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Translation of the Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Owner and Directors of Celgene s. r. o.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Celgene s. r. o. ("the Company"), which comprise the balance sheet as at 31 December 2019, the income statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance for the year then ended in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, 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.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as the statutory body 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, the statutory body 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 unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditors' 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 auditors' 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 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 in accordance with ISAs, we exercise professional judgment 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 the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act on Accounting. Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report of the Company, we consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion:

- the information given in the Annual Report for the year 2019 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of audit, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

3 June 2020
Bratislava, Slovak Republic



Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Ivana Mazániková
License SKAU No. 910

Úč POD

FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping

at 3 1 . 1 2 . 2 0 1 9 (in whole euros)

Tax identification number (DIČ) 2 0 2 2 5 1 5 2 0 9	Financial statements X ordinary	Accounting entity X small	Month from 0 1	Year 2 0 1 9
Identification number (IČO) 4 3 9 1 3 9 6 2	extraordinary	large	to 1 2	2 0 1 9
SK NACE 7 3 . 2 0 . 0	interim	(vyznačil sa x)	Preceding period from 0 1	2 0 1 8
			to 1 2	2 0 1 8

Attached parts of the financial statements

X Balance Sheet (Úč POD 1-01) X Income Statement (Úč POD 2-01) X Notes to the Financial Statements (Úč POD 3-01)
(in whole euros) (in whole euros) (in whole euros or eurocents)

Legal name (designation) of the accounting entity

C e l g e n e s . r . o .

Registered office of the accounting entity

Street
P r i e v o z s k á

Number
4 B

Zip code Municipality
8 2 1 0 9 B r a t i s l a v a

Designation of the Commercial Register and company registration number
O k r e s n ý S ú d B r a t i s l a v a I

Oddiel: S r o , V l o ž k a č í s l o : 4 9 9 8 6 B

Telephone Fax
0 0

Email
0

Prepared on:

3 0 . 0 1 . 2 0 2 0

Approved on:

. . 2 0

Signature of the accounting entity's statutory body or
a member of the accounting entity's statutory body or
the signature of a sole trader who is the accounting entity:



This form in any foreign language cannot be submitted to the Tax office and it is only for the purpose of helping.

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	Net 2	
			Correction - part 2		Net 3
	TOTAL ASSETS line 02 + line 33 + line 74	01	5 5 8 7 1 3 2	5 3 7 7 3 1 1	
			2 0 9 8 2 1		4 5 3 3 1 5 4
A.	Non-current assets line 03 + line 11 + line 21	02	2 4 8 2 1 1	3 8 3 9 0	
			2 0 9 8 2 1		5 2 9 4 0
A.I.	Non-current intangible assets total (lines 04 to 10)	03	1 0 5 0 0	1 6 2 5	
			8 8 7 5		3 3 7 5
A.I.1.	Capitalized development costs (012) - /072, 091A/	04			
2.	Software (013) - /073, 091A/	05	1 0 5 0 0	1 6 2 5	
			8 8 7 5		3 3 7 5
3.	Valuable rights (014) - /074, 091A/	06			
4.	Goodwill (015) - /075, 091A/	07			
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08			
6.	Acquisition of non- current intangible assets (041) - /093/	09			
7.	Advance payments made for non- current intangible assets (051) - /095A/	10			
A.II.	Property, plant and equipment total (lines 12 to 20)	11	2 3 7 7 1 1	3 6 7 6 5	
			2 0 0 9 4 6		4 9 5 6 5
A.II.1.	Land (031) - /092A/	12			
2.	Structures (021) - /081, 092A/	13	4 7 5 9 7	3 0 1 4 5	
			1 7 4 5 2		3 0 1 4 4
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	1 9 0 1 1 4	6 6 2 0	
			1 8 3 4 9 4		1 9 4 2 1

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	Net 2	
			Gross - part 1 Correction - part 2		Net 3
4.	Perennial crops (025) - /085, 092A/	15			
5.	Livestock (026) - /086, 092A/	16			
6.	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17			
7.	Acquisition of property, plant and equipment (042) - /094/	18			
8.	Advance payments made for property, plant and equipment (052) - /095A/	19			
9.	Value adjustment to acquired assets (+/- 097) +/- 098	20			
A.III.	Non-current financial assets total (lines 22 to 32)	21			
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	22			
2.	Shares and owner- ship interests with participating interest, except for affiliated accounting entities (062A) - /096A/	23			
3.	Other available-for- sale securities and ownership interests (063A) - /096A/	24			
4.	Loans to affiliated accounting entities (066A) - /096A/	25			
5.	Loans within participating interest, except for affiliated accounting entities (066A) - /096A/	26			
6.	Other loans (067A) - /096A/	27			
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28			

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	2	
			Gross - part 1 Correction - part 2	Net	Net 3
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29			
9.	Bank accounts with notice period exceeding one year (22XA)	30			
10.	Acquisition of non-current financial assets (043) - /096A/	31			
11.	Advance payments made for non-current financial assets (053) - /095A/	32			
B.	Current assets line 34 + line 41 + line 53 + line 66 + line 71	33	5 3 3 2 2 5 4	5 3 3 2 2 5 4	4 4 6 5 9 3 1
B.I.	Inventory total (lines 35 to 40)	34			
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35			
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36			
3.	Finished goods (123) - /194/	37			
4.	Animals (124) - /195/	38			
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39			
6.	Advance payments made for inventory (314A) - /391A/	40			
B.II.	Non-current receivables total (line 42 + lines 46 to 52)	41	8 1 7 6 8	8 1 7 6 8	9 4 0 5 9
B.II.1.	Trade receivables total (lines 43 to 45)	42	1 2 7 4 0	1 2 7 4 0	1 2 7 4 0

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	Net 2	
			Gross - part 1 Correction - part 2		Net 3
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43			
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	44			
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45	1 2 7 4 0	1 2 7 4 0	1 2 7 4 0
2.	Net value of contract (316A)	46			
3.	Other receivables from affiliated accounting entities (351A) - /391A/	47			
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	48			
5.	Receivables from participants, members and association (354A, 355A, 358A, 35XA) - /391A/	49			
6.	Receivables related to derivative transactions (373A, 376A)	50			
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51			
8.	Deferred tax asset (481A)	52	6 9 0 2 8	6 9 0 2 8	8 1 3 1 9
B.III.	Current receivables total (line 54 + lines 58 to 65)	53	6 6 0 0 4 0	6 6 0 0 4 0	8 4 0 5 5 1
B.III.1.	Trade receivables total (lines 55 to 57)	54	5 4 9 5 9 2	5 4 9 5 9 2	6 2 7 7 0 8
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	4 9 9 0 6 0	4 9 9 0 6 0	6 2 7 2 7 0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56			

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	2	
			Gross - part 1 Correction - part 2	Net	Net 3
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	5 0 5 3 2	5 0 5 3 2	4 3 8
2.	Net value of contract (316A)	58			
3.	Other receivables from affiliated accounting entities (351A) - /391A/	59			
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	60			
5.	Receivables from participants, members and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61			
6.	Social security (336A) - /391A/	62			
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	4 6 8 2 5	4 6 8 2 5	1 4 3 7 5 2
8.	Receivables related to derivative transactions (373A, 376A)	64			
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	6 3 6 2 3	6 3 6 2 3	6 9 0 9 1
B.IV.	Current financial assets total (lines 67 to 70)	66			
B.IV.1.	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67			
2.	Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68			
3.	Own shares and own ownership interests (252)	69			
4.	Acquisition of current financial assets (259, 314A) - /291A/	70			

Designation a	ASSETS b	Line No. c	Current accounting period		Preceding accounting period
			1	Gross - part 1	
				Correction - part 2	Net 2
					Net 3
B.V.	Financial accounts line 72 + line 73	71		4 5 9 0 4 4 6	4 5 9 0 4 4 6
					3 5 3 1 3 2 1
B.V.1.	Cash (211, 213, 21X)	72			
2.	Bank accounts (221A, 22X, +/- 261)	73		4 5 9 0 4 4 6	4 5 9 0 4 4 6
					3 5 3 1 3 2 1
C.	Accruals/deferrals total (lines 75 to 78)	74		6 6 6 7	6 6 6 7
					1 4 2 8 3
C.1.	Prepaid expenses - long-term (381A, 382A)	75			
2.	Prepaid expenses - short-term (381A, 382A)	76		6 6 6 7	6 6 6 7
					1 4 2 8 3
3.	Accrued income - long-term (385A)	77			
4.	Accrued income - short-term (385A)	78			

Designation a	EQUITY AND LIABILITIES b	Line No. c	Current accounting period 4	Preceding accounting period 5
	TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141	79	5 3 7 7 3 1 1	4 5 3 3 1 5 4
A.	Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100	80	4 6 1 5 0 8 1	3 7 2 4 8 0 7
A.I.	Share capital total (lines 82 to 84)	81	6 6 3 9	6 6 3 9
A.I.1.	Share capital (411 alebo +/- 491)	82	6 6 3 9	6 6 3 9
2.	Change in share capital +/- 419	83		
3.	Unpaid share capital (/-/353)	84		
A.II.	Share premium (412)	85		
A.III.	Other capital funds (413)	86	3 3 1 9 3 9	3 3 1 9 3 9
A.IV.	Legal reserve funds line 88 + line 89	87	6 6 4	6 6 4
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	6 6 4	6 6 4
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	89		

Designation a	EQUITY AND LIABILITIES b	Line No. c	Current accounting period 4	Preceding accounting period 5
A.V.	Other funds created from profit line 91 + line 92	90		
A.V.1.	Statutory funds (423, 42X)	91		
2.	Other funds (427, 42X)	92		
A.VI.	Differences from revaluation total (lines 94 to 96)	93		
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	94		
2.	Investment revaluation reserves (+/- 415)	95		
3.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	96		
A.VII.	Net profit/loss of previous years line 98 + line 99	97	3 3 8 5 5 6 5	2 5 4 5 4 3 1
A.VII.1.	Retained earnings from previous years (428)	98	3 3 8 5 5 6 5	2 5 4 5 4 3 1
2.	Accumulated losses from previous years (-/429)	99		
A.VIII.	Net profit/loss for the accounting period after tax +/- line 01 - (l. 81 + l. 85 + l. 86 + l. 87 + l. 90 + l. 93 + l. 97 + l. 101 + l. 141)	100	8 9 0 2 7 4	8 4 0 1 3 4
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	7 6 2 2 3 0	8 0 8 3 4 7
B.I.	Non-current liabilities total (line 103 + lines 107 to 117)	102	3 5 9 5 2	2 9 9 4 0
B.I.1.	Non-current trade liabilities total (lines 104 to 106)	103		
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104		
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105		
1.c.	Other trade liabilities (321A, 475A, 476A)	106		
2.	Net value of contract (316A)	107		
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108		
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA)	109		
5.	Other non-current liabilities (479A, 47XA)	110		
6.	Long-term advance payments received (475A)	111		
7.	Long-term bills of exchange to be paid (478A)	112		
8.	Bonds issued (473A/-/255A)	113		
9.	Liabilities related to social fund (472)	114	3 5 9 5 2	2 9 9 4 0
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115		
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116		
12.	Deferred tax liability (481A)	117		

Designation a	EQUITY AND LIABILITIES b	Line No. c	Current accounting period 4	Preceding accounting period 5
B.II.	Long-term provisions line 119 + line 120	118		
B.II.1.	Legal provisions (451A)	119		
2.	Other provisions (459A, 45XA)	120		
B.III.	Long-term bank loans (461A, 46XA)	121		
B.IV.	Current liabilities total (line 123 + lines 127 to 135)	122	3 5 0 0 8 7	3 6 0 6 8 9
B.IV.1.	Trade liabilities total (lines 124 to 126)	123	7 0 2 9 3	1 0 8 4 1 6
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	2 8 8 5 0	9 0 6 1
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	4 1 4 4 3	9 9 3 5 5
2.	Net value of contract (316A)	127		
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128		
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129		
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130		
6.	Liabilities to employees (331, 333, 33X, 479A)	131	3 6 2 0 0	4 8 3 2 5
7.	Liabilities related to social security (336A)	132	1 2 2 0 1 9	1 3 6 0 9 1
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	1 2 1 5 7 5	6 4 8 8 9
9.	Liabilities related to derivative transactions (373A, 377A)	134		
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135		2 9 6 8
B.V.	Short-term provisions line 137 + line 138	136	3 7 6 1 9 1	4 1 7 7 1 8
B.V.1.	Legal provisions (323A, 451A)	137	5 4 2 3 5	6 4 6 6 1
2.	Other provisions (323A, 32X, 459A, 45XA)	138	3 2 1 9 5 6	3 5 3 0 5 7
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139		
B.VII.	Short-term financial assistance (241, 249, 24X, 473A, I-/255A)	140		
C.	Accruals/deferrals total (lines 142 to 145)	141		
C.1.	Accrued expenses - long-term (383A)	142		
2.	Accrued expenses - short-term (383A)	143		
3.	Deferred income - long-term (384A)	144		
4.	Deferred income - short-term (384A)	145		

Designation a	Text b	Line No. c	Actual data	
			Current accounting period	Preceding accounting period
			1	2
*	Net turnover (part of account class 6 according to the Act)	01	4 3 8 1 0 8 7	5 6 8 1 6 7 1
**	Operating income total (lines 03 to 09)	02	4 4 4 7 5 8 4	5 6 8 1 6 7 1
I.	Revenue from the sale of merchandise (604, 607)	03		
II.	Revenue from the sale of own products (601)	04		
III.	Revenue from the sale of services (602, 606)	05	4 3 8 1 0 8 7	5 6 8 1 6 7 1
IV.	Changes in internal inventory (+/-) (account group 61)	06		
V.	Own work capitalized (account group 62)	07		
VI.	Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642)	08		
VII.	Other operating income (644, 645, 646, 648, 655, 657)	09	6 6 4 9 7	
**	Operating expenses total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26	10	3 2 5 7 2 7 8	4 5 3 9 0 6 5
A.	Cost of merchandise sold (504, 507)	11		
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	1 5 3 6 9	8 9 2 5 4
C.	Value adjustments to inventory (+/-) (505)	13		
D.	Services (account group 51)	14	1 6 4 8 9 2 0	1 7 9 2 3 2 5
E.	Personnel expenses total (lines 16 to 19)	15	1 5 3 7 2 5 9	2 4 9 0 4 9 0
E.1.	Wages and salaries (521, 522)	16	1 0 8 3 0 3 6	1 7 8 3 8 8 5
2.	Remuneration of board members of company or cooperative (523)	17		
3.	Social security expenses (524, 525, 526)	18	4 2 8 2 6 4	6 5 1 2 9 9
4.	Social expenses (527, 528)	19	2 5 9 5 9	5 5 3 0 6
F.	Taxes and fees (account group 53)	20		
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23)	21	1 4 5 5 1	1 8 1 0 9
G.1.	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	1 4 5 5 1	1 8 1 0 9
2.	Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553)	23		
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24		
I.	Value adjustments to receivables (+/-) (547)	25		
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	4 1 1 7 9	1 4 8 8 8 7
***	Profit/loss from operations (+/-) (line 02 - line 10)	27	1 1 9 0 3 0 6	1 1 4 2 6 0 6

Designation a	Text b	Line No. c	Actual data	
			Current accounting period	Preceding accounting period
			1	2
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	2 7 1 6 7 9 8	3 8 0 0 0 9 2
**	Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44	29		1 5 6 8
VIII.	Revenue from the sale of securities and shares (661)	30		
IX.	Income from non-current financial assets total (lines 32 to 34)	31		
IX.1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32		
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33		
3.	Other income from securities and ownership interests (665A)	34		
X.	Income from current financial assets total (lines 36 to 38)	35		
X.1.	Income from current financial assets in affiliated accounting entities (666A)	36		
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37		
3.	Other income from current financial assets (666A)	38		
XI.	Interest income (line 40 + line 41)	39		
XI.1.	Interest income from affiliated accounting entities (662A)	40		
2.	Other interest income (662A)	41		
XII.	Exchange rate gains (663)	42		1 5 6 8
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43		
XIV.	Other income from financial activities (668)	44		
**	Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54	45	1 7 1 8 9	9 7 4 2
K.	Securities and shares sold (561)	46		
L.	Expenses related to current financial assets (566)	47		
M.	Value adjustments to financial assets (+/-) (565)	48		
N.	Interest expense (line 50 + line 51)	49		5 2 0
N.1.	Interest expenses related to affiliated accounting entities (562A)	50		
2.	Other interest expenses (562A)	51		5 2 0
O.	Exchange rate losses (563)	52	5 8 3	
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53		
Q.	Other expenses related to financial activities (568, 569)	54	1 6 6 0 6	9 2 2 2

Designation a	Text b	Line No. c	Actual data	
			Current accounting period 1	Preceding accounting period 2
***	Profit/loss from financial activities (+/-) (line 29 - line 45)	55	- 1 7 1 8 9	- 8 1 7 4
****	Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)	56	1 1 7 3 1 1 7	1 1 3 4 4 3 2
R.	Income tax (line 58 + line 59)	57	2 8 2 8 4 3	2 9 4 2 9 8
R.1.	Income tax - current (591, 595)	58	2 7 0 5 5 2	2 7 1 4 3 6
2.	Income tax - deferred (+/-) (592)	59	1 2 2 9 1	2 2 8 6 2
S.	Transfer of net profit/net loss shares to partners (+/- 596)	60		
****	Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)	61	8 9 0 2 7 4	8 4 0 1 3 4

Notes to financial statements prepared at 31 December 2019

I. GENERAL

1. Name and seat

Celgene s.r.o.
Prievozská 4B
821 09 Bratislava

The company Celgene s.r.o. (the „Company“) was established on 13 December 2007 and incorporated in the Commercial Register on 10 January 2008 (Commercial Register of the District Court Bratislava I, Section Sro, Insert No.: 49986/B).

Core business activities of the Company

The Company provides market research and marketing services to the company within the Celgene group Celgene Logistics Sarl.

2. Date of approval of the financial statements for the previous accounting period

The General Meeting approved the Company's financial statements for the previous accounting period on 25 June 2019.

3. Legal reason for preparing the financial statements

The financial statements of the Company at 31 December 2019 have been prepared as ordinary financial statements in accordance with § 17 Sec. 6 of Act No. 431/2002 Coll. on Accounting as amended („Accounting Act“) for the accounting period from 1 January 2019 to 31 December 2019.

4. The consolidated group

The Company is a subsidiary of Celgene Holdings East Corporation with its registered seat at Morris Avenue 86, Summit, New Jersey, 079 01 USA, which has a 100% interest on the Company's share capital. Celgene Corporation prepares consolidated financial statements for consolidated group companies. The consolidated financial statements are available at 86 Morris Avenue, Summit, New Jersey, USA.

The Company is not a mother company and is not obliged to prepare consolidated financial statements.

5. Number of staff

Item	30.12.2019	31.12.2018
Average number of staff	10	18

II. ACCOUNTING METHODS APPLIED

a) Basis of preparation

The Company's financial statements have been prepared in accordance with the Slovak Accounting Act and related accounting procedures, on a going concern basis.

The Company keeps its books on the accrual basis of accounting which means that all revenues and costs are recognized when generated or incurred (and not when cash is received or paid), and they are recorded in the books and reported in the financial statements of the periods to which they relate.

All monetary amounts in the financial statements are stated in whole euros, unless stated otherwise.

The Company consistently applied the accounting methods and the general accounting principles.

b) Use of estimates and judgments

The preparation of the Financial Statements requires that the Company management make judgments, estimates, and assumptions that affect the application of the accounting policies and accounting principles and the amounts of assets, liabilities, income, and expenses. These estimates and related assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for assessing the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are not recognized retrospectively, but instead in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

In connection with the application of accounting policies and accounting principles of the Company no such judgments are required that would have a material impact on the amounts presented in the Financial Statements.

Assumptions and estimation uncertainties

The company did not identify assumptions and estimation uncertainties that have a significant risk in resulting in a material adjustment in the future accounting period.

c) Non-current intangible and tangible assets

Acquired non-current assets are stated at cost, which includes the acquisition price and the related acquisition costs (such as customs duty, transport, assembly, and insurance).

The depreciation plan for non-current intangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month in which the asset was first put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current intangible assets are presented in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Software	6	Linear	16,7%

Tax depreciation of software is equal to accounting depreciation.

The depreciation plan for non-current tangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month in which the asset was first put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current tangible assets are presented in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Leases Building – technical improvement	20	Linear	5,0%
Furniture	6	Linear	16,7%
PC	3	Linear	33,3%
Other office equipment	4	Linear	25,0%

Tax depreciation shall be applied based on the rates specified in the Income Tax Act applicable for even depreciation.

If, during a stock-count, temporary decrease in value-in-use of a non-current asset was identified that is significantly lower than its carrying amount (after deducting the accumulated depreciation), a valuation allowance is set up to reflect the asset's lower value-in-use

d) Receivables

When initially recognized, receivables are stated at their nominal value. A valuation allowance is set up for bad and doubtful debts, for which a default risk exists.

If the remaining period to maturity of a receivable is longer than one year, a valuation allowance representing the difference between its nominal and present value is set up. The present value of a receivable is calculated as the sum of future discounted cash receipts.

e) Financial accounts

Financial accounts consist of bank account balances, where the risk of changes in the value of these assets is negligibly low.

f) Prepaid expenses and accrued income

Prepaid expenses and accrued income are recognized at an amount reflecting the accrual principle (matching income and expense in the same accounting period).

g) Valuation allowances

Valuation allowances are recorded based on the accounting principle of prudence if it can be justifiably assumed that the value of an asset has been impaired when compared to its value in the books. A valuation allowance is recognized in the amount of a justified assumption for an impairment of an asset when compared to its value in the books.

h) Provisions

Provisions are liabilities representing the Company's present obligation resulting from past events, if it is probable that its settlement will reduce the Company's resources in the future. Provisions are liabilities of uncertain timing or amount, and are stated at the expected amount of the existing liability at the balance-sheet date.

The set-up of a provision is posted to the respective expense account or asset account to which the liability relates. The use of a provision is debited to the respective provision account, with a corresponding credit to the respective liability account. The release of an unnecessary provision, or a part thereof, is accounted for using an accounting entry inverse to the recognition of the set-up of the provision.

The provision for bonuses, rebates, discounts, and for returning the purchase price in the event of a complaint, is recorded as a reduction of income originally generated with a corresponding credit entry to the provision account.

The Company set up provisions mainly for unused holidays, bonuses, provisions for preparation of 2019 Statutory financial statements and Corporate income tax return, provision for 2019 audit and for other unbilled supplies.

i) Liabilities

When initially recognized, liabilities are stated at their nominal value. Assumed liabilities are stated at cost. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount stated in the books, these liabilities are stated in the books and financial statements at this actual amount.

j) Employee benefits

Wages, salaries, contributions to the Slovak state pension and social insurance plans, paid annual leave and paid sick leave, bonuses and other non-monetary benefits (such as medical care) are recognized in the accounting period when incurred.

k) Income tax due

Corporate income tax is expensed in the period when the tax liability arises. In the accompanying income statement, the tax expense is calculated on the basis of the profit/(loss) before taxes adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and any tax losses carried forward. The tax liability is stated net of corporate income tax advances that the Company paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Company records an income tax receivable.

l) Deferred revenues and accrued expenses

Deferred revenues and accrued expenses are stated at their nominal value and are stated at an amount reflecting the accrual principle (matching income and expenses in the same accounting period).

m) Leasing (Entity is the lessee)

Operating lease. The lease costs of assets under operating lease contracts are expensed as incurred over the period of the lease.

n) Foreign currency

Assets and liabilities in foreign currency (with the exception of prepayments received and granted) are converted to euros using the reference exchange rate set and published by the European Central Bank or the National Bank of Slovakia on the day preceding the day of the accounting event, or on the balance-sheet date. The resulting foreign exchange differences are recorded to the income statement.

o) Revenue recognition

Revenues from the sale of services are recognized in the accounting period in which the services are rendered, taking into account the extent to which the given transaction is completed. This extent is assessed based on the actual services provided as a proportion of the total services agreed.

Sales revenues are stated net of VAT, discounts and deductions (such as rebates, bonuses and credit notes). Interest income is recognized using the effective interest method.

The Company's revenues primarily include revenues from providing supporting services - market research and marketing services provided to Celgene Logistics Sarl in terms of the "Memorandum of Understanding".

p) Equity

The Company did not create a capital fund from contributions under the § 123 Sec. 2 and § 217a of The Commercial Code, as amended.

q) Comparatives

Some comparatives for the prior period in the current-year financial statements were changed in order to ensure better comparability with data presented for the current period. The changes in the presentation of the comparatives did not affect the total amount of assets, equity or the result of operations of the previous period.

r) Correction of prior period errors

If the Company identifies a significant error in the current period relating to previous accounting periods, it posts the relevant adjustments to accumulated retained earnings and accumulated loss carried forward, i.e. without affecting the profit or loss of the current year. Adjustments of insignificant errors from prior periods are posted to the relevant cost or revenue account in the current period.

In 2019, the Company did not account for the correction of prior period significant errors.

III. INFORMATION TO SUPPORT BALANCE SHEET ITEMS AND THE INCOME STATEMENT ITEMS

According to the ordinance of Ministry of Finance of the Slovak republic of 2 December 2015 no. MF/19927/2015-74, which is determining the details about the individual financial statements and the extend of the information of the individual financial statements to be disclosed for small accounting entities, during the 2019 period did not occur such transactions, to which the Company classified as a small accounting entity had to add explanatory information to support the Balance Sheet and Income Statement items.

IV. OTHER ASSETS AND OTHER LIABILITIES

1. Contingent assets

The Company recorded no contingent assets in the accounting in 2019.

2. Contingent liabilities

The Company recorded no contingent liabilities in the accounting in 2019.

3. Other financial obligations

The Company recorded no other financial obligations other than those recognized in its financial statements.

V. POST BALANCE SHEET EVENTS

All the employees of the Company in Slovakia have been notified of their termination of employment in 2020. Most of them will leave as at 31 March 2020, another by 30 April 2020 and the last once by 30 November 2020.

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The Company is committed to ensure business continuity in all markets and no disruption to supply of medicines for patients. To date, there has been no impact on the demand of their products.

VI. RELATED PARTY TRANSACTIONS

Income and benefits of members of the statutory, supervisory and other bodies of the Company

The members of the bodies of the Company did not receive any income or benefits for performance of their function.

VII. OTHER INFORMATION

The Company was not granted an exclusive right or a special right to provide services of public interest.

The provisions of § 23d paragraph 6 of the Accounting Act do not apply to the Company.



Annual Report 2019

Introduction

The directors of the Company hereby present the financial statements for Celgene s.r.o. ("the Company") for the financial year ended on 31 December 2019.

General

Celgene s.r.o. has its registered office in Prievozská 4B, 821 09 Bratislava, Slovak Republic. It was legally established on 30 November 2007. Celgene s.r.o. is part of the Celgene group, which is owned, directly or indirectly, by Celgene Corporation of Summit, New Jersey, the United States of America. The company does not have any branch offices abroad.

The Company's parent is Celgene Holdings East Corporation, Summit, which is a 100% subsidiary of Celgene International Inc, Wilmington, Delaware, USA. The activities of the Company primarily revolve around the marketing of pharmaceutical products.

The group company, Celgene Logistics Sarl, has been appointed by Celgene Corporation as the worldwide distributor, excluding the United States of America, of some pharmaceutical products. Celgene Logistics Sarl has entered into a Distribution Agreement with a wholesaler in Slovakia.

The Company does not own any own shares or temporary certificates and does not own any shares of the parent company.

The Company didn't acquire any own treasury shares, temporary certificates, ownership interests and shares, and temporary certificates and ownership interests of parent accounting entity.

The Celgene Group operates a multinational, integrated biopharmaceutical business primarily engaged in the discovery, development and commercialization of therapies designed to treat cancer and immune-inflammatory-related diseases.

The main focus of the Company has been to share clinical data and treatment experiences for Celgene's products and provide medical education.

Results for the year

Net revenues for the year amounts to EUR 4,381,087 (2018: EUR 5,681,671). The operating profit for the year amounts to EUR 1,190,306 (2018: EUR 1,142,606) and the net profit after tax for the year amounts to EUR 890,274 (2018: EUR 840,134).

The profit for the year 2019 will be transferred to retained earnings from the previous years in the amount of EUR 890,274.

Risk analysis

The Company periodically reviews the risks that are associated with its operations and has put in place a system of internal controls and processes designed to safeguard shareholders' investment and the Company's assets. These controls are designed to manage and mitigate risks and can provide only reasonable, not absolute, assurance against material misstatements or losses.

**Celgene S.R.O.,
Bratislava**



Financial tools

Celgene s.r.o. neither holds nor issues financial instruments for trading purposes. Financial instruments carried on the balance sheet include cash and cash equivalents and accounts payable.

Financial instruments which could potentially make Celgene s.r.o. subject to credit risk consist primarily of cash and cash equivalents.

Cash flow & funds

The Company has sufficient access to funds, as it makes a profit on services rendered to Celgene Logistics Sarl and recovers the cost of the services rendered.

The Company does not paid the dividend to the shareholders.

Research & development

The Company has not incurred any costs related to research and development activities.

Personnel

On 31 December 2019 the Company employed 10 employees (31 December 2018: 13 employees)

Environment

The company's activities do not impact the natural environment negatively.

Subsequent events

All the employees of the Company in Slovakia have been notified of their termination of employment in 2020. Most of them will leave as at 31 March 2020, another by 30 April 2020 and the last once by 30 November 2020.

On 11 March 2020, the World Health Organisation declared the Coronavirus (Sars-CoV-2) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. For the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. The Company is committed to ensure business continuity in all markets and no disruption to supply of medicines for patients. To date, there has been no impact on the demand of their products.

Bratislava, _____ 2020

Celgene s.r.o.

Katherine Kelly

Celgene s.r.o.

David Pignolet

**Celgene S.R.O.,
Bratislava**