

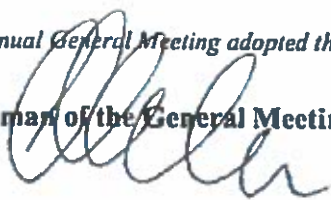
**Celgene ApS
Kristianiagade 8, 3
2100 Copenhagen
Denmark**

Central Business Registration No 30 49 71 47

Annual report 2018

The Annual General Meeting adopted the annual report on 6-05-19.

Chairman of the General Meeting



Contents

	<u>Page</u>
Company details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	7
Income statement for 2018	10
Balance sheet at 31.12.2018	11
Statement of changes in equity for 2018	13
Notes	14

Company details

Company

Celgene ApS

Central Business Registration No: 30 49 71 47

Registered in: Copenhagen

Internet: www.Celgene.com

E-mail: geninfo.dk@celgene.com

Board of Directors

Michael Guislain Lugez (Chairman)

Tuomo Tapani Päätsi

Patrick Eugene Flanigan III

Nakisa Scry

David Walter Pignolet

Executive Board

Michael Guislain Lugez

Company auditors

KPMG Statsautoriseret Revisionspartnerselskab

Dampfærgevej 28

2100 København Ø

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Celgene ApS for the financial year 1 January to 31 December 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 Company's financial position at 31 December 2018 and of its financial performance for the financial year 1 January to 31 December 2018.

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, _____

Executive Board



Michael Guislain Lugez
Chief Executive Officer

Supervisory Board



Michael Guislain Lugez

Tuomo Tapani Pätö

Nakisa Serry

Patrick Eugene Flanigan III

David Walter Pignolet

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Copenhagen, 6th MAY 2019

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Chief Executive Officer

Supervisory Board

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Nakisa Serry

Tuomo Tapani Pätsi

Patrick Eugene Flanigan III

David Walter Pignolet

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Chief Executive Officer

Supervisory Board

Michael Guislain Lugez



Nakisa Serry



David Walter Pignolet



Tuomo Tapani Pätsi

Patrick Eugene Flanigan III

Independent auditor's report

To the shareholder of Celgene ApS

Opinion

We have audited the financial statements of Celgene ApS for the financial year 1 January – 31 December 2018 comprising accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 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 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 rules and requirements. 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.

Auditor's responsibility

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.

Independent auditor's report

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'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.

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

6/5 - 2019

Joakim Juul Larsen
State Authorised
Public Accountant
MNE 32803

Management commentary

	<u>2018</u> <u>DKK'000</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>	<u>2014</u> <u>DKK'000</u>
Financial highlights					
Key figures					
Gross profit	29.776	17.369	28.088	21.253	24.341
Operating profit/loss	10.556	6.495	10.531	2.605	8.900
Net financials	6	(445)	(220)	145	343
Profit/loss for the year	8.197	4.681	7.984	1.811	6.934
Equity	47.497	39.300	34.619	26.636	24.824
Balance sheet total	80.180	64.239	94.540	74.652	58.296
Investments in property, plant and equipment	35	-	18	347	22
Ratios					
Return on equity (%)	18,89%	12,66%	26,07%	7,04%	32,46%
Solvency ratio (%)	59,24%	61,18%	36,62%	35,68%	42,58%

Management commentary

Primary activities

The Company's primary activity consists of trading and distributing pharmaceutical products.

Development in activities and finances

The Company has decreased its activity (revenue) during the year. Therefore, the profit has increased to DKK 8.196.991 (2017: DKK 4.680.903).

Equity at 31 December 2018 amounts to DKK 47.496.965 (2017: DKK 39.299.974).

The profit for the period meets Management's expectations.

Uncertainty relating to recognition and measurement

Celgene ApS has no areas where there is uncertainty in recognition and measurement.

Unusual circumstances

Apart from that, there have been no unusual circumstances that have impacted recognition and measurement.

Particular risks

The Company considers that any risk from distribution is not material due to the Limited Risk Distribution model with which the Company is engaged.

Events after the balance sheet date

In January 2019, Celgene and Bristol-Myers Squibb (BMS) announced that they have entered into a definitive merger agreement. The shareholders of BMS and Celgene voted to approve the combination of the two companies on April 12, 2019. The companies expect to close the transaction in the third quarter of 2019, subject to customary closing conditions and regulatory approvals.

Outlook

The company expects an increase in the gross profit and operating profit in 2019.

Accounting policies

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

Referring to section 86(4) of the Danish Financial Statements Act, Celgene ApS has not prepared a statement of cash flow, since the entity is included in the statement of cash flow for the group.

The accounting policies used in preparation of the financial statements are consistent with those of last 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 rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue, cost of sales and other external expenses have not been disclosed in the annual report.

Revenue

Revenue 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. The revenue consists of trading and distributing pharmaceutical products.

Cost of sales

The transfer price between Celgene Logistics and Celgene ApS is calculated based on the selling price in order to give Celgene ApS a net margin.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff.

Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on securities and transactions in foreign currencies, amortisation premium or allowance on mortgage debt, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

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/loss for the year, and recognised directly on equity by the portion attributable to entries directly on equity.

The 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.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

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.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment 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 the asset is ready to be put into operation.

The basis of depreciation is cost plus revaluation and minus 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.

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

Receivables

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

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.

Other financial liabilities

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

Accounting policies

Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2018" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula
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Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
----------------------	--

Solvency ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
--------------------	--

Ratios reflect

Return on equity

The enterprise's return on capital invested in the enterprise by the owners.

Solvency ratio

The financial strength of the Entity.

Income statement for 2018

	Notes	2018 DKK	2017 DKK
Gross profit		29.775.898	17.368.970
Staff costs	1	(19.149.712)	(10.777.645)
Depreciation	2	(69.891)	(95.936)
Operating profit+ / loss -		10.556.295	6.495.389
Other financial items		6.128	(444.575)
Profit+ / loss- before tax		10.562.423	6.050.814
Tax on profit for the year	3	(2.365.432)	(1.369.911)
Net profit for the year	4	8.196.991	4.680.903

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment	2	99.737	134.282
Tangible assets		99.737	134.282
Fixed assets		99.737	134.282
Trade receivables		46.906.207	35.950.241
Receivables from group enterprises		3.885.538	-
Other receivables		847.166	422.165
Deferred tax asset	5	32.278	34.976
Receivables		51.671.189	36.407.382
Cash		28.409.273	27.697.272
Current assets		80.080.462	64.104.654
Assets		80.180.199	64.238.936

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Share capital	<u>6</u>	<u>744.755</u>	<u>744.755</u>
Retained earnings		46.752.210	38.555.219
Equity		<u>47.496.965</u>	<u>39.299.974</u>
Trade payables		1.292.427	210.375
Debt to group enterprises		22.488.642	19.129.095
Income taxes		1.455.338	561.510
Other payables		7.446.827	5.037.982
Short-term liabilities other than provisions		<u>32.683.234</u>	<u>24.938.962</u>
Liabilities other than provisions		<u>32.683.234</u>	<u>24.938.962</u>
Equity and liabilities		<u>80.180.199</u>	<u>64.238.936</u>
Lease commitments	7		
Other notes	8-9		

Statement of changes in equity for 2018

Equity	Share capital DKK	Retained earnings DKK	Proposed dividends DKK	Total DKK
Balance at 01 January 2018	744.755	38.555.219	-	39.299.974
Profit for the year	-	8.196.991	-	8.196.991
Balance at 31 December 2018	744.755	46.752.210	-	47.496.965

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Salaries and wages	16.970.003	8.298.451
Other personal costs	1.059.770	1.484.374
Pension contributions	1.028.814	842.830
Other social security costs	91.125	151.990
	<u>19.149.712</u>	<u>10.777.645</u>
Average number of employees	<u>8</u>	<u>11</u>
No remuneration has been paid to the Executive Board and Board of Directors.		
	2018	2017
	DKK	DKK
2. Tangible assets		
Cost at 1 January	2.227.427	2.227.427
Additions	35.346	-
Correction	-	-
Cost at 31 December	<u>2.262.773</u>	<u>2.227.427</u>
Depreciation and impairment losses at 1 January	(2.093.145)	(1.997.209)
Depreciation for the year	(69.891)	(95.936)
Correction	-	-
Depreciation and impairment losses at 31 December	<u>(2.163.036)</u>	<u>(2.093.145)</u>
Carrying amount at 31 December	<u>99.737</u>	<u>134.282</u>

Notes

		<u>2018</u> DKK	<u>2017</u> DKK
3. Tax on profit for the period			
Current tax		2.362.734	1.369.511
Change in deferred tax	5	2.698	400
Adjustment to tax relating to previous years		-	-
		<u>2.365.432</u>	<u>1.369.911</u>

		<u>2018</u> DKK	<u>2017</u> DKK
4. Proposed distribution of profit/loss			
Dividends for the period		-	-
Retained earnings		8.196.991	4.680.903
		<u>8.196.991</u>	<u>4.680.903</u>

		<u>2018</u> DKK	<u>2017</u> DKK
5. Deferred tax			
Deferred tax is incumbent upon property, plant and equipment			
Balance at 1 January		(34.976)	(35.376)
Charged to Income Statements		2.698	400
Balance at 31 December		<u>(32.278)</u>	<u>(34.976)</u>

6. Share capital

Share capital consists of 100 shares at EUR 1.000. The shares have not been divided into classes. There have been no changes in the share capital during the last 5 years.

Notes

7. Lease commitments

	2018	2017
	DKK	DKK
Total lease payments	<u>1.152.606</u>	<u>968.649</u>

Operating lease contracts on cars, equipment and rent have been concluded for the year 2018 to 2022.

8. Ultimate parent undertaking and controlling party

The Company is a wholly-owned subsidiary of Celgene Netherlands B.V.
The ultimate holding company is Celgene Corporation, incorporated in the United States of America.

The results of the Company are consolidated in those of Celgene Corporation.
The consolidated accounts are available to the public and may be obtained from 86 Morris Avenue, New Jersey 07901, USA.

9. Related parties

In the current year the following balances were held with and transactions took place with related parties:

	2018
	DKK
Intercompany receivables with affiliate	<u>3.787.717</u>
Intercompany receivables with parent	97.821
Intercompany payable with affiliate	22.488.642
Intercompany service revenue with affiliate	27.630.411
Intercompany cost of sales with affiliate	144.999.331
Intercompany purchases with affiliate	148.920