Elanco Denmark ApS

Lautrupvang 12, 1,

2750 Ballerup

CVR No. 39640163

Annual Report 2019

2. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 23 September 2020

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Egbert Thomas
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of Elanco Denmark ApS for the financial year 1 January 2019 - 31 December 2019.

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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the 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.

Ballerup, 23 September 2020

Executive Board

Egbert Thomas	Isabel Hortense A. Roels	Anna Karin Lindberg

Independent auditor's report

To the shareholders of Elanco Denmark ApS

Opinion
We have audited the financial statements of Elanco Denmark ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 of 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.

Emphasis of matter regarding the audit
With effect from the current financial year, the Company is subject to statutory audit. As shown in the financial statements, the comparative figures in the financial statements have therefore not been audited.

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 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.

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 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.

As part of an audit conducted in accordance with ISAs and 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 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 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. Independent auditor's report

* 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.

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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 September 2020

EY Godkendt Revisionspartnerselskab
CVR-no. 30700228

Christian S. Johansen	Simon Blendstrup
State Authorised Public Accountant	State Authorised Public Accountant
mne33234	mne44060

Company details

Company	Elanco Denmark ApS Lautrupvang 12, 1, 2750 Ballerup
CVR No.	39640163
Date of formation	8 June 2018
Registered office	Ballerup
Executive Board	Egbert Thomas Isabel Hortense A. Roels Anna Karin Lindberg
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg CVR-no.: 30700228

Management's Review

The Company's principal activities
The Company's principal activities consist in sale of Animal Health pharmaceutical products in the Nordic Area.

Unusual circumstances
As per 1 January 2019, a business were transfered to Elanco Denmark ApS from Eli Lilly Denmark A/S, regarding the Animal Healthcare activities.

The goodwill amount accounted for, are based on the key assumptions concerning the future and other key sources of estimation. An impairment test has been prepared and shows no impairment indication and a sufficient headroom from the sensitivity analysis. Therefore we do not see any significant risks regarding the valuation hereof.

Development in activities and financial matters
The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of TDKK 7.706 and the Balance Sheet at 31 December 2019 a balance sheet total of TDKK 478.303 and an equity of TDKK 379.799.

Foreign branches
The company maintains a registered branch in Norway and Sweden.

Post financial year events
The company's business operation have been affected by the Covid-19 crisis in a way that the company's employees have been working from home in the period mid-March to mid-June 2020. The company's interaction with customers has not been lowered but moved to online solutions. Sales of newly launched products and products connected with travelling animals have been mildly negatively influenced. Except for these two factors, business operations have been affected to a limited extent by the Covid-19 crisis. This can affect the turnover for 2020 negatively.

As part of a Global Acquisition, the Company completed the acquisition of Bayer Animal Health's trade and assets on the 3 August 2020. We are expecting this acquisition to significantly increase our level of business and the portfolio of products we distribute to our customers, particularly in our Pet Health business segment as is complimentary to the Company's strategy.

Accounting Policies

Reporting Class
The Annual Report has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Business combinations
Recently acquired business are recognised in the financial statements from the date of acquisition and are accounted for using the acquisition method. Comparative figures are not restated to reflect newly acquired business.

The date of acquisition is the date when the company actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new business of which the company obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquired business, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, an re-assessment will be performed, whether all of the assets acquired and all of the liabilities assumed are correctly identified and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement. Expenses incurred to acquire business are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Reporting currency
The Annual Report is presented in Danish kroner.

Foreign currency translation
On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Accounting Policies

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Basis of recognition and measurement
The financial statement have been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Gross profit is a combination of the items of revenue, other operation income, cost of raw and consumables and other external expenses.

Revenue
The company has chosen IAS 11 / IAS 18 as interpretation for revenue recognition.

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods and services are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Accounting Policies

Cost of sales
Cost of sales comprise purchase of goods and services for resale.

Other operating income
Other operating income comprises items of a secondary nature to the activities of the enterprises..

Raw materials and consumables used
Costs for raw materials and consumables comprise the cost of goods purchased less discounts.

Other external expenses
Other external costs include costs for distribution, sales, advertising, administration, premises, operating leasing costs etc.

Staff costs
Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation and impairment of tangible and intangible assets
Goodwill are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life.

Leasehold improvements and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life.

The expected useful lives of the assets are as follows:

	Useful life	**Residual value**
Goodwill	10 years	0%
Leasehold improvements	5 years	0%

Depreciation is recognised in the income statement as Depreciation of intangible and tangible assets.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Gains and losses on the disposal of goodwill are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as

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other operating income or other operating expenses, respectively.

Gains and losses resulting from the sale of tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

The expected future earning from goodwill is 10 years. This expectation is based on estimate prepared in connection with the global acquisition and other acquisition performed on a global level within the last year.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses and realised and unrealised capital gains and losses regarding transactions in foreign currencies.

Tax on net profit for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Intangible assets
Acquired goodwill is measured at cost on initial recognition and subsequently at cost less accumulated amortisation and impairment losses.

An impairment test of goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity or the business area to which the goodwill relates. Goodwill is written down to the higher of the value in use and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

Tangible assets
Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase priceand expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are seperately depreciated if the usefull lives of the individual components differ.

The carrying amounts of tangible assets are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing

Accounting Policies

development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Deposits
Deposits are measured at cost.

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 assessed for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the Group's credit 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 net 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.

The company has chosen IAS 39 as interpretation for impairment of financial receivables

Accrued income, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank.

Equity
Equity comprises the contributed capital and retained earnings.

Provisions and contingent liabilities
Provisions for legal disputes are recognised where a legal or constructive obligation has been incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, Elanco Denmark arrives at an estimate based on an evaluation of the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions are measured at the present value of the anticipated expenditure for settlement. This is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision for interest is recognised as a financial expense.

Provisions for legal disputes consist of various types of provision linked to ongoing legal disputes. Management makes estimates regarding provisions and contingencies, including the probability of pending and potential future litigation outcomes. These are by nature dependent on inherently uncertain future events. When determining likely outcomes of litigation etc. Management considers the input of external counsels on each case, as well as known outcomes in case law.

Although Management believes that the total provisions for legal proceedings are adequate based on currently available information, there can be no assurance that there will not be any changes in facts or matters, or that any

Accounting Policies

future lawsuits, claims, proceedings or investigations will not be material.

Provisions
Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognized when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Financial 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.

Other liabilities are measured at net realisable value.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2019 TDKK	2018 (Unaudited) TDKK
Gross profit		**80.482**	**0**
Employee benefits expense	1	-35.785	0
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	2	-32.369	0
Profit before net financials		**12.328**	**0**
Other finance income		4.278	0
Other finance expenses		-6.315	0
Profit before tax		**10.291**	**0**
Tax for the year		-2.585	0
Net result for the period		**7.706**	**0**
Proposed distribution of results			
Retained earnings		7.706	0
Distribution of profit		**7.706**	**0**

Balance Sheet as of 31 December

	Note	2019 TDKK	2018 (Unaudited) TDKK
Assets			
Goodwill	2	291.322	0
Intangible assets		**291.322**	**0**
Leasehold improvements	3	340	0
Property, plant and equipment		**340**	**0**
Deposits, investments		339	0
Investments		**339**	**0**
Fixed assets		**292.001**	**0**
Short-term trade receivables		68.816	0
Other short-term receivables		2.526	0
Prepayments		1.363	0
Receivables		**72.705**	**0**
Cash and cash equivalents		**113.597**	**372.295**
Current assets		**186.302**	**372.295**
Assets		**478.303**	**372.295**

Balance Sheet as of 31 December

	Note	2019 TDKK	2018 (Unaudited) TDKK
Liabilities and equity			
Contributed capital		50	50
Retained earnings		379.749	372.043
Equity		**379.799**	**372.093**
Provisions for deferred tax		2.165	0
Provisions		**2.165**	**0**
Other payables		663	0
Long-term liabilities other than provisions	4	**663**	**0**
Prepayments received from customers		0	202
Trade payables		37.541	0
Payables to group enterprises		42.112	0
Tax payables		558	0
Other payables		15.465	0
Short-term liabilities other than provisions		**95.676**	**202**
Liabilities other than provisions within the business		**96.339**	**202**
Liabilities and equity		**478.303**	**372.295**
Contingent liabilities	5		
Collaterals and assets pledges as security	6		

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	50	372.043	372.093
Profit (loss)	0	7.706	7.706
Equity 31 December 2019	**50**	**379.749**	**379.799**

The share capital has remained unchanged since the date of inception.

Notes

1. Employee benefits expense

	2019	2018 (Unaudited)
	TDKK	TDKK
Wages and salaries	30.570	0
Post-employement benefit expense	2.493	0
Social security contributions	2.722	0
	35.785	**0**
Average number of employees	39	0

2. Goodwill

	2019	2018 (Unaudited)
	TDKK	TDKK
Addition in connection with merger and purchase of business	323.691	0
Cost at the end of the year	**323.691**	**0**
Amortisation for the year	-32.369	0
Impairment losses and amortisation at the end of the year	**-32.369**	**0**
Carrying amount at the end of the year	**291.322**	**0**

Goodwill from a business combination is allocated to cash-generating units in which synergies are expected to be generated from the acquisition. A cash-generating unit represents the smallest identifiable group of assets that together have cash inflows that are largely independent of the cash inflows from other assets. Management has concluded that the Group has only one cash-generating unit for impairment testing purposes, since cash flows to the Group are generated by the business as a whole and independent cash flows from other assets cannot be separately distinguished. When deeming it necessary due to indicators of impairment, to perform impairment testing, it has been done at the level of one cash-generating unit.

The goodwill amount accounted for, are based on the key assumptions concerning the future and other key sources of estimation. An impairment test has been prepared and shows no impairment indication and a sufficient headroom from the sensitivity analysis. Therefore we do not see any significant risks regarding the valuation hereof.

3. Leasehold improvements

	2019	2018 (Unaudited)
	TDKK	TDKK
Addition during the year	340	0
Cost at the end of the year	**340**	**0**
Carrying amount at the end of the year	**340**	**0**

Notes

4. Long-term liabilities

	Due after 1 year TDKK	Due within 1 year TDKK	Due after 5 years TDKK
Other payables	663	0	0
	663	**0**	**0**

5. Contingent liabilities

The Company has an operating lease liability concerning office lease, cars and computer equipment of TDKK 1,598.

The company has been jointly taxed with Eli Lilly Denmark A/S up until 10 March 2019. Until this date, the enterprises in the gorup are jointly and severally liable for the taxes, royalities etc. that the concern the joint taxation.

Eli Lilly Denmark A/S was the administration company in the joint taxation.

Apart from the above, the company has not undertaken any other lease liabilities.

6. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

7. Parent company

The parent company and the controlling influence of the entire group is Elanco Animal Health Inc.

The company’s financial statements are included in the consolidated financial statements of the parent company, Elanco Europe GmbH, whose annual report is available at the parent company's office at Mattenstrasse 24A, 4058 Basel, Switzerland. The parent company of the entire group is Elanco Animal Health Inc, 2500 Innovation Way Greenfield, IN 46140 USA.

The company is fully owned by Elanco Europe GmbH.