

Astellas Pharma A/S

Kajakvej 2, 2770 Kastrup

CVR no. 10 88 86 38

Annual report 2017/18

20 August

Approved at the Company's annual general meeting on ~~22 June~~ 2018

Chairman:

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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 Astellas Pharma A/S for the financial year 1 April 2017 - 31 March 2018.

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 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018.

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.

Kastrup, 22 June 2018
Executive Board:



Jan Anders Martin Nordén

Board of Directors:



Pedro Møllebro
Chairman



Jan Anders Martin Nordén



Niels Walther-Rasmussen

Independent auditor's report

To the shareholders of Astellas Pharma A/S

Opinion

We have audited the financial statements of Astellas Pharma A/S for the financial year 1 April 2017 - 31 March 2018, 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 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

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 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 the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 the 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:

- ▶ 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.

Independent auditor's report

- ▶ 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.

Statement on the Management's review

Management is responsible for the Management's review.

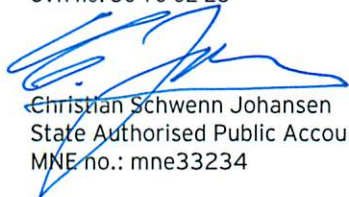
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 June 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant
MNE no.: mne33234



Management's review

Company details

Name	Astellas Pharma A/S
Address, Postal code, City	Kajakvej 2, 2770 Kastrup
CVR no.	10 88 86 38
Established	1 July 1987
Registered office	Tårnby
Financial year	1 April 2017 - 31 March 2018
Telephone	+45 43 43 03 55
Board of Directors	Pedro Møllebro, Chairman Jan Anders Martin Nordén Niels Walther-Rasmussen
Executive Board	Jan Anders Martin Nordén
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank



Management's review

Financial highlights

EUR'000	2017/18	2016/17	2015/16	2014/15	2013/14
Key figures					
Revenue	157,806	144,927	139,307	121,934	97,029
Gross margin	20,491	17,894	21,651	25,848	26,535
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,870	3,488	5,105	8,365	9,752
Operating profit/loss	4,769	3,323	4,905	8,142	10,033
Net financials	-1,340	-288	-707	-493	-541
Profit from continuing operations before tax	3,429	3,035	4,198	7,649	9,492
Profit/loss for the year	2,562	12,189	6,656	5,258	6,989
Fixed assets	787	822	991	1,062	1,074
Non-fixed assets	102,447	81,397	84,547	78,511	49,336
Total assets	103,234	82,219	85,538	79,573	50,410
Investment in property, plant and equipment	46	18	134	93	10
Equity	54,102	51,540	45,351	38,695	38,436
Current liabilities other than provisions	49,132	30,679	40,187	40,878	11,974
Financial ratios					
Operating margin	3.0%	2.3%	3.5%	6.7 %	10.3 %
Gross margin	13.0%	12.3%	15.5%	21.2%	27.3%
EBITDA-margin	3.1%	2.4%	3.7%	6.9%	10.1%
Return on assets	5.1%	4.0%	5.9%	12.5%	21.1%
Current ratio	208.5%	265.3%	210.4%	192.1%	412.0%
Equity ratio	52.4%	62.7%	53.0%	48.6%	76.2%
Return on equity	4.9%	25.2%	15.8%	13.6%	19.2%
Average number of employees	114	116	115	117	118

Management's review

Business review

The Company sells and markets pharmaceutical products in the Nordic and Baltic markets for the Astellas Group. The Company's share capital is wholly-owned by Astellas Pharma Europe Ltd., 2000 Hillswood Drive, Chertsey, the United Kingdom.

Unusual matters having affected the financial statements

According to Management, the financial statements have not been affected by any unusual matters.

Financial review

In 2017/18, the Company's revenue amounted to EUR 157,806 thousand against EUR 144,927 thousand last year. The income statement for 2017/18 shows a profit of EUR 2,562 thousand against a profit of EUR 12,189 thousand last year, and the balance sheet at 31 March 2018 shows equity of EUR 54,102 thousand.

Special risks

According to Management, the financial statements have not been affected by any unusual risks.

Profit/loss for the year compared with previously expressed expectations

The Company's performance in 2017/18 was above the previously expressed revenue forecasts, and profit was also above expectations. This is mainly due to continued success in the latest two product launches within the oncology segment which both have a continued growth in the market. Compared to last year, the result for 2017/18 is lower, as the result for 2016/17 was favorably impacted by a one-time payment from divestment of a product portfolio of EUR 11.908.000.

Research and development activities

The Company did not carry out any significant research and development activities on its own account in 2017/18.

Foreign branches

The Company has branches in Norway and Finland and cooperates with agents in Iceland and the Baltics.

Statutory CSR report

The Company does not prepare a local CSR reporting. The Company is included in the Astellas Group CSR policy. The Company has implemented the Group's "Charter of Corporate Conduct", which includes the following ten guidelines:

1. Provide products that benefit consumers and society
2. Maintain high ethical standards
3. Fulfil disclosure and transparency requirements
4. Promote fair and free competition
5. Ensure sustainable benefits for our stakeholders
6. Promote job satisfaction
7. Show respect for different cultures
8. Protect nature and the environment
9. Engage in philanthropic activities
10. Select business partners based on ethical criteria

In accordance with the Charter of Corporate Conduct, Astellas initiates proactive philanthropic activities. Inspired by the employees, Astellas has initiated CSR activities through donations and other support to charity organisations.

Management's review

This includes organisations which actively work for the promotion of organ donation in all Nordic countries, and we have committed us to donate amounts for three years.

Under our CHANGING TOMORROW programme, Astellas' employees can volunteer to take part in and contribute to local charity work.

We make active efforts to enhance job satisfaction, sponsoring sports club memberships for all employees, serving healthy food in our canteen and focusing strongly on work/life balance (all employees have homework stations and work flexible hours).

Human rights

The Company has no local human rights policy, instead Astellas is obliged to follow the Group's CSR policies which include five fields of CSR based management: the economy, employees, society, the environment, and compliance.

Embedded in the CSR policies is Astellas' Charter of Corporate Conduct, which above all respects the human rights, personalities and individuality of all of its employees.

All employees in the Company are obliged to read and confirm that they understand and observe Astellas' Charter of Corporate Conduct.

More specifically, Astellas' Charter of Corporate Conduct strictly enforces adherence with international rules and local laws in its conduct of global scale business, stipulates respect for individual culture and custom, and instills a mutual understanding among all of its group companies of the importance for the respect for human rights.

On a group level, Astellas likewise maintains the Astellas Business Ethics Policy that consists of five ethical principles to be shared among its employees. The policy specifies recognition and tolerance for the views and contributions of each and every employee while stressing the importance of respect for individuality.

For more information about the Parent Company's CSR policies see site www.astellas.com.

Impact on the external environment

The Company has no local policy regarding impact on environment. Due to the type of operations (sales and marketing activities), the Company's activities have no significant impact on the external environment.

The Company is obliged to follow the global Astellas policies regarding this areas. Therefore, the Company has incorporated a defined policy to minimise this impact on the external environment e.g. defined standard for offices to preferably be housed in green buildings; a CO2 emission policy for company cars and currently, we are preparing for future group reporting on external environmental fingerprints. During 2017/18, no progress was made on the Car Policy. During 2018/19 we anticipate actions to be taken.

In October 2011, Astellas moved to new EU GREEN BUILDING and LEED Platinum-certified premises.

Account of the gender composition of Management

Board of Directors

No suited female candidates have been identified for the Board of Directors in 2017/18.

At present, the under-represented gender accounts for 0% (2016/17: 0%) of all members of the Board of Directors having been elected by the Company. In July 2017, the Board of Directors was changed and reduced from 4 to 3 individuals.

While Board members continue to be appointed on the basis of qualifications and not on the basis of ethnicity, gender, religious believes etc., Astellas Pharma A/S appreciates the value and importance of diversity in the Board and, therefore, the Board has set a target of having at least one female board member within the next 4 years.

Management's review

Other executive levels

Management has drawn up a policy aiming at increasing the percentage of the under-represented gender at the other executive levels, including the Company's heads of departments and team leaders. The policy sets out structures as to each individual executive officer's career development and mentoring schemes and also includes targets for the percentage of executives among the under-represented gender.

Also, the policy sets out guidelines for recruitment and retention of executives among the under-represented gender in the Company. Specifically, the Company has taken the following initiatives to increase the percentage of the under-represented gender:

- Support for drafting of individual career plans
- Mentoring schemes
- Staff policy promoting equal career opportunities for both genders
- Employment procedures contributing to ensuring uniform recruitment opportunities for both genders.

Based on the above initiatives, the Company expects the percentage of executives among the under-represented gender at the other executive levels to be on the increase in the years to come. During 2017/18, the Management Team expanded from 5 to 6 persons. The previous representation was 20/80 for the underrepresented gender. With the expansion, the representation now is 33/67.

For 2017/18, with regard to gender distribution, Astellas has an 48/52 split, if we look at all managers and directors (executives below board of directors). However, we can observe an unsatisfactory distribution at the director level (zero female executives below board of directors). The question is addressed though, and in lower hierarchical layers we see a different distribution. In total, the gender composition in Astellas comprise of 20% males and 80% females.

Over time, we expect that the distribution will be more even in all layers. Since we are aiming to source from lower hierarchical layers, our aim is to have a distribution within the range 40/60 to 60/40, with no exceptions outside those limits in all layers.

Events after the balance sheet date

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

Outlook

The Company expects limited increase in revenue and profit from continuing operations for 2018/19, based on persistently difficult market conditions, price pressure, parallel imports and generic competition. These factors will also be effected by coming changes in patent protection for some of the older products.



Financial statements 1 April 2017 - 31 March 2018

Income statement

Note	EUR'000	2017/18	2016/17
2	Revenue	157,806	144,927
	Cost of sales	-122,539	-113,102
	Other external expenses	-14,776	-13,931
	Gross margin	20,491	17,894
3	Staff costs	-15,621	-14,406
4	Depreciation and impairment of property, plant and equipment	-101	-165
	Profit before net financials	4,769	3,323
	Financial income	16	635
	Financial expenses	-1,356	-923
	Profit from continuing operations before tax	3,429	3,035
5	Tax for the year	-867	-1,342
	Profit for the year from continuing operations	2,562	1,693
5.6	Profit from discontinued operations	0	10,496
	Profit for the year	2,562	12,189



Financial statements 1 April 2017 - 31 March 2018

Balance sheet

Note	EUR'000	<u>2017/18</u>	<u>2016/17</u>
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	110	137
	Leasehold improvements	138	166
		<u>248</u>	<u>303</u>
8	Investments		
	Other receivables	539	519
		<u>539</u>	<u>519</u>
	Total fixed assets	<u>787</u>	<u>822</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	64,540	46,737
		<u>64,540</u>	<u>46,737</u>
	Receivables		
	Trade receivables	24,726	18,546
	Receivables from group companies	7,379	3,915
	Deferred tax assets	34	5
	Income taxes receivable	2,606	9
	Other receivables	0	142
9	Prepayments	238	528
		<u>34,983</u>	<u>23,145</u>
	Cash	<u>2,924</u>	<u>8,314</u>
6	Assets relating to discontinued operations	0	3,201
	Total non-fixed assets	<u>102,447</u>	<u>81,397</u>
	TOTAL ASSETS	<u>103,234</u>	<u>82,219</u>



Financial statements 1 April 2017 - 31 March 2018

Balance sheet

Note	EUR'000	2017/18	2016/17
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	81	81
	Retained earnings	54,021	51,459
	Total equity	54,102	51,540
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,165	1,213
	Payables to group companies	30,000	14,486
	Income taxes payable	121	190
	Other payables	17,846	14,710
6	Liabilities relating to discontinued operations	0	80
		49,132	30,679
	Total liabilities other than provisions	49,132	30,679
	TOTAL EQUITY AND LIABILITIES	103,234	82,219

- 1 Accounting policies
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties
- 13 Fee to the auditors appointed by the Company in general meeting



Financial statements 1 April 2017 - 31 March 2018

Statement of changes in equity

Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 April 2017	81	51,459	51,540
14	Transfer, see "Appropriation of profit"	0	2,562	2,562
	Equity at 31 March 2018	81	54,021	54,102

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies

The annual report of Astellas Pharma A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large 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 Company's cash flows are part of the consolidated cash flow statement for the Parent Company, Astellas Pharma Inc.

Reference is made to the Group's consolidated financial statements for Astellas Pharma Inc., Nihonbashi-Honcho, Chou-Ku, Tokyo 103-8411, Japan. Group consolidated financial statements are available at: www.astellas.com/en/ir/library/annual_report.html

Reporting currency

As in prior years, the financial statements are presented in EUR, based on bookkeeping records (includes branches) expressed in EUR, to ensure increased comparability in relation to the Company's European competitors.

Foreign currency translation

Transactions denominated in foreign currencies are translated into EUR at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into EUR at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset.

Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the sale of goods held for sale and finished 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. VAT, indirect taxes and discounts are excluded from revenue.

The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Marketing services rendered to Astellas' group functions are remunerated through a cost-plus method. Income from the rendering of services is recognised as revenue as the services are rendered.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Cost of sales

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

Other external expenses

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

Depreciation

The item comprises depreciation and impairment 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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

The residual value is 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 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 statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, financial expenses related to finance leases, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances 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 less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery, other fixtures, fittings, tools and equipment and IT. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are tested for impairment whenever there is an indication that an asset might be impaired. The impairment test is performed for each individual asset or group of assets, respectively. 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.

Other securities and investments

Investments comprise of other receivables, which includes deposits and are measured at cost.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO-method, and net realisable value.

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, which usually corresponds to the nominal value. The value is reduced by provisions for impairment losses.

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.

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.

Cash

Cash comprises bank balances which are subject to an insignificant risk of changes in value.

Balances in the Group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group companies'.

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

1 Accounting policies (continued)

Discontinued operations

Assets relating to discontinued operations comprise fixed assets expected to be sold in connection with the discontinued operations and disposal groups, which are defined as a group of assets which are to be disposed of together as a group in a single transaction. Liabilities associated with assets relating to discontinued operations are liabilities directly associated with these assets and which are to be transferred in the transaction. Assets are classified as assets relating to discontinued operations where Management has drawn up a formal plan to sell, close down or abandon the operations concerned and the relevant assets and liabilities can be separated from the continuing operations.

Assets or disposal groups relating to discontinued operations are measured at the lower of the carrying amount at the date of the reclassification as "discontinued operations" and the fair value less costs to sell. Assets are not depreciated or amortised once classified as "discontinued operations".

Discontinued operations comprise a separate, major line of business whose activities and cash flows are clearly distinguishable, operationally and for financial reporting purposes, from the Company's other lines of business and where the line of business has either been disposed of or separated as held for sale and the sale is expected to be effected within one year in accordance with a formal plan. Discontinued operations also include entities which are classified as "held for sale" in connection with the acquisition.

The profit/loss from discontinued operations and value adjustments after tax of related assets and liabilities and gains and losses on disposal are presented as a separate line item in the income statement, and comparative figures are restated accordingly. Revenue, expenses, value adjustments and tax relating to discontinued operations are disclosed in the notes. Assets and relating liabilities in respect of discontinued operations are presented as separate line items in the balance sheet without restatement of comparative figures, and the main items are specified in the notes.

Income taxes

Current tax payable and receivable are recognised in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for tax on prior years' taxable income 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, as well as temporary differences on non-amortisable goodwill.

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 a set-off against deferred tax liabilities.

Liabilities

Other payables is measured at amortised cost corresponding to the nominal unpaid debt.

Segment information

Compared to previous years, a change in segment information and comparative figures has been adjusted accordingly. Segment information is provided per activity and geography.

Segmentation is in accordance with the Company's internal reporting and responsibilities. The segment figures are prepared according to the same policies as the Corporate Financial Statements.



Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

EUR'000	2017/18	2016/17
2 Segment information		
Urology	44,731	42,518
Oncology	81,739	72,197
Immunology	29,613	27,600
Other	1,723	2,612
	<u>157,806</u>	<u>144,927</u>

Breakdown of revenue by geographical segment:

Denmark	17,108	15,862
Sweden	28,957	26,477
Norway	35,080	31,286
Finland	31,941	29,871
Baltics	6,180	5,274
Iceland	2,313	1,832
Corporate services (note 12)	36,227	34,325
	<u>157,806</u>	<u>144,927</u>

External sale of goods amounts to EUR 126.970 thousand for 2017/18. In addition to external revenue, cost reimbursements incl. mark-up amounts to EUR 30.835 thousand in 2017/18.

EUR'000	2017/18	2016/17
3 Staff costs		
Wages/salaries	12,515	11,321
Pensions	1,695	1,500
Other social security costs	383	378
Other staff costs	1,028	1,207
	<u>15,621</u>	<u>14,406</u>
Average number of full-time employees	<u>114</u>	<u>116</u>

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

EUR'000	2017/18	2016/17
4 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	101	165
	<u>101</u>	<u>165</u>

Financial statements 1 April 2017 - 31 March 2018

Notes to the financial statements

EUR'000	2017/18	2016/17
5 Tax for the year		
Estimated tax charge for the year	892	3,581
Deferred tax adjustments in the year	-25	67
	<u>867</u>	<u>3,648</u>

Of the tax charge for the year 2017/18, EUR 0 thousand (2016/17: EUR 2,306 thousand) related to the discontinued operations and EUR 867 thousand (2016/17: EUR 1,342 thousand) related to the continuing operations.

6 Profit from discontinued operations

The Group has sold the Derma and Qutenza portfolios in 2016/17. There have been no discontinued operations in 2017/18 why only comparative figures have been restated.

Management has concluded that the sale of these products is to be considered as discontinued operations as defined in the Danish Financial Statements Act, and on this basis, the 2016/17 figures and the comparative figures for 2015/16 have been restated to adhere to the new disclosure requirements in respect of results of continuing operations and discontinued operations.

Revenue from discontinued operations relates to the sale of products in the portfolio Derma and Qutenza.

Other income reflects a one-time fee in regard to selling the rights for the Qutenza and Derma portfolios.

Profit from discontinued operations is broken down on main items below:

EUR'000	2017/18	2016/17
Revenue	0	11,113
Other income	0	11,908
Cost of sales	0	-7,526
Other external expenses	0	-1,777
Staff costs	0	-916
Profit before tax	0	12,802
Tax on profit/loss	0	-2,306
Profit after tax from discontinued operations	<u>0</u>	<u>10,496</u>

Assets and liabilities regarding discontinued operations 2017/18

Receivables from group companies	0	3,201
Assets relating to discontinued operations	<u>0</u>	<u>3,201</u>
Other payables	0	80
Liabilities relating to discontinued operations	<u>0</u>	<u>80</u>
Net assets relating to discontinued operations	<u>0</u>	<u>3,121</u>

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7 Property, plant and equipment

EUR'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2017	1,161	373	1,534
Additions in the year	34	12	46
Disposals in the year	-53	0	-53
Cost at 31 March 2018	1,142	385	1,527
Impairment losses and depreciation at 1 April 2017	1,024	207	1,231
Depreciation in the year	61	40	101
Reversal of depreciation and impairment of disposals	-53	0	-53
Impairment losses and depreciation at 31 March 2018	1,032	247	1,279
Carrying amount at 31 March 2018	110	138	248

8 Investments

EUR'000	Other receivables
Cost at 1 April 2017	519
Additions in the year	20
Cost at 31 March 2018	539
Carrying amount at 31 March 2018	539

9 Prepayments

Prepayments primarily comprise prepaid insurance, membership fees and licences.

DKK'000	2017/18	2016/17
10 Share capital		
Analysis of the share capital:		
600 A shares of DKK 135.00 nominal value each	81	81
	81	81

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11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

EUR'000	2017/18	2016/17
Rent and lease liabilities	4,532	4,484

Rent obligations total EUR 3,438 thousand (2016/17: EUR 3,454 thousand).

Payments under operating leases regarding cars and IT equipment total EUR 1,095 thousand (2016/17: EUR 1,030 thousand).

Rent and lease obligations due within 1 year amount to EUR 1,415 thousand.

The remaining obligations are due between 1 to 5 years.

12 Related parties

Astellas Pharma A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Astellas Pharma Europe Ltd.	2000 Hillswood Drive, Chertsey, The United Kingdom	Shareholder interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Astellas Pharma Inc.	Nihonbashi-Honcho, Chouku, Tokyo 103-8411, Japan	www.astellas.com/en/ir/ library/annual_report. html

Related party transactions

Astellas Pharma A/S was engaged in the below related party transactions:

EUR'000	2017/18	2016/17
Purchase of goods from the Group	139,504	109,955
Income related to fees allocated to group companies	36,227	34,325
Costs related to fees allocated to group companies	14,560	6,366
Other income, classified under discontinued operations	0	11,908
Receivables from group companies	7,379	7,115
Payables to group companies	30,000	14,486



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EUR'000	<u>2017/18</u>	<u>2016/17</u>
13 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	80	75
Tax assistance	45	4
Other assistance	13	27
	<u>138</u>	<u>106</u>

The statutory audit includes audit of the Nordic shared service centre.

14 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	0	6,000
Retained earnings	2,562	6,189
	<u>2,562</u>	<u>12,189</u>