

Astellas Pharma A/S

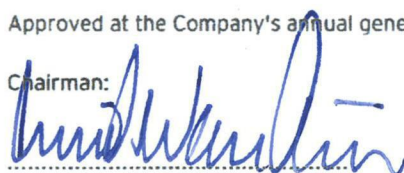
Kajakvej 2, 2770 Kastrup

CVR no. 10 88 86 38

Annual report 2019/20

Approved at the Company's annual general meeting on 31 August 2020

Chairman:

A handwritten signature in blue ink, appearing to be 'Lars Kjaer', written over a horizontal dotted line.



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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 2019 - 31 March 2020.

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 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020.

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, 31 August 2020
Executive Board:


Pia Terésa Lindkvist

Board of Directors:


Yagnaram Santharam
Chairman
Pia Terésa Lindkvist
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 2019 - 31 March 2020, 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 2020 and of the results of the Company's operations for the financial year 1 April 2019 - 31 March 2020 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, 31 August 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian Schwenn Johansen
State Authorised Public Accountant
mne33234



Alex Petersen
State Authorised Public Accountant
mne28604



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 2019 - 31 March 2020
Telephone	+45 43 43 03 55
Board of Directors	Yagnaram Santharam, Chairman Pia Terésa Lindkvist Niels Walther-Rasmussen
Executive Board	Pia Terésa Lindkvist
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank



Management's review

Financial highlights

EUR'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	187,005	182,590	157,806	144,927	139,307
Gross profit	23,843	25,019	20,491	17,894	21,651
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,612	6,626	4,870	3,488	5,105
Operating profit/loss	5,488	6,501	4,769	3,323	4,905
Net financials	-2,775	-291	-1,340	-288	-707
Profit before tax	2,713	6,217	3,429	3,035	4,198
Profit for the year	2,036	4,735	2,562	12,189	6,656
Fixed assets	968	818	787	822	991
Non-fixed assets	126,023	128,810	102,447	81,397	84,547
Total assets	126,991	129,628	103,234	82,219	85,538
Investment in property, plant and equipment	0	148	46	18	134
Equity	53,572	56,236	54,101	51,540	45,351
Current liabilities other than provisions	73,413	73,392	49,133	30,679	40,187
Financial ratios					
Operating margin	2.9%	3.6%	3.0%	2.3%	3.5%
Gross margin	12.7%	13.7%	13.0%	12.3%	15.5%
EBITDA-margin	3.0%	3.6%	3.1%	2.4%	3.7%
Return on assets	4.3%	5.6%	5.1%	4.0%	5.9%
Current ratio	171.7%	175.5%	208.5%	265.3%	210.4%
Equity ratio	42.2%	43.4%	52.4%	62.7%	53.0%
Return on equity	3.7%	8.6%	4.9%	25.2%	15.8%
Average number of employees	120	115	114	116	115

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 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.

Financial review

In 2019/20, the Company's revenue amounted to EUR 187,005 thousand against EUR 182,590 thousand last year. The income statement for 2019/20 shows a profit of EUR 2,036 thousand against a profit of EUR 4,735 thousand last year, and the balance sheet at 31 March 2020 shows equity of EUR 53,572 thousand.

Significant events

Just before the financial year end closing 2019/20, all of Europe was hit by the Corona crisis. This crisis has not resulted in any immediate consequences for the Astellas sales.

Due to the Corona situation all face to face promotion activities has been suspended to allow doctors and hospitals to fully focus on the crisis. Slowly promotion activities are expected to start up again, but primarily on digital basis.

This will result in some savings on travel and activity cost during the first half year Q1&Q2 2020. While any effect on the sales line is expected to be limited.

The company have taking many initiatives to prevent the Corona virus to spread in the society. Astellas has specifically had attention on the employees and therefore have decided that employees had to work from home if not business critical, closing of the cantina, extra cleaning of office furniture and strong focus on personal hygiene such as disinfect and hand alcohol.

No events have occurred after the financial year end 2019/20 which could significantly affect the Company's financial position.

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 2019/20 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 and the urology segment, which both have a continued growth in the market.

Research and development activities

The Company did not carry out any significant research and development activities on its own account in 2019/20.

Foreign branches

The Company has branches in Norway and Finland and cooperates with agent in Iceland.

Management's review

Statutory CSR report

The Company is included in and follows the Astellas Group's 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. The company has employee satisfaction survey every other year.
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.

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.

In relation to risk of violating human rights, the Company has identified the handling of personal and company data. In 2019/20 the company is still a part of the global record retention project to ensure compliance to GDPR regulations. As a part of this project, intensive training of all employees has been carried out on GDPR regulation.

For more information about the Parent Company's CSR policies see site <https://www.astellas.com/en/responsibility>

Management's review

Impact on the external environment

The Company has no local policy regarding impact on environment. The Company is obliged to follow the global Astellas policies regarding this area. Therefore, the Company has incorporated a defined policy to minimize the impact on the external environment e.g. defined standard for offices to, preferably be located in green buildings, we are preparing for future group reporting on external environmental fingerprints. This means that the Company wants to minimize its impact on the environment through better waste management and reduce its impact on the climate by reducing emissions from transportation.

The Company has identified risk of negatively affecting the climate through extensive use of transportation to and between meetings. In 2019/20 the company has continued to improve the CO2 policy as a part of the car policy, across EMEA. We have strength our digital communication environment that has reduced the need to travel. In general, 2019/20 has been used to consolidate and improve earlier year's initiatives and restructure the lines of responsibilities.

Due to the type of operations (sales and marketing activities), the Company's activities have no significant impact on the external environment and thereby risk of negatively affecting it. However, since the Company is covered by and follows the Group policy on environment, the Company has in 2019/20 continued its focus on reducing waste and further implemented the Group policy, which has resulted in an overall improvement of waste management procedures in 2019/20.

In 2020/2021 the company will globalize the organization and has a goal to increase responsibilities for the employees.

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

Anti-corruption

Astellas Pharma A/S maintains high ethical standards by fulfilling disclosure and transparency requirements. The Company acknowledges that when working across countries and cultures, there is a risk that the employees can be exposed to situations involving corruption, bribery or questions about facilitation payment. Therefore, the company has a mandatory anti-corruption training for all, in the global company training tool (LMS); which is updated on an annually basis. In 2019/20, the Company did not identify any episodes involving corruption.

Social and employee conditions

Astellas Pharma A/S promotes job satisfaction and show respect for different cultures. The Company acknowledges that with increasing demands on employees and longer working hours, the welfare of the employee is at risk of being diminished. In 2019/20 the Company continued its focus on creating a fulfilling work environment for its employees, making sure the employees take the leave they have earned and ensure an equilibrium in work/life balance. In 2019/20 the company had an employee survey that succeeded the improvement of overall employee welfare and satisfaction.

Account of the gender composition of Management

Board of Directors

Board of Directors now include 33% females.

At present, the under represented gender accounts for 33% (2018/19: 33%) of all members of the Board of Directors having been elected by the Company. The company target for gender distributions among the board of directors is between 33% and 66% since the board consist of three members only.

While Board members continue to be appointed based on 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.

Management's review

Other executive levels

Management has drawn up a policy aiming at maintaining an equal gender distribution of genders 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 this also includes targets for the percentage of executives among the genders.

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

- 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. The Management Team has increased from 7 to 11 persons in 2019/20 and consist now of 6 female and 5 male.

For 2019/20, with regard to gender distribution, Astellas has a 40/60 split, if we look at all managers and directors (executives below board of directors). The manager level and director level are both within the 40/60 to 60/40 area. Among all employees the distribution is 30% Men and 70% Women, compared to 25/75 during 2018/19.

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 2020/21, based on persistently difficult market conditions, price pressure, parallel imports and generic competition. There will also be a normalization of the customers safety stock level and we do not know when this will happen.

These factors will also be effected by coming changes in patent protection for some of the older products.



Financial statements 1 April 2019 - 31 March 2020

Income statement

Note	EUR'000	2019/20	2018/19
3	Revenue	187,005	182,590
	Cost of sales	-151,714	-144,385
	Other operating income	0	6
	Other external expenses	-11,448	-13,192
	Gross profit	23,843	25,019
4	Staff costs	-18,231	-18,393
5	Depreciation of property, plant and equipment	-124	-118
	Profit before net financials	5,488	6,508
	Financial income	2,036	1,533
	Financial expenses	-4,811	-1,824
	Profit before tax	2,713	6,217
6	Tax for the year	-677	-1,482
	Profit for the year	2,036	4,735



Financial statements 1 April 2019 - 31 March 2020

Balance sheet

Note	EUR'000	2019/20	2018/19
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	172	170
	Leasehold improvements	84	108
	Prepayments for property, plant and equipment	175	0
		<u>431</u>	<u>278</u>
8	Investments		
	Other receivables	537	540
		<u>537</u>	<u>540</u>
	Total fixed assets	<u>968</u>	<u>818</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	34,365	38,931
		<u>34,365</u>	<u>38,931</u>
	Receivables		
	Trade receivables	66,030	38,924
	Receivables from group companies	1,970	42,601
	Deferred tax assets	0	8
	Income taxes receivable	1,741	1,121
	Other receivables	15,313	4,151
9	Prepayments	290	323
		<u>85,344</u>	<u>87,128</u>
	Cash	<u>6,314</u>	<u>2,751</u>
	Total non-fixed assets	<u>126,023</u>	<u>128,810</u>
	TOTAL ASSETS	<u>126,991</u>	<u>129,628</u>



Financial statements 1 April 2019 - 31 March 2020

Balance sheet

Note	EUR'000	2019/20	2018/19
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	81	81
	Retained earnings	53,491	56,155
	Total equity	53,572	56,236
	Provisions		
	Deferred tax	6	0
	Total provisions	6	0
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	412	631
	Payables to group companies	24,612	29,396
	Income taxes payable	0	26
	Other payables	48,389	39,349
	Deferred income	0	3,990
		73,413	73,392
	Total liabilities other than provisions	73,413	73,392
	TOTAL EQUITY AND LIABILITIES	126,991	129,628

- 1 Accounting policies
- 2 Unusual circumstances
- 11 Contractual obligations and contingencies, etc.
- 12 Related parties
- 13 Fee to the auditors appointed by the Company in general meeting
- 14 Appropriation of profit



Financial statements 1 April 2019 - 31 March 2020

Statement of changes in equity

Note	EUR'000	Share capital	Retained earnings	Total
	Equity at 1 April 2019	81	56,155	56,236
14	Transfer, see "Appropriation of profit"	0	2,036	2,036
	Extraordinary dividend distributed	0	-4,700	-4,700
	Equity at 31 March 2020	81	53,491	53,572

Financial statements 1 April 2019 - 31 March 2020

Notes to the financial statements

1 Accounting policies

The annual report of Astellas Pharma A/S for 2019/20 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: <https://www.astellas.com/en/investors/annual-report/financial-information>

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.

Income statement

Revenue

The Company has chosen IFRS15 as interpretation for revenue recognition.

Revenue comprises invoiced sales of goods for the year less returned goods, sales discount, and rebates. Revenue is recognised when the goods are delivered to the destination agreed by the buyer (wholesaler) as per the agreement, and when it is probable that the Company will collect the consideration to which it is entitled for transferring risks and rewards of the products. Control of the goods is transferred at a point in time, typically on delivery.

Revenue is measured at the fair value of the consideration received or receivable. When sales are recognised, Astellas Pharma A/S also records estimates for a variety of sales deductions, including product returns as well as rebates and discounts to wholesalers and retail pharmacies. Sales deductions are recognised as a reduction of gross sales to arrive to net trade sales, by assessing the expected value of the sales deductions (variable consideration). Where wholesalers agreements contain customer acceptance criteria, Astellas Pharma A/S recognises sales when the performance obligations are met.

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 2019 - 31 March 2020

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

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

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 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.



Financial statements 1 April 2019 - 31 March 2020

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of 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".

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

The Company has chosen IFRS 9 as interpretation for impairment of financial receivables.

Receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful trade receivables. This corresponds to the difference between the invoiced amount and the Lifetime Expected Credit Losses ("LECLs") as described under IFRS 9.



Financial statements 1 April 2019 - 31 March 2020

Notes to the financial statements

1 Accounting policies (continued)

Astellas Pharma's customer base comprises wholesalers and retail pharmacies. From 1 April 2018, management makes allowance of doubtful trade receivables based on the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. This has not resulted in a material change in loss allowance compared with previous policy. The allowance is an estimate based on shared credit risk characteristics and the days past due. Generally, invoices are due for payment within 60 days of shipment of goods.

Loss allowance is calculated using an ageing factor, geographical risk and specific customer knowledge. The allowance is based on a provision matrix on days past due and a forward looking element relating mainly to incorporation of country risk rating.

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'.

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.

Deferred income

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

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 2019 - 31 March 2020

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$



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2 Unusual circumstances

Just before the financial year end closing 2019/20, all of Europe was hit by the Corona crisis. This crisis has not resulted in any immediate consequences for the Astellas sales.

In Denmark there was an increase in safety stock that now has been partly reduced in April but in Norway there has been government requirement to increase the safety stock that is still in place. In Finland it has been business as usual.

No events have occurred after the financial year end 2019/20 which could significantly affect the Company's financial position.

EUR'000	2019/20	2018/19
3 Segment information		
Breakdown of revenue by business segment:		
Urology	32,385	35,450
Oncology	95,854	88,179
Immunology	25,051	23,106
Other	33,715	35,855
	<u>187,005</u>	<u>182,590</u>

The item "Other" comprises revenue from marketing services. In previous years, marketing revenue was allocated on the three above-mentioned product categories. The comparative figures have been restated accordingly.

Breakdown of revenue by geographical segment:

Denmark	26,491	24,278
Sweden	40,478	43,847
Norway	37,829	36,786
Finland	49,418	37,721
Iceland	2,671	2,531
Corporate services	30,118	37,427
	<u>187,005</u>	<u>182,590</u>

External sale of goods amounts to EUR 156,886 thousand for 2019/20. In addition to external revenue, cost reimbursements incl. mark-up amounts to EUR 30,118 thousand in 2019/20.

EUR'000	2019/20	2018/19
4 Staff costs		
Wages/salaries	14,236	14,471
Pensions	1,741	1,761
Other social security costs	417	408
Other staff costs	1,837	1,753
	<u>18,231</u>	<u>18,393</u>
Average number of full-time employees	<u>120</u>	<u>115</u>



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

EUR'000		2019/20	2018/19		
5	Depreciation of property, plant and equipment				
	Depreciation of property, plant and equipment	124	118		
		<u>124</u>	<u>118</u>		
6	Tax for the year				
	Estimated tax charge for the year	688	1,430		
	Deferred tax adjustments in the year	-11	52		
		<u>677</u>	<u>1,482</u>		
7	Property, plant and equipment				
EUR'000					
		Other fixtures and fittings, tools and equipment	Leasehold improvements		
			Prepayments for property, plant and equipment		
			Total		
	Cost at 1 April 2019	1,200	398	0	1,598
	Additions in the year	69	33	175	277
	Disposals in the year	-239	0	0	-239
	Cost at 31 March 2020	<u>1,030</u>	<u>431</u>	<u>175</u>	<u>1,636</u>
	Impairment losses and depreciation at 1 April 2019	1,030	290	0	1,320
	Depreciation in the year	67	57	0	124
	Reversal of depreciation and impairment of disposals	-239	0	0	-239
	Impairment losses and depreciation at 31 March 2020	<u>858</u>	<u>347</u>	<u>0</u>	<u>1,205</u>
	Carrying amount at 31 March 2020	<u>172</u>	<u>84</u>	<u>175</u>	<u>431</u>
8	Investments				
EUR'000					Other receivables
	Cost at 1 April 2019				540
	Disposals in the year				-3
	Cost at 31 March 2020				<u>537</u>
	Carrying amount at 31 March 2020				<u>537</u>
9	Prepayments				

Prepayments primarily comprise prepaid insurance, membership fees and licences.



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Notes to the financial statements

DKK'000	<u>2019/20</u>	<u>2018/19</u>
10 Share capital		
Analysis of the share capital:		
600 A shares of DKK 135.00 nominal value each	<u>81</u>	<u>81</u>
	<u>81</u>	<u>81</u>

The Company's share capital has remained DKK 81 thousand over the past 5 years.

11 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

EUR'000	<u>2019/20</u>	<u>2018/19</u>
Rent and lease liabilities	<u>2,411</u>	<u>3,249</u>

Rent obligations total EUR 1,710 thousand (2018/19: EUR 2,640 thousand).

Payments under operating leases regarding cars and IT equipment total EUR 700 thousand (2018/19: EUR 609 thousand).

Rent and lease obligations due within 1 year amount to EUR 1,250 thousand.

The remaining obligations are due between 1 to 5 years.

As security for the Company's contractual obligations to other suppliers, a bank guarantee has been signed for a total amount of EUR 76.755.



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Notes to the financial statements

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	https://www.astellas.com/en/investors/annual-report/financial-information

Related party transactions

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

EUR'000	2019/20	2018/19
Purchase of goods from the Group	145,804	118,518
Income related to fees allocated to group companies	37,156	37,427
Costs related to fees allocated to group companies	5,850	5,415
Receivables from group companies	1,970	42,601
Payables to group companies	24,612	29,396

EUR'000	2019/20	2018/19
13 Fee to the auditors appointed by the Company in general meeting		
Statutory audit	109	93
Assurance engagements	17	0
Other assistance	14	21
	140	114

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	4,700	2,600
Retained earnings/accumulated loss	-2,664	2,135
	2,036	4,735