


Gilead Sciences Denmark ApS

Arne Jacobsens Allé 7. 5, DK-2300 København S

Annual Report for 1 January - 31 December 2018

CVR-nr. 30 89 90 32

*The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8/5/ 2019*



Rudolf Ertl
Chairman

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Management's Statement

The Executive Board and Board of Directors have today presented the Annual Report of Gilead Sciences Denmark ApS for the financial year 1 January - 31 December 2018

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 2018 and of the results of the Company operations for 2018

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,

Executive Board

Dan Kemmler



Helene Oscarsson



Jonas Sandgren




Board of Directors

Rudolf Ertl
Chairman



Brett Alan Pletcher



Robin Washington



Independent Auditor's Report on the Financial Statements

To the shareholder of Gilead Sciences Denmark ApS

Opinion

We have audited the financial statements of Gilead Sciences Denmark ApS for the financial year 1 January – 31 December 2018, which comprise an 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 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 the financial statements.

Independent Auditor's Report on the Financial Statements

Auditor's responsibilities for the audit of the financial statements continued

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Independent auditor's report

- 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 conclusion is 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 note 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

Independent Auditor's Report on the Financial Statements

Statement on the Management's review

Management is responsible for the management's review.

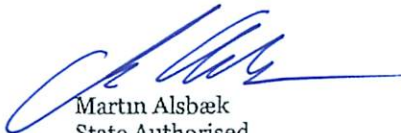
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon

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 our procedures, 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, 8 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28



Martin Alsbaek
State Authorised
Public Accountant
mne28627



Allan Nørgaard
State Authorised
Public Accountant
mne35501

Company Information

The Company

Gilead Sciences Denmark ApS
Arne Jacobsens Allé 7, 5
DK-2300 København S

CVR-nr.: 30 89 90 32
Financial period: 1 January - 31 December
Incorporated: 25 September 2007
Financial year: 11th financial year
Municipality of reg. office: Copenhagen

Board of Directors

Rudolf Ertl, (*Chairman*)
Brett Alan Pletcher
Robin Washington

Executive Board

Dan Kemmler
Helene Oscarsson
Jonas Sandgren

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
DK-2000 Frederiksberg

Lawyers

Accura Advokatpartnerselskab
Tuborg Boulevard 1
2900 Hellerup København

Bankers

Bank of America

Financial Highlights

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

	<u>2018</u> TDKK	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK	<u>2014</u> TDKK
Key figures					
Profit/loss					
Operating profit/loss	4.470	6.649	8.143	8.073	6.283
Net financials	-538	-555	-645	-461	-279
Net profit/loss for the year	2.757	4.496	5.491	5.358	4.161
Balance sheet					
Balance sheet total	50.142	58.995	67.271	60.082	73.496
Equity	35.153	32.395	27.899	22.408	17.050
Investments in fixed assets	-	112	179	-	-
Number of employees	11	13	10	7	6
Ratios					
Return on assets	8.9%	11.3%	12,1%	13,4%	8,5%
Solvency ratio	70.1%	54.9%	41,5%	37,3%	23,2%
Return on equity	8.2%	14.9%	21,8%	27,2%	27,8%

For ratio descriptions, please refer to the definitions used under accounting policies.

Management's Review

Main activity

The objects for which the Company is established are to carry on business in the field of import, marketing, packaging, sale, distribution, research, development and production of pharmaceutical products, and all pharmaceutical related products as well as medical education, and to undertake, perform and carry on all such other things as the board of directors deems incidental to the attainment of such object

Development in the year

The income statement of the Company for 2018 shows a profit of DKK 2,757,100 and at 31 December 2018 the balance sheet of the Company shows equity of DKK 35,152,721.

Follow-up on development expectations from last year

Profit for the year is satisfactory and in line with expectations.

Targets and expectations for the year ahead

The result of the company is expected to be in line with this year.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial positions at 31 December 2018 of the Company and the results of the activities of the Company for the financial year for 2018 have not been affected by any unusual events.

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

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Gross profit		20.758.153	23.241,211
Staff expenses			
Depreciation	1 5	-16.206.417 - 81.864	-16.517.144 - 75.042
Profit before financial income and expenses		4.469.872	6.649.025
Financial income	2	584	7.001
Financial expenses	3	-538.524	-561.712
Profit before tax		3.931.932	6.094.314
Tax on profit for the year	4	-1.174.832	-1.597.950
Net profit/loss for the year		2.757.100	4.496.364

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		0	0
Retained earnings		2.757.100	4.496.364
		2.757.100	4.496.364

Balance Sheet 31. december

Assets

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Other receivables		786.440	252.440
Fixed asset investments		<u>786.440</u>	<u>252.440</u>
Other tangible fixed assets	5	134,040	215,904
Fixed assets		<u>920.480</u>	<u>468.344</u>
Trade receivables		12.229.979	21.811.509
Corporation tax		726.000	584.000
Prepayments	6	37.739	242.082
Receivables		<u>12.993.718</u>	<u>22.637.591</u>
Cash at bank and in hand		<u>36.227.347</u>	<u>35.889.488</u>
Current assets		<u>49.221.065</u>	<u>58.527.079</u>
Assets		<u>50.141,545</u>	<u>58.995,423</u>

Balance Sheet 31. december

Liabilities and equity

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Share capital		125.000	125.000
Retained earnings		35.027.721	32.270.621
Equity	7	<u>35.152.721</u>	<u>32.395.621</u>
Trade payables		2.661.913	3.014.313
Payables to group enterprises		4.881.891	13.925.110
Corporation tax, joint taxation contribution		1.174.335	1.597.949
Other payables		6.140.353	8,055,093
Prepayments from customers	8	130.332	7.337
Short-term debt		<u>14.988.824</u>	<u>26.599.802</u>
Debt		<u>14.988.824</u>	<u>26.599.802</u>
Liabilities and equity		<u>50.141.545</u>	<u>58.995.423</u>
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January 2018	125.000	32.270.621	32.395.621
Net profit/loss for the year		2.757.100	2.757.100
Equity at 31 December 2018	<u>125.000</u>	<u>35.027.721</u>	<u>35.152.721</u>

Notes to the Financial Statements

	<u>2018</u> DKK	<u>2017</u> DKK
1 Staff expenses		
Salaries	14.886.632	15.172.747
Pensions	1.234.384	1.282.174
Other social security expenses	85.401	62.223
	<u>16.206.417</u>	<u>16.517.144</u>
Average number of employees	<u>11</u>	<u>13</u>

Gilead Sciences Denmark ApS did not pay any remuneration to Management during the financial year.

2 Financial income

Other financial income	584	7.001
	<u>584</u>	<u>7.001</u>

3 Financial expenses

Other financial expenses	533.198	539.294
Exchange adjustments	5.326	22.418
	<u>538.524</u>	<u>561.712</u>

Notes to the Financial Statements

	<u>2018</u> DKK	<u>2017</u> DKK
4 Tax on profit for the year		
Current tax for the year	1.174.832	1.597.950
Adjustment of tax concerning previous years	0	0
	<u>1.174.832</u>	<u>1.597.950</u>
5 Other tangible fixed assets		
Cost		
Cost 1 January	290.946	179.287
Additions during the year	0	111.659
	<u>290.946</u>	<u>290.946</u>
Depreciation and writedown 1 January	75.042	0
Additions during the year	81.864	75.042
Depreciation and writedown 31 December	<u>156.906</u>	<u>75.042</u>
Book Value 31 December	<u>130.040</u>	<u>215.904</u>

6 Prepayments

Prepayments consist of prepaid expenses concerning product license fees, insurance and future congresses.

7 Equity

The share capital consists of 125,000 shares of a nominal value of DKK 1. No shares carry any special rights..

There have been no changes in the share capital during the last 5 years.

8 Prepayments from customers

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	<u>2018</u> DKK	<u>2017</u> DKK
9 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1.348.844	1.674.335
Between 1 and 5 years	298.279	1.328.457
	<u>1.647.123</u>	<u>3.002.792</u>
Payments under operating leases concerning cars	616.942	880.628
Rent payments	1.030.181	2.122.164
	<u>1.647.123</u>	<u>3.002.792</u>

Contingent liabilities

The company is jointly taxed with its Danish sister company. As management company, the Company has joint and several unlimited liability, together with the sister company, for all Danish income taxes and withholding taxes on dividend, interest and royalties within the group of jointly taxed entities. The jointly taxed entities' total known net liability in respect of income taxes and withholding taxes payable on dividend, interest and royalties amounted to DKK1,174,335 at 31 December 2018. Any subsequent corrections of income subject to joint taxation and withholding taxes etc. could entail an increase in the entities' tax liability. The jointly taxed entities as a whole is not liable vis-à-vis any third parties.

Notes to the Financial Statements

10 Related parties and ownership

	Basis
Controlling interest	
Gilead Sciences Ireland UC, Ireland	Parent Company
Gilead Sciences Inc. , 333 Lakeside Drive, Foster City, CA 94404, USA	Ultimate parent

Consolidated Financial Statements

Gilead Sciences Ireland UC does not prepare consolidated accounts.

The Company is included in the Group Annual Report of the Ultimate Parent Company Gilead Sciences Inc., 333 Lakeside Drive, Foster City. CA 94404.

	<u>2018</u> DKK	<u>2017</u> DKK
Group		
Sale of goods to group entities	0	0
Payables to group entities	4,881.891	13.925.110
Purchase of goods from group entities	92.297.910	174.436.040

No transactions were carried through with shareholders in the year

Accounting Policies

Basis of Preparation

The Annual Report of Gilead Sciences Denmark ApS for 2018 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.

Financial Statements for 2018 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 Gilead Sciences Inc, 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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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

Accounting Policies

Income Statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items "Revenue" to and including "Other external expenses" are consolidated into one item designated "Gross profit".

Revenue

As interpretation for revenue recognition, the company has applied IAS 18. 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 of discounts relating to sales.

Other external expenses

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

Staff expenses

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

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 for the year

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting Policies

Balance Sheet

Other tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Tangible fixed assets: 3-5 years

Minor assets with an expected useful life of less than 1 year are recognized as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Receivables

As interpretation for impairment of financial receivables, the company has applied IAS 39. Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning product license fees, insurance and future congresses.

Accounting Policies

Balance Sheet

Current tax receivables and liabilities

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax, as a maximum, pay a surcharge according to the current rates applicable to interest surcharges to the management company.

Financial debts

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

Prepayments from customers

Deferred income comprises payments received in respect of income in subsequent years.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Return on assets

Profit before financials x 100

Total assets

Solvency Ratio

Equity at year end x 100

Total assets at year end

Return on equity

Net profit for the year x 100

Average equity