4,408	3,742	3,124
Balance sheet					
Balance sheet total	234,422	132,489	146,892	127,089	121,824
Equity	53,640	51,051	46,255	41,847	38,105
Investment in property, plant and equipment	2,820	0	0	107	0
Number of employees	49	28	29	29	28
Ratios					
Return on assets	3.1%	4.6%	5.2%	4.5%	4.2%
Solvency ratio	22.9%	38.5%	31.5%	32.9%	31.3%
Return on equity	4.9%	9.9%	10.0%	9.4%	8.5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The main activity of the company is trading in medicine and similar products.

Development in the year

The income statement of the Company for 2017 shows a profit of TDKK 2,589, and at 31 December 2017 the balance sheet of the Company shows equity of TDKK 53,640.

On May 31, 2017 Teva Denmark A/S bought all shares in Actavis Nordic A/S from the previous owner and a merger process between Teva Denmark A/S and Actavis Nordic A/S has been initiated. The merger is expected to have accounting effect from January 1, 2018.

The past year and follow-up on development expectations from last year

The development in the financial year 2017 has been satisfactory within the primary markets and the result from the primary activities is as expected. However, due to purchase of shares in Actavis Nordic A/S the net financial expenses are higher than previous years.

Expectations to the future

The Company expects the same level of activity and profit before tax as in 2017, but any profit/loss will primarily depend on the capital and financing structure of the Company and the restructuring activities.

Special risks - operating risks and financial risks

The financial statements are not affected by special risks.

Research and development

The Company is a sales Company and therefore has not specific or substantial research and development.

External environment

The Company is a sales Company and makes no significant impact on the external environment in connection with their activities.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2017 of the Company and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2017 TDKK	2016 TDKK
Gross profit/loss		42,675	31,212
Staff expenses	1	-35,216	-25,096
Depreciation, amortisation and impairment of property, plant and equipment	2	-204	-36
Profit/loss before financial income and expenses		7,255	6,080
Financial income	3	32	262
Financial expenses	4	-3,419	-381
Profit/loss before tax		3,868	5,961
Tax on profit/loss for the year	5	-1,279	-1,164
Net profit/loss for the year		2,589	4,797

Distribution of profit

Proposed distribution of profit

Retained earnings	2,589	4,797
	2,589	4,797

Balance Sheet 31 December

Assets

	Note	2017 TDKK	2016 TDKK
Other fixtures and fittings, tools and equipment		2,632	16
Property, plant and equipment	6	2,632	16
Investments in subsidiaries	7	91,948	0
Receivables from group enterprises	8	0	7,544
Deposits	8	947	725
Fixed asset investments		92,895	8,269
Fixed assets		95,527	8,285
Inventories		66,863	68,911
Trade receivables		23,867	37,253
Receivables from group enterprises		44,218	6,451
Other receivables		0	30
Deferred tax asset	9	0	1,125
Corporation tax		0	1,138
Corporation tax receivable from group enterprises		2,340	0
Prepayments	10	990	812
Receivables		71,415	46,809
Cash at bank and in hand		617	8,484
Currents assets		138,895	124,204
Assets		234,422	132,489

Balance Sheet 31 December

Liabilities and equity

	Note	2017 TDKK	2016 TDKK
Share capital		501	501
Retained earnings		53,139	50,550
Equity		53,640	51,051
Provision for deferred tax	9	180	0
Provisions		180	0
Payables to group enterprises		22,322	22,384
Long-term debt	11	22,322	22,384
Trade payables		16,523	10,297
Payables to group enterprises	11	103,556	27,706
Corporation tax		1,189	0
Other payables		37,012	21,051
Short-term debt		158,280	59,054
Debt		180,602	81,438
Liabilities and equity		234,422	132,489
Contingent assets, liabilities and other financial obligations	12		
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Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	501	50,550	51,051
Net profit/loss for the year	0	2,589	2,589
Equity at 31 December	501	53,139	53,640

Notes to the Financial Statements

	2017 <u>TDKK</u>	2016 <u>TDKK</u>
1 Staff expenses		
Wages and salaries	31,830	23,532
Pensions	3,285	1,814
Other social security expenses	101	-250
	<u>35,216</u>	<u>25,096</u>
Average number of employees	<u>49</u>	<u>28</u>
<p>Teva Denmark A/S' ultimate parent company Teva Pharmaceutical Industries Limited has established equity settled, sharebased payment programmes, which include key employees of Teva Denmark A/S. At the time the employee vest from the programmes Teva Denmark A/S is invoiced by the ultimate parent company. The potential liability is recognised in the balance sheet as other payables.</p>		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	<u>204</u>	<u>36</u>
	<u>204</u>	<u>36</u>
3 Financial income		
Interest received from group enterprises	0	28
Other financial income	0	1
Exchange gains	<u>32</u>	<u>233</u>
	<u>32</u>	<u>262</u>
4 Financial expenses		
Interest paid to group enterprises	56	381
Other financial expenses	53	0
Exchange loss	<u>3,310</u>	<u>0</u>
	<u>3,419</u>	<u>381</u>

Notes to the Financial Statements

	<u>2017</u> TDKK	<u>2016</u> TDKK
5 Tax on profit/loss for the year		
Current tax for the year	955	1,358
Deferred tax for the year	148	151
Adjustment of tax concerning previous years	-981	901
Adjustment of deferred tax concerning previous years	<u>1,157</u>	<u>-1,246</u>
	<u>1,279</u>	<u>1,164</u>

6 Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January	935
Additions for the year	<u>2,820</u>
Cost at 31 December	<u>3,755</u>
Impairment losses and depreciation at 1 January	919
Depreciation for the year	<u>204</u>
Impairment losses and depreciation at 31 December	<u>1,123</u>
Carrying amount at 31 December	<u>2,632</u>
Depreciated over	<u>3-5 years</u>

Notes to the Financial Statements

	2017 TDKK	2016 TDKK
7 Investments in subsidiaries		
Cost at 1 January	0	0
Additions for the year	91,948	0
Carrying amount at 31 December	91,948	0
Positive differences arising on initial measurement of subsidiaries at net asset value	49,682	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Actavis Nordic A/S	Søborg	952	100%	3,829	107,544

8 Other fixed asset investments

	Receivables from group enterprises TDKK	Deposits TDKK
Cost at 1 January	7,544	725
Additions for the year	0	222
Disposals for the year	-7,544	0
Cost at 31 December	0	947
Carrying amount at 31 December	0	947

9 Provision for deferred tax

Provision for deferred tax at 1 January	-1,125	-29
Amounts recognised in the income statement for the year	1,305	-1,095
Provision for deferred tax at 31 December	180	-1,125

Notes to the Financial Statements

10 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2017</u> TDKK	<u>2016</u> TDKK
Payables to group enterprises		
Between 1 and 5 years	22,322	22,384
Long-term part	22,322	22,384
Other short-term debt to group enterprises	103,556	27,706
	<u>125,878</u>	<u>50,090</u>

12 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,937	1,479
Between 1 and 5 years	1,814	1,079
	<u>3,751</u>	<u>2,558</u>
Rent obligations	<u>5,780</u>	<u>2,838</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

13 Related parties

	<u>Basis</u>
Controlling interest	
Teva Pharma B.V., The Netherlands	Controlling shareholder

Transactions

With reference to section 98 C(7) of the Danish Financial Statements Act, related parties transactions have not been disclosed in the Annual Report.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Teva Pharmaceutical Industries Limited	Israel

The Group Annual Report of Teva Pharmaceutical Industries Limited may be obtained at the following address:

5 Basel Street
P.O. Box 3190
Petach Tikva 49131, Israel

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Teva Denmark A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Teva Pharmaceutical Industries Limited, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Teva Pharmaceutical Industries Limited, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

14 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
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Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

14 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provision.

Dividends received are recognised in the income statement in the financial year in which they are declared. If proposed dividends exceed accumulated earnings after the acquisition date, dividends are however recognised as a reduction of the cost of the investments.

The carrying amount of investments in subsidiaries is subject to an annual test for indications of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Impairment losses are recognised in the income statement.

Other fixed asset investments

Other fixed asset investments consist of deposits and other long-term receivables.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Notes to the Financial Statements

14 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$