

AstraZeneca A/S

c/o World Trade Center
Borupvang 3, 2750 Ballerup

CVR no. 55 74 29 28

Annual report 2019

Approved at the Company's annual general meeting on 29 May 2020

Chairman:

DocuSigned by:

Anna-Lena Engwall

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Kerstin Anna-Lena Engwall

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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 AstraZeneca A/S for the financial year 1 January - 31 December 2019.


The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position 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.


Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 29 May 2020
Executive Board:

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Martin Strandberg-Larsen

Board of Directors:

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Kerstin Anna-Lena Engwall
Chairman

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Maibritt Klint Falkesgaard

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Charlotte Thomsen Fast

Independent auditor's report

To the shareholders of AstraZeneca A/S

Opinion

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.

We have audited the financial statements of AstraZeneca A/S for the financial year 1 January - 31 December 2019, 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover 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 Statement Act. We did not identify any material misstatement in Management's review.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements 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 scepticism throughout the audit. We also:

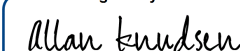
Independent auditor's report

- 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 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.

Copenhagen, 29 May 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

DocuSigned by:



Allan Knudsen

State Authorised Public Accountant
mne29465

Management's review

Company details

| | |
|----------------------------|--|
| Name | AstraZeneca A/S |
| Address, Postal code, City | c/o World Trade Center Borupvang 3, 2750 Ballerup |
| CVR no. | 55 74 29 28 |
| Established | 8 May 1943 |
| Registered office | Ballerup |
| Financial year | 1 January - 31 December |
| Website | www.astrazeneca.dk |
| Telephone | +45 43 66 64 62 |
| Board of Directors | Kerstin Anna-Lena Engwall, Chairman Maibritt Klint Falkesgaard Charlotte Thomsen Fast |
| Executive Board | Martin Strandberg-Larsen |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44, DK-2900 Hellerup |

Management's review

Financial highlights

| DKK'000 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------|------|------|------|------|------|
|---------|------|------|------|------|------|

Key figures

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Revenue | 213,559 | 145,489 | 167,695 | 186,533 | 171,247 |
| Profit before interest and tax (EBITA) | 9,596 | 7,443 | 7,798 | 9,551 | 8,199 |
| Net financials | -119 | -201 | 32 | -14 | 93 |
| Profit for the year | 6,271 | 4,743 | 5,474 | 7,227 | 2,524 |

| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Total assets | 211,527 | 196,985 | 187,451 | 180,048 | 174,647 |
| Investment in property, plant and equipment | 0 | 0 | 0 | 532 | 26 |
| Equity | 156,241 | 149,970 | 145,227 | 139,753 | 132,526 |

Financial ratios

| | | | | | |
|------------------|--------|--------|--------|--------|--------|
| Operating margin | 4.5% | 5.1% | 4.7% | 5.1 % | 4.8 % |
| Current ratio | 415.7% | 425.5% | 448.2% | 457.7% | 428.2% |
| Equity ratio | 73.9% | 76.1% | 77.5% | 77.6% | 75.9% |
| Return on equity | 4.1% | 3.2% | 3.8% | 5.3% | 1.9% |

| | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Average number of employees | 78 | 71 | 65 | 70 | 77 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations. For terms and definitions, please see the accounting policies.

Management's review

Business review

The company is committed to bringing the most meaningful difference to patient health through great medicines. The Company's activities are sales and distribution of pharmaceutical products to the Danish Health Sector. The main products are within the therapy areas of the gastrointestinal diseases, respiratory diseases, cardiovascular diseases, neuroscience and oncology and AstraZeneca is expanding its expertise in those areas.

The Company's product range is essentially manufactured and supplied by other companies in the AstraZeneca group.

Financial review

The company's incomes statement for the year ended 31 December 2019 shows a net profit of DKK 6,271 thousand (2018: DKK 4,743 thousand (profit)), and the balance sheet at 31 December 2019 shows equity of DKK 156,241 thousand (2018: DKK 149,970 thousand)

AstraZeneca A/S achieved a turnover of DKK 213,559 thousand for 2019, which has increased compared to the turnover of 2018 of DKK 145,489 thousand.

In 2019 the company employed an average of 78 employees.

The net profit for the year compared with previously expressed expectations

The net profit of the year amounts to DKK 6,271 thousand (2018: DKK 4,743 thousand). The net profit represents an increase compared to 2018. Due new launches and successful tenders, the net profit is according to the expectations for 2019. It is the assessment of the Board of Directors that the net profit of the year is satisfactory.

Products

In 2019 the Company continued to drive financial performance with its well-established portfolio of products in its diverse therapy areas and cost control to ensure a sound profitability.

AstraZeneca globally has divested several of its brands. During a transition period AstraZeneca has arranged for the sales of these brands. The relating revenues and expenses are included in the Income statement.

The brands in question are:
Seloken, Atacand, Nexium, Seroquel XR and Losec.

Investments

There were no significant investments made in 2019.

Cash resources

It is estimated that the cash resources will be sufficient to manage the future activities.

Knowledge resources

Continuous growth requires that the Company attracts and retains highly qualified employees working within healthcare.

Management's review

Special risks

The company's substantive operational risk is linked to the ability to be strongly positioned within the various product areas. Furthermore, it is essential for the company to launch new patented products, which quickly will become market leaders within their segments. The company is dependent on group companies for development of new products that can improve the health of patients in the Danish market. Consequently, the risk for the company is a delay in bringing new products to market. Generic pharmaceutical products and parallel imported products also pose a threat to AstraZeneca Denmark sales and market share.

The Company's sales and purchases are made in Danish kroner. Therefore, the company is not exposed to currency risks.

The Company continues to monitor credit exposure and has reviewed the financial position of its major creditors and does not believe it is exposed to any significant risks. The Company's policy of acceptance of credit risks means that all major customers or partners are continuously credit rated.

Impact on the external environment

The Company has no production of pharmaceuticals and it is therefore not a direct burden to the environment. Efforts are made to be a company with environmentally safe operations, and the Company is included in the group's reporting systems concerning the areas Safety, Health and Environment. The group's SHE-management report can be required on www.astrazeneca.com. The Company has a range of SHE initiatives and continues to look for opportunities to improve its SHE standard.

Research and development activities

Research and development activities for patented products are carried out by the parent company, AstraZeneca PLC

Events after the balance sheet date

The impact of COVID-19 on our operations is highly uncertain and cannot be predicted with confidence and the extent of any adverse impact on AstraZeneca's operations will depend on the global duration, extent and severity of the pandemic.

In Q1 2020 we had a positive impact on our revenue due to indirect effects of the ongoing COVID-19 pandemic such as; short-term inventory increases in the distribution channel, longer prescriptions and improved treatment-regimen adherence by patients. This benefit is anticipated to reverse in the coming months. However, our assumption would be that the global impact of the COVID-19 pandemic lasts for several more months, and variations in performance between quarters can be expected to continue, but we currently do not foresee any major impact on the expected FY revenue and profit for 2020.

A decline of GDP, resulting in decreased healthcare budget, could also potentially delay the inclusion of new medicines into reimbursement lists at target price and therefore delay launches planned in 2021.

Outlook

AstraZeneca will continue to focus its attention on patients, HCP's and other stakeholders with high emphasis on collaboration with physicians to provide that AstraZeneca offers a valuable contribution to the development of healthcare. In addition, AstraZeneca is further committed to reviewing its processes to meet future tougher market conditions in terms of public savings in medical costs and increased product competition.

The company expects revenue and profit for 2020 to grow compared to 2019. With a clear strategy, a strong product portfolio and competent staff, sales are expected to keep increasing in the longer term, with an annual growth of 20%. The expected annual growth should still be linked to the uncertainty of how Covid-19 evolves during the course of 2020 and 2021.

Financial statements 1 January - 31 December**Income statement**

| Note | DKK'000 | 2019 | 2018 |
|------|---|----------|---------|
| | Revenue | 213,559 | 145,489 |
| 3 | Other operating income | 67,698 | 86,963 |
| | Raw materials and consumables | -130,782 | -87,480 |
| | Other external expenses | -56,302 | -59,596 |
| | Gross profit | 94,173 | 85,376 |
| 4 | Staff costs | -84,414 | -77,755 |
| 5 | Depreciation of property, plant and equipment | -163 | -178 |
| | Profit before net financials | 9,596 | 7,443 |
| 6 | Financial income | 1,424 | 270 |
| | Financial expenses | -1,543 | -471 |
| | Profit before tax | 9,477 | 7,242 |
| 7 | Tax for the year | -3,206 | -2,499 |
| | Profit for the year | 6,271 | 4,743 |

Financial statements 1 January - 31 December**Balance sheet**

| Note | DKK'000 | 2019 | 2018 |
|------|--|---------|---------|
| | ASSETS | | |
| | Fixed assets | | |
| 8 | Property, plant and equipment | | |
| | Other fixtures and fittings, tools and equipment | 0 | 163 |
| | | 0 | 163 |
| | Total fixed assets | 0 | 163 |
| | Non-fixed assets | | |
| | Inventories | | |
| | Finished goods and goods for resale | 111 | 111 |
| | | 111 | 111 |
| | Receivables | | |
| | Trade receivables | 51,071 | 18,076 |
| | Receivables from group entities | 152,504 | 169,894 |
| 9 | Deferred tax assets | 385 | 186 |
| | Other receivables | 514 | 372 |
| 10 | Prepayments | 735 | 344 |
| | | 205,209 | 188,872 |
| | Cash | 6,207 | 7,839 |
| | Total non-fixed assets | 211,527 | 196,822 |
| | TOTAL ASSETS | 211,527 | 196,985 |

Financial statements 1 January - 31 December**Balance sheet**

| Note | DKK'000 | 2019 | 2018 |
|------|--|----------------|----------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 11 | Share capital | 57,000 | 57,000 |
| | Retained earnings | 99,241 | 92,970 |
| | Total equity | 156,241 | 149,970 |
| | Provisions | | |
| | Other provisions | 1,655 | 757 |
| 12 | Total provisions | 1,655 | 757 |
| | Liabilities other than provisions | | |
| 13 | Non-current liabilities other than provisions | | |
| | Other payables | 2,748 | 0 |
| | | 2,748 | 0 |
| | Current liabilities other than provisions | | |
| | Trade payables | 7,515 | 3,708 |
| | Income taxes payable | 1,977 | 1,318 |
| | Other payables | 41,391 | 41,232 |
| | | 50,883 | 46,258 |
| | Total liabilities other than provisions | 53,631 | 46,258 |
| | TOTAL EQUITY AND LIABILITIES | 211,527 | 196,985 |
| 1 | Accounting policies | | |
| 2 | Events after the balance sheet date | | |
| 14 | Contractual obligations and contingencies, etc. | | |
| 15 | Related parties | | |

Financial statements 1 January - 31 December**Statement of changes in equity**

| Note | DKK'000 | Share capital | Retained earnings | Total |
|------|---|---------------|-------------------|----------------|
| | Equity at 1 January 2018 | 57,000 | 88,227 | 145,227 |
| 16 | Transfer, see "Appropriation of profit" | 0 | 4,743 | 4,743 |
| | Equity at 1 January 2019 | 57,000 | 92,970 | 149,970 |
| 16 | Transfer, see "Appropriation of profit" | 0 | 6,271 | 6,271 |
| | Equity at 31 December 2019 | 57,000 | 99,241 | 156,241 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of AstraZeneca A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, AstraZeneca AB, Sweden.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

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 deducted in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

R&D costs are charged to the profit & loss account in the year they are incurred.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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:

| | |
|-----------------------|---------|
| Furniture & equipment | 5 years |
| Vehicles | 5 years |
| IT-equipment | 3 years |

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 acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Financial income and expenses

Financial income and expenses 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 scheme, 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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

Every year, property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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.

Prepayments

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

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised 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.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****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.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, 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 taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

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.

Other liabilities are measured at net realisable value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|------------------|--|
| Operating margin | $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$ |
| Current ratio | $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$ |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$ |

Financial statements 1 January - 31 December**Notes to the financial statements****2 Events after the balance sheet date**

The impact of COVID-19 on our operations is highly uncertain and cannot be predicted with confidence and the extent of any adverse impact on AstraZeneca's operations will depend on the global duration, extent and severity of the pandemic.

In Q1 2020 we had a positive impact on our revenue due to indirect effects of the ongoing COVID-19 pandemic such as; short-term inventory increases in the distribution channel, longer prescriptions and improved treatment-regimen adherence by patients. This benefit is anticipated to reverse in the coming months. However, our assumption would be that the global impact of the COVID-19 pandemic lasts for several more months, and variations in performance between quarters can be expected to continue, but we currently do not foresee any major impact on the expected FY revenue and profit for 2020.

A decline of GDP, resulting in decreased healthcare budget, could also potentially delay the inclusion of new medicines into reimbursement lists at target price and therefore delay launches planned in 2021.

| DKK'000 | 2019 | 2018 |
|---|---------------|---------------|
| 3 Other operating income | | |
| Income from the group regarding clinical research | 28,176 | 28,938 |
| Marketing subvention from the group | 39,522 | 58,025 |
| | <u>67,698</u> | <u>86,963</u> |
| 4 Staff costs and incentive programmes | | |
| Wages/salaries | 77,589 | 71,716 |
| Pensions | 5,950 | 5,234 |
| Other social security costs | 875 | 805 |
| | <u>84,414</u> | <u>77,755</u> |
| Average number of full-time employees | <u>78</u> | <u>71</u> |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Incentive programmes

The management of the company participates in a share based payment scheme. The scheme is handled by the ultimate parent company AstraZeneca PLC, UK. Reference is made to the annual report of AstraZeneca PLC, UK, for a description of the content of the scheme.

| | | |
|--|--------------|------------|
| 5 Depreciation of property, plant and equipment | | |
| Depreciation of property, plant and equipment | 163 | 178 |
| | <u>163</u> | <u>178</u> |
| 6 Financial income | | |
| Interest receivable, group entities | 14 | 13 |
| Exchange gain | 1,370 | 232 |
| Other financial income | 40 | 25 |
| | <u>1,424</u> | <u>270</u> |

Financial statements 1 January - 31 December**Notes to the financial statements**

| DKK'000 | 2019 | 2018 |
|--|--------------|---|
| 7 Tax for the year | | |
| Estimated tax charge for the year | 3,405 | 2,838 |
| Deferred tax adjustments in the year | -199 | -254 |
| Tax adjustments, prior years | 0 | -85 |
| | <u>3,206</u> | <u>2,499</u> |
| Specified as follows: | | |
| Tax for the year | <u>3,206</u> | <u>2,499</u> |
| | <u>3,206</u> | <u>2,499</u> |
| 8 Property, plant and equipment | | |
| DKK'000 | | Other fixtures and fittings, tools and equipment |
| Cost at 1 January 2019 | | <u>3,749</u> |
| Cost at 31 December 2019 | | <u>3,749</u> |
| Impairment losses and depreciation at 1 January 2019 | | 3,586 |
| Amortisation/depreciation in the year | | <u>163</u> |
| Impairment losses and depreciation at 31 December 2019 | | <u>3,749</u> |
| Carrying amount at 31 December 2019 | | <u>0</u> |
| 9 Deferred tax | | |
| Deferred tax relates to: | | |
| Property, plant and equipment | -98 | -95 |
| Other taxable temporary differences | <u>-287</u> | <u>-91</u> |
| | <u>-385</u> | <u>-186</u> |
| 10 Prepayments | | |

Prepayments include accrual of expenses relating to subsequent financial years. The balance sheet item mainly consist of prepaid lease costs.

Financial statements 1 January - 31 December**Notes to the financial statements**

| DKK'000 | 2019 | 2018 |
|--|---------------|---------------|
| 11 Share capital | | |
| Analysis of the share capital: | | |
| 50,000 shares of DKK 100.00 nominal value each | 5,000 | 5,000 |
| 20 shares of DKK 500,000.00 nominal value each | 10,000 | 10,000 |
| 1 shares of DKK 15,000,000.00 nominal value each | 15,000 | 15,000 |
| 2 shares of DKK 10,000,000.00 nominal value each | 20,000 | 20,000 |
| 1 shares of DKK 7,000,000.00 nominal value each | 7,000 | 7,000 |
| | <u>57,000</u> | <u>57,000</u> |

The Company's share capital has remained DKK 57,000 thousand over the past 5 years.

12 Provisions

Other provisions comprise provisions for expected payment of returned goods and discounts, totalling DKK 1,655 thousand. The provisions are expected to mature within 12 months.

13 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

14 Contractual obligations and contingencies, etc.**Other financial obligations**

Other rent and lease liabilities:

| | | |
|----------------------------|--------------|--------------|
| Rent and lease liabilities | <u>9,849</u> | <u>9,344</u> |
|----------------------------|--------------|--------------|

The Company has entered into an office rent agreement with minimum rent payments in the termination period of DKK 2.6 million. DKK 0.9 million is payable within 1 year, and 1.7 million is due within 2-5 years.

The Company has entered into operational leases with minimum lease payments in the termination period of DKK 7.2 million. DKK 3.3 million is payable within 1 year, and DKK 3.9 million is due within 2-5 years.

Financial statements 1 January - 31 December**Notes to the financial statements****15 Related parties**

AstraZeneca A/S' related parties comprise the following:

Parties exercising control

| <u>Related party</u> | <u>Domicile</u> | <u>Basis for control</u> |
|----------------------------|-----------------|--------------------------|
| AstraZeneca Continent B.V. | Netherlands | Controlling interest |
| AstraZeneca AB | Sweden | Controlling interest |
| AstraZeneca PLC | Great Britain | Controlling interest |

Information about consolidated financial statements

| <u>Parent</u> | <u>Domicile</u> | <u>Requisitioning of the parent company's consolidated financial statements</u> |
|--|---|---|
| AstraZeneca PLC (registration no. 2723534) | 1 Francis Crick Avenue, Cambridge Biomedical Campus, Cambridge CB2 0AA, UK | The consolidated accounts of AstraZeneca PLC can be obtained from the homepage www.astrazeneca.com/annualreport2019 |

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

| DKK'000 | <u>2019</u> | <u>2018</u> |
|-------------------------------------|--------------------|--------------------|
| 16 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Retained earnings | <u>6,271</u> | <u>4,743</u> |
| | <u>6,271</u> | <u>4,743</u> |