Biogen (Denmark) New Manufacturing ApS

Biogen Allé 1, 3400 Hillerød

CVR no. 31 58 65 69

Annual report 2017

Approved at the Company's annual general meeting on 28 May 2018

Chairman:

Inga Birgitte Thygesen
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Inga Birgitte Thygesen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Biogen (Denmark) New Manufacturing ApS 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 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Hillerød, 28 May 2018
Executive Board:

Allan Frank Fischer
Petersen

Board of Directors:

Inga Birgitte Thygesen Chairman	Lars Petersen

Independent auditor's report

To the shareholders of Biogen (Denmark) New Manufacturing ApS

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 and cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Biogen (Denmark) Manufacturing ApS for the financial year 1 January - 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 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 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 Financial 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, except for CSR policies and results, which are described by reference to a group report that will not be available until June 2018. This is not in accordance with the requirements of the Danish Financial Statement Act.

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.

Independent auditor's report

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 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.
- 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.

Copenhagen, 28 May 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Torben Jensen state authorised public accountant MNE no.: mne18651	Rikke Lund-Kühl state authorised public accountant MNE no.: mne33507

Management's review

Company details

Name	Biogen (Denmark) New Manufacturing ApS
Address, Postal code, City	Biogen Allé 1, 3400 Hillerød
CVR no.	31 58 65 69
Established	1 July 2008
Registered office	Hillerød
Financial year	1 January - 31 December
Board of Directors	Inga Birgitte Thygesen, Chairman Lars Petersen
Executive Board	Allan Frank Fischer Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, 2900 Hellerup

Management's review

Business review

The objective of the company is to perform trading activities and to possess ownership control in other companies in accordance with the board of director's approval.

Recognition and measurement uncertainties

The company has no uncertainty relating to recognition and measurement.

Unusual matters having affected the financial statements

No unusual circumstances have affected the company's activities during the year.

Financial review

The income statement for 2017 shows a loss of EUR 30,400 against a loss of EUR 81,069 last year, and the balance sheet at 31 December 2017 shows equity of EUR 448,552,844. Management considers the result to be satistactory and as expected.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

It is expected that the result in 2018 will end at the same level as 2017.

Financial statements 1 January - 31 December

Income statement

Note	EUR	2017	2016
	Other external expenses	-36,779	-103,515
	Gross margin	-36,779	-103,515
	Financial income	44	95
	Financial expenses	-2,240	-514
	Profit/loss before tax	-38,975	-103,934
2	Tax for the year	8,575	22,865
	Profit/loss for the year	-30,400	-81,069
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-30,400	-81,069
		-30,400	-81,069

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2017	2016
	ASSETS		
	Fixed assets		
3	Investments		
	Investments in group entities, net asset value	436,925,757	436,925,757
		436,925,757	436,925,757
	Total fixed assets	436,925,757	436,925,757
	Non-fixed assets		
	Receivables		
	Income taxes receivable	53,505,995	11,695,499
	Joint taxation contribution receivable	8,575	22,865
		53,514,570	11,718,364
	Cash	113,642	4,286
	Total non-fixed assets	53,628,212	11,722,650
	TOTAL ASSETS	490,553,969	448,648,407

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	20,141	20,141
	Retained earnings	448,532,703	448,563,103
	Total equity	448,552,844	448,583,244
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group entities	41,980,480	31,080
	Other payables	20,645	34,083
		42,001,125	65,163
	Total liabilities other than provisions	42,001,125	65,163
	TOTAL EQUITY AND LIABILITIES	490,553,969	448,648,407

1 Accounting policies
4 Contractual obligations and contingencies, etc.
5 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

EUR	Share capital	Retained earnings	Total
Equity at 1 January 2016	20,141	437,080,612	437,100,753
Transfer through appropriation of loss	0	-81,069	-81,069
Grant received from parent company	0	11,563,560	11,563,560
Equity at 1 January 2017	20,141	448,563,103	448,583,244
Transfer through appropriation of loss	0	-30,400	-30,400
Equity at 31 December 2017	20,141	448,532,703	448,552,844

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Biogen (Denmark) New Manufacturing ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements are prepared. The financial statements for Biogen (Denmark) New Manufacturing ApS and its group entities are part of the consolidated financial statements for the ultimate parent Biogen Inc. The consolidated financial statements for Biogen Inc. can be obtained by application to Biogen Inc., 225 Binney Street, Cambridge, MA 02142, USA.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Revenues are recognised in the income statement as it is earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, write downs and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are measured at cost, thus recognising a constant effective interest over the term. Amortised cost is computed as original cost less deductions, if any, as well as additions/deductions of the accumulated amortisation of the difference between cost and nominal value.

Reporting currency

The financial statements are presented in EUR.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Other external expenses

Other external expenses include the year's expenses relating to administration etc.

Financial income and expenses

Financial income are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax method, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

	EUR	2017	2016
2	Tax for the year		
	Estimated tax charge for the year	-8,575	-22,865
		-8,575	-22,865

3 Investments

Name	Domicile	Interest	Equity EUR	Profit/loss EUR
Subsidiaries				
Biogen (Denmark) Manufacturing ApS	Denmark	100.00%	494,927,190	22,933,171

4 Contractual obligations and contingencies, etc.

Other contingent liabilities

Claims

Biogen New Manufacturing ApS has received a claim from SKAT related to withholding tax on dividend distribution of DKK 685,216,203 on 2 July 2009, DKK 183,550,000 on 22 December 2011 and DKK 143,000,000 on 10 July 2013 to Biogen (Luxembourg) Holding S.a.r.l
Biogen (Denmark) New Manufacturing ApS are of the opinion that the company is not under Danish law liable towards the Danish tax authorities for failure to withhold tax on dividend distributions to Biogen (Luxembourg) Holding S.a.r.l. Therefore the prepayment hereto has been recognized as a receivable.

Joint taxation

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

5 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Biogen Inc.	225 Binney Street, Cambridge, MA 02142, USA	The consolidated accounts can be obtained by written application to Biogen Inc., 225 Binney Street, Cambridge MA 02142, USA
Biogen Luxembourg Holding SARL	8 Avenue Charles de Gaulle, 1653 Luxembourg	The consolidated accounts can be obtained by written application to Biogen Inc., 225 Binney Street, Cambridge MA 02142, USA