

# Illumina Denmark ApS

Ørestads Boulevard 73, 2300 København S

CVR no. 34 08 74 23



## Annual report 2015

Approved at the annual general meeting of shareholders on 31 May 2016

Chairman:



.....  
André Jacques Nel



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## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Illumina Denmark ApS for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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.

Copenhagen, 31 May 2016  
Executive Board:



André Jacques Nel

Christian Ogren Henry

Francis Aurelio DeSouza

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Copenhagen, 31 May 2016  
Executive Board:

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André Jacques Nel

  
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Christian Ogren Henry

  
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Francis Aurelio DeSouza

REVIEWED BY LEGAL  
Initials: SWP  
Date: 10 June 16  
ILLUMINA

## Independent auditors' report

To the shareholders of Illumina Denmark ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of Illumina Denmark ApS for the financial year 1 January - 31 December 2015, 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.

### 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.

### Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.


### Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28



Christian S. Johansen  
State Authorised Public Accountant



## Management's review

### Company details

Name	Illumina Denmark ApS
Address, Postal code, City	Ørestads Boulevard 73, 2300 København S
CVR No.	34 08 74 23
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	André Jacques Nel Christian Ogren Henry Francis Aurelio DeSouza



## Management's review

### Operating review

#### The Company's business review

The Company's main activities are sales of tools and integrated systems for large-scale analyses of genetic variation and function to customers in Denmark.

#### Financial review

The income statement for 2015 shows a profit of DKK 6,154,489 against a profit of DKK 6,061,755 last year, and the balance sheet at 31 December 2015 shows equity of DKK 14,039,740.

The Executive Board considers the results of operations satisfactory and anticipates continued growth in the years ahead.

#### Post balance sheet events

No events have occurred after the financial year-end which could significantly affect the Company's financial position.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2015	2014
	Gross profit	15,461,606	14,356,343
2	Staff costs	-9,368,876	-9,408,742
	Operating profit	6,092,730	4,947,601
	Financial income	2,215,071	3,266,799
	Financial expenses	-203,728	-132,032
	Profit before tax	8,104,073	8,082,368
	Tax for the year	-1,949,584	-2,020,613
	Profit for the year	6,154,489	6,061,755
	Proposed profit appropriation		
	Retained earnings	6,154,489	6,061,755
		6,154,489	6,061,755



# Financial statements for the period 1 January - 31 December

## Balance sheet

Note	DKK	2015	2014
	ASSETS		
	Current assets		
	Receivables		
	Trade receivables	24,863,911	15,926,562
	Receivables from group entities	79,319	511,817
	Other receivables	1,724,091	0
		<u>26,667,321</u>	<u>16,438,379</u>
	Cash	19,013,234	19,482,330
	Total current assets	<u>45,680,555</u>	<u>35,920,709</u>
	TOTAL ASSETS	<u>45,680,555</u>	<u>35,920,709</u>
	EQUITY AND LIABILITIES		
	Equity		
3	Share capital	80,000	80,000
	Retained earnings	13,959,740	7,805,251
	Total equity	<u>14,039,740</u>	<u>7,885,251</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
4	Deferred income	1,688,542	1,432,336
		<u>1,688,542</u>	<u>1,432,336</u>
	Current liabilities other than provisions		
	Trade payables	1,550,082	366,940
	Payables to group entities	14,307,579	15,743,853
	Income taxes payable	1,255,457	1,695,638
	Other payables	7,384,867	5,772,618
4	Deferred income	5,454,288	3,024,073
		<u>29,952,273</u>	<u>26,603,122</u>
	Total liabilities other than provisions	<u>31,640,815</u>	<u>28,035,458</u>
	TOTAL EQUITY AND LIABILITIES	<u>45,680,555</u>	<u>35,920,709</u>
1	Accounting policies		
5	Collateral		
6	Contractual obligations and contingencies, etc.		
7	Related parties		



## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	80,000	7,805,251	7,885,251
Profit/loss for the year	0	6,154,489	6,154,489
Equity at 31 December 2015	80,000	13,959,740	14,039,740

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Illumina Denmark ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies are consistent with those of last year.

#### Income statement

##### Revenue

The Company's revenue is generated primarily from the sale of products and services. Product revenue primarily consists of sales of instruments and consumables used in genetic analyses. Service and other revenue primarily consist of revenue generated from genotyping and sequencing services and instrument service contracts.

The Company recognises revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectibility is reasonably assured. In instances where final acceptance of the product or system is required, revenue is deferred until all the acceptance criteria have been met.

All revenue is recorded net of discounts and sales taxes collected on behalf of governmental authorities.

Revenue from product sales is recognised generally upon transfer of title to the customer, provided that no significant obligations remain and collection of the receivable is reasonably assured. Revenue from instrument service contracts is recognised as the services are rendered, typically evenly over the contract term.

The Company regularly enters into contracts where revenue is derived from multiple deliverables including products or services. These products or services are generally delivered within a short-time frame, approximately three to six months, after the contract execution date. Revenue recognition for contracts with multiple deliverables is based on the individual units of accounting determined to exist in the contract. A delivered item is considered a separate unit of accounting when the delivered item has value to the customer on a stand-alone basis. Items are considered to have stand-alone value when they are sold separately by any vendor or when the customer could resell the item on a stand-alone basis.

For transactions with multiple deliverables, consideration is allocated at the inception of the contract to all deliverables based on their relative selling price.

##### 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 margin'.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, bad debts, lease payments under operating leases, etc.

##### Tax

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.

##### Balance sheet

##### Receivables

Trade accounts receivable are recorded at the net invoice value and are not interest bearing.

The Company considers receivables past due based on the contractual payment terms. The Company reserves specific receivables if collectibility is no longer reasonably assured. The Company also reserves a percentage of its trade receivable balance based on collection history and current economic trends that might impact the level of future credit losses. The Company re-evaluates such reserves on a regular basis and adjusts its reserves as needed. Once a receivable is deemed to be uncollectible, such balance is charged against the reserve.

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

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs 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.

##### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash at hand and in bank

Cash at hand and in bank comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

## Financial statements for the period 1 January - 31 December

## Notes to the financial statements

## 1 Accounting policies (continued)

## Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax bases, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

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.

## Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.

Other liabilities are measured at amortised cost, which, essentially, corresponds to the fair value.

## Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

	DKK	2015	2014
2	Staff costs		
	Wages/salaries	8,146,100	8,474,891
	Pensions	548,429	451,710
	Other social security costs	0	17,203
	Other staff costs	674,347	464,938
		<u>9,368,876</u>	<u>9,408,742</u>

	DKK	2015	2014
3	Share capital		
	The share capital consists of the following:		
	800 shares of DKK 100.00 each	80,000	80,000
		<u>80,000</u>	<u>80,000</u>

The Company's share capital has remained DKK 80,000 over the past 2 years.

#### 4 Deferred income

Deferred income comprises payments relating to sales that will not be recognised as income until in the following financial year once the recognition criteria are satisfied.

#### 5 Collateral

No security for loans had been placed at 31 December 2015.

#### 6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2015	2014
Rent and lease liabilities	<u>92,970</u>	<u>148,242</u>

Rent and lease liabilities include a rent commitment totalling DKK 850 and operating leases concerning cars totalling DKK 92,120 with a remaining term of 20 months.

#### 7 Related parties

Illumina Denmark ApS' related parties comprise the following:

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Illumina Netherlands BV	Science Park Eindhoven, 5692 Ea Son, Holland