
Celgene ApS

Hummeltoftevej 49, DK-2830 Virum

Annual Report for 1 January - 31 December 2019

CVR No 30 49 71 47

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /5 2020

Ole Sørensen
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Celgene ApS for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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.

Copenhagen, 7 May 2020

Executive Board

Anders Lytje Thelborg
Executive Officer

Board of Directors

Anders Lytje Thelborg
Chairman

Katherine Reynolds Kelly

David Walter Pignolet

Swati Mehta

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 2019, which comprise 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 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, 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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.

Independent Auditor's Report

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

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

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

Copenhagen, 7 May 2020

KPMG P/S

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Henrik Kyhnav

statsautoriseret revisor

mne40028

Company Information

The Company

Celgene ApS
Hummeltoftevej 49
DK-2830 Virum
E-mail: geninfo.dk@celgene.com
Website: www.celgene.com

CVR No: 30 49 71 47
Financial period: 1 January - 31 December
Municipality of reg. office: Lyngby-Taarbæk

Board of Directors

Anders Lytje Thelborg, Chairman
Katherine Reynolds Kelly
David Walter Pignolet
Swati Mehta

Executive Board

Anders Lytje Thelborg

Auditors

KPMG P/S
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

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

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Gross profit/loss	21.458	29.776	17.369	28.088	21.253
Operating profit/loss	11.279	10.556	6.495	10.531	2.605
Net financials	-31	6	-445	-220	145
Net profit/loss for the year	8.701	8.197	4.681	7.984	1.811
Balance sheet					
Balance sheet total	143.573	80.180	64.239	94.540	74.652
Equity	56.198	47.497	39.300	34.619	26.636
Investment in property, plant and equipment	0	35	0	18	347
Number of employees	8	8	11	16	17
Ratios					
Solvency ratio	39,1%	59,24%	61,18%	36,62%	35,68%
Return on equity	16,8%	18,89%	12,67%	26,07%	7,04%

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

Development in the year

The Company has increased its activity (revenue) during the year. Therefore, the profit has increased to DKK 8.701.399 (2018: DKK 8.196.991). Equity at 31 December 2019 amounts to DKK 56.198.364 (2018: DKK 47.496.966). The profit for the period meets Management's expectations.

Special risks - operating risks and financial risks

Operating 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.

Targets and expectations for the year ahead

We are entering a period with several launches within Multiple Myeloma, Lymphoma and inflammation & Immunology and at same time continue to expand the usage of Revlimid and Imnovid within approved indications

Uncertainty relating to recognition and measurement

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

Unusual events

There have been no unusual circumstances that have impacted recognition and measurement.

Management's Review

Subsequent events

On 20 November 2019, Bristol-Myers Squibb Company announced the completion of its acquisition of Celgene Corporation following the receipt of regulatory approval from all government authorities required by the merger agreement.

In connection with the regulatory approval process of the acquisition of Celgene, Celgene and its subsidiaries entered into an agreement to divest the global rights to Otezla to Amgen Inc. On 21 November 2019, the Otezla divestiture was completed. For periods subsequent to the closing of the OTEZLA® Divestiture, Celgene and its subsidiaries have entered into a transition services agreement with Amgen (TSA) to provide certain services (TSA Services). The TSA Services primarily include information technology, finance and accounting, human resources, supply chain and other corporate support services for a period of up to 24 months, with additional extensions available.

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus.

For the Company's 31 December 2019 consolidated financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The Company is committed to ensure business continuity in all markets and no disruption to supply of our medicines for patients. To date, there has been no impact on the demand of our products.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Gross profit/loss		21.458.476	29.775.898
Staff expenses	2	-10.120.376	-19.149.712
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-59.291	-69.891
Profit/loss before financial income and expenses		11.278.809	10.556.295
Financial income		9.756	27.059
Financial expenses		-40.429	-20.931
Profit/loss before tax		11.248.136	10.562.423
Tax on profit/loss for the year	3	-2.546.737	-2.365.432
Net profit/loss for the year	4	8.701.399	8.196.991

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		40.446	99.737
Property, plant and equipment	5	40.446	99.737
Fixed assets		40.446	99.737
Trade receivables		88.207.001	46.906.207
Receivables from group enterprises		4.990.057	3.885.538
Other receivables		2.304.518	847.166
Deferred tax asset	6	56.484	32.278
Receivables		95.558.060	51.671.189
Cash at bank and in hand		47.974.950	28.409.273
Currents assets		143.533.010	80.080.462
Assets		143.573.456	80.180.199

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		744.755	744.755
Retained earnings		55.453.609	46.752.210
Equity		56.198.364	47.496.965
Other payables		373.658	0
Long-term debt	7	373.658	0
Trade payables		1.358.602	1.292.427
Payables to group enterprises		79.969.557	22.488.642
Corporation tax		1.821.547	1.455.338
Other payables	7	3.851.728	7.446.827
Short-term debt		87.001.434	32.683.234
Debt		87.375.092	32.683.234
Liabilities and equity		143.573.456	80.180.199
Subsequent events	1		
Distribution of profit	4		
Contingent assets, liabilities and other financial obligations	8		
Related parties	9		
Accounting Policies	10		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	744.755	46.752.210	47.496.965
Net profit/loss for the year	0	8.701.399	8.701.399
Equity at 31 December	744.755	55.453.609	56.198.364

Notes to the Financial Statements

1 Subsequent events

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. For the Company's 31 December 2019 consolidated financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The Company is committed to ensure business continuity in all markets and no disruption to supply of our medicines for patients. To date, there has been no impact on the demand of our products.

	<u>2019</u> DKK	<u>2018</u> DKK
2 Staff expenses		
Wages and salaries	8.221.410	16.970.003
Pensions	891.821	1.028.814
Other social security expenses	27.833	91.125
Other staff expenses	<u>979.312</u>	<u>1.059.770</u>
	<u>10.120.376</u>	<u>19.149.712</u>
Average number of employees	<u>8</u>	<u>8</u>
Der er ikke udbetalt vederlag til direktionen og bestyrelsen.		

	<u>2019</u> DKK	<u>2018</u> DKK
3 Tax on profit/loss for the year		
Current tax for the year	2.570.943	2.362.734
Deferred tax for the year	<u>-24.206</u>	<u>2.698</u>
	<u>2.546.737</u>	<u>2.365.432</u>

	<u>2019</u> DKK	<u>2018</u> DKK
4 Distribution of profit		
Retained earnings	<u>8.701.399</u>	<u>8.196.991</u>
	<u>8.701.399</u>	<u>8.196.991</u>

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	2.262.773
Cost at 31 December	2.262.773
Impairment losses and depreciation at 1 January	2.163.036
Depreciation for the year	59.291
Impairment losses and depreciation at 31 December	2.222.327
Carrying amount at 31 December	40.446

	2019	2018
	DKK	DKK
6 Deferred tax asset		
Deferred tax asset at 1 January	32.278	-34.976
Amounts recognised in the income statement for the year	24.206	2.698
Deferred tax asset at 31 December	56.484	32.278

7 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:

Other payables

Between 1 and 5 years	373.658	0
Long-term part	373.658	0
Other short-term payables	3.851.728	7.446.827
	4.225.386	7.446.827

Notes to the Financial Statements

	2019 DKK	2018 DKK
8 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Leasing contracts on cars, equipment and rent for the period 2019 to 2022.	904.721	1.152.606
	904.721	1.152.606

9 Related parties

Basis

Controlling interest

Celgene Netherlands B.V., Netherlands	Parent company
Bristol-Myers Squibb Company, United States of America	Ultimate parent company

Transactions

During the year, the Company had the following transactions with related parties:

Intercompany receivables with affiliate DKK 4.990.057 (in 2018 DKK 3.787.717)

Intercompany receivables with parent DKK 0 (in 2018 DKK 97.821)

Intercompany payable with affiliate DKK 79.969.557 (in 2018 DKK 22.488.642)

Intercompany service revenue with affiliate DKK 20.844.423 (in 2018 DKK 27.630.411)

Intercompany cost of sale with affiliate DKK 212.179.917 (in 2018 DKK 144.999.331)

Intercompany purchases with affiliate DKK 149.220 (in 2018 DKK 148.920).

Notes to the Financial Statements

9 Related parties (continued)

Consolidated Financial Statements

The results of the Company are consolidated in those of Celgene Corporation.

<u>Name</u>	<u>Place of registered office</u>
Bristol-Myers Squibb Company	United States of America

The consolidated accounts are available to the public and may be obtained from:

430 E. 29th Street, 14th Floor,

New York, NY 10016

United States of America

<https://www.bms.com/investors/financial-reporting/annual-reports.html>

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Celgene ApS for 2019 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 2019 are presented in DKK.

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 , the Company has not prepared a cash flow statement.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Net sales consist of revenue from the sale of services. The Company recognizes revenue at the amount to which it expects to be entitled when control of the services is transferred to its customers, which generally occurs over time as services are delivered. Payment for services net sales is collected within a short period of time following transfer of control or commencement of delivery of services, as applicable.

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

Notes to the Financial Statements

10 Accounting Policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution, marketing, administration, office expenses, bad debts etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

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 intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

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

Notes to the Financial Statements

10 Accounting Policies (continued)

expected useful lives of the assets, which are:

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

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

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.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial debts

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

Financial Highlights

Explanation of financial ratios

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$