

Astellas Pharma a/s

Arne Jacobsens Allé 15, 2300 Copenhagen S

CVR no. 10 88 86 38

Annual report 2020/21

Approved at the Company's annual general meeting on 31 August 2021

Chair of the meeting:

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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 2020 - 31 March 2021.

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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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

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

Copenhagen, 31 August 2021
Executive Board:

.....
Karl Håkan Lennart Widén

Board of Directors:

.....
Yagnaram Santharam
Chair

.....
Karl Håkan Lennart Widén

.....
Niels Walther-Rasmussen

.....
Malene Abildstrøm

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 2020 - 31 March 2021, 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 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Alex Petersen
State Authorised Public Accountant
mne28604

Management's review

Company details

Name	Astellas Pharma a/s
Address, Postal code, City	Arne Jacobsens Allé 15, 2300 Copenhagen S
CVR no.	10 88 86 38
Established	1 July 1987
Registered office	Copenhagen S
Financial year	1 April 2020 - 31 March 2021
Telephone	+45 43 43 03 55
Board of Directors	Yagnaram Santharam, Chair Karl Håkan Lennart Widén Niels Walther-Rasmussen Malene Abildstrøm
Executive Board	Karl Håkan Lennart Widén
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	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	160,457	187,005	182,590	157,806	144,927
Gross profit	24,102	23,843	25,019	20,491	17,894
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,358	5,612	6,626	4,870	3,488
Operating profit/loss	6,402	5,488	6,501	4,769	3,323
Net financials	2,656	-2,775	-291	-1,340	-288
Profit before tax	7,844	2,713	6,217	3,429	3,035
Profit for the year	5,865	2,036	4,735	2,562	12,189
Fixed assets	710	968	818	787	822
Non-fixed assets	144,745	126,023	128,810	102,447	81,397
Total assets	145,455	126,991	129,628	103,234	82,219
Investments in property, plant and equipment	10	277	148	46	18
Equity	59,437	53,572	56,236	54,101	51,540
Current liabilities other than provisions	85,972	73,413	73,392	49,133	30,679
Financial ratios					
Operating margin	3.2%	2.9%	3.6%	3.0 %	2.3 %
Gross margin	15.0%	12.7%	13.7%	13.0%	12.3%
EBITDA-margin	3.3%	3.0%	3.6%	3.1%	2.4%
Return on assets	4.7%	4.3%	5.6%	5.1%	4.0%
Current ratio	168.4%	171.7%	175.5%	208.5%	265.3%
Equity ratio	40.9%	42.2%	43.4%	52.4%	62.7%
Return on equity	10.4%	3.7%	8.6%	4.9%	25.2%
Average number of employees	120	120	115	114	116

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company sells and markets pharmaceutical products in the Nordic markets for the Astellas Group. The Company's share capital is wholly-owned by Astellas Pharma Europe Ltd., Bourne Business Park, 300 Dashwood Lang Road, Addlestone KT15 2NX, United Kingdom.

Financial review

In 2020/21, the Company's revenue amounted to EUR 160,457 thousand against EUR 187,005 thousand last year. The income statement for 2020/21 shows a profit of EUR 5,865 thousand against a profit of EUR 2,036 thousand last year, and the balance sheet at 31 March 2021 shows equity of EUR 59,437 thousand.

Significant events

Just before the financial year 2020/21, 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 face to face promotion activities has been limited to allow doctors and hospitals to fully focus on the crisis. Promotion activities have restarted but primarily on a digital basis.

This resulted in savings on travel and activity throughout the year. While any effect on the sales line was 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. This involved closing the Nordic offices for part of the year and restricting access so employees had to work from home if not business critical. The field personnel have also worked remotely for the majority of the year meeting HCPs digitally.

The company divested two products in the year Eligard and Dificlir, this was part of a wider group initiative across the organization.

The company undertook an employee restructuring program and as a result reduced the commercial organization by approximately 15%.

No events have occurred after the financial year end 2020/21 which could significantly affect the Company's financial position.

Financial risks and use of financial instruments

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 2020/21 was in line with the previously expressed revenue forecasts and profit projections after adjusting for the divestments.

Research and development activities

The Company did not carry out any significant research and development activities on its own account in 2020/21.

Foreign branches

The Company has branches in Norway and Finland and cooperates with an 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 organizations.

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

Astellas follows 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 2020/21 the company implemented a global record retention project to ensure compliance to GDPR regulations. All employees undertook training in standard operating procedures with regards GDPR and it continues to be an annual requirement.

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 follows 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 2020/21 the company has continued to improve the CO2 policy as a part of the car policy. We have strength our digital communication environment that has reduced the need to travel. In general, 2020/21 has been used to consolidate and improve earlier year's initiatives and restructure the lines of responsibilities this was accelerated due to the Covid pandemic.

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 Astellas Group policy on environment, the Company has in 2020/21 continued its focus on reducing waste and further implemented the Astellas Group policy, which has resulted in an overall improvement of waste management procedures in 2020/21.

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

Anti-corruption

The Company 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 2020/21, the Company did not identify any episodes involving corruption.

Social and employee conditions

The Company promotes job satisfaction and shows 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 2020/21 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. We have conducted virtual yoga sessions, cooking classes and other social events. We have increased employee contributions to well being (e.g. sports, massage, etc) and taken the decision to furnish employee home offices with desks, chairs, etc..

Account of the gender composition of Management

Board of Directors

At present, the under represented gender accounts for 25% of the four Directors. The Company target for gender distributions among the Board of Directors is between 25% and 75% since the board consist of four members only.

While Board members continue to be appointed based on qualifications and not on the basis of ethnicity, gender, religious believes etc., Astellas appreciates the value and importance of diversity in the Board of Directors and, therefore, the target is to have both genders represented.

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 increased from 11 to 12 persons in 2020/21 and consist now of 4 female and 6 male with 2 vacancies.

For 2020/21, with regards 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 remains at 30% Men and 70% Women.

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 2021/22, based on persistently difficult market conditions, price pressure, parallel imports and generic competition.

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

Financial statements 1 April 2020 - 31 March 2021

Income statement

Note	EUR'000	2020/21	2019/20
3	Revenue	160,457	187,005
	Cost of sales	-126,706	-151,714
	Other external expenses	-9,649	-11,448
	Gross profit	24,102	23,843
4	Staff costs	-17,530	-18,231
5	Depreciation of property, plant and equipment	-170	-124
	Other operating expenses	-1,214	0
	Profit before net financials	5,188	5,488
	Financial income	7,282	2,036
	Financial expenses	-4,626	-4,811
	Profit before tax	7,844	2,713
6	Tax for the year	-1,979	-677
	Profit for the year	5,865	2,036

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	EUR'000	2020/21	2019/20
	ASSETS		
	Fixed assets		
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	245	172
	Leasehold improvements	26	84
	Property, plant and equipment in progress	0	175
		<u>271</u>	<u>431</u>
8	Investments		
	Other receivables	439	537
		<u>439</u>	<u>537</u>
	Total fixed assets	<u>710</u>	<u>968</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	60,771	34,365
		<u>60,771</u>	<u>34,365</u>
	Receivables		
	Trade receivables	42,304	66,030
	Receivables from group companies	31,383	1,970
	Income taxes receivable	0	1,741
	Other receivables	2,707	15,313
9	Prepayments	620	290
		<u>77,014</u>	<u>85,344</u>
	Cash	<u>6,960</u>	<u>6,314</u>
	Total non-fixed assets	<u>144,745</u>	<u>126,023</u>
	TOTAL ASSETS	<u>145,455</u>	<u>126,991</u>

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

Note	EUR'000	2020/21	2019/20
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	81	81
	Retained earnings	59,356	53,491
	Total equity	59,437	53,572
	Provisions		
	Deferred tax	46	6
	Total provisions	46	6
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	1,111	412
	Payables to group companies	35,048	24,612
	Income taxes payable	343	0
	Other payables	49,470	48,389
		85,972	73,413
		85,972	73,413
	TOTAL EQUITY AND LIABILITIES	145,455	126,991

- 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 2020 - 31 March 2021

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 1 April 2020	81	53,491	53,572
14	Transfer, see "Appropriation of profit"	0	5,865	5,865
	Equity at 31 March 2021	81	59,356	59,437

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of Astellas Pharma a/s for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Other operating expenses

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

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 2020 - 31 March 2021

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.

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.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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 2020 - 31 March 2021

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	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

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.

EUR'000	<u>2020/21</u>	<u>2019/20</u>
3 Segment information		
Breakdown of revenue by business segment:		
Urology	24,945	32,385
Oncology	85,887	95,854
Immunology	17,464	25,051
Other	32,161	33,715
	<u>160,457</u>	<u>187,005</u>

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

Breakdown of revenue by geographical segment:

Denmark	25,518	26,491
Sweden	32,175	40,478
Norway	35,161	37,829
Finland	36,503	49,418
Iceland	1,905	2,671
Corporate services	29,195	30,118
	<u>160,457</u>	<u>187,005</u>

External sale of goods amounts to EUR 131,262 thousand for 2020/21. In addition to external revenue, cost reimbursements incl. mark-up amounts to EUR 29,195 thousand in 2020/21.

EUR'000	<u>2020/21</u>	<u>2019/20</u>
4 Staff costs		
Wages/salaries	14,023	14,236
Pensions	1,732	1,741
Other social security costs	410	417
Other staff costs	1,365	1,837
	<u>17,530</u>	<u>18,231</u>
Average number of full-time employees	<u>120</u>	<u>120</u>

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

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

EUR'000			2020/21	2019/20
5 Depreciation of property, plant and equipment				
Depreciation of property, plant and equipment			170	124
			<u>170</u>	<u>124</u>
6 Tax for the year				
Estimated tax charge for the year			1,941	688
Deferred tax adjustments in the year			38	-11
			<u>1,979</u>	<u>677</u>
7 Property, plant and equipment				
EUR'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 April 2020	1,030	431	175	1,636
Additions in the year	185	0	0	185
Disposals in the year	-141	0	-175	-316
Cost at 31 March 2021	<u>1,074</u>	<u>431</u>	<u>0</u>	<u>1,505</u>
Impairment losses and depreciation at 1 April 2020	858	347	0	1,205
Depreciation in the year	112	58	0	170
Reversal of depreciation and impairment of disposals	-141	0	0	-141
Impairment losses and depreciation at 31 March 2021	<u>829</u>	<u>405</u>	<u>0</u>	<u>1,234</u>
Carrying amount at 31 March 2021	<u>245</u>	<u>26</u>	<u>0</u>	<u>271</u>
8 Investments				
EUR'000				Other receivables
Cost at 1 April 2020				537
Disposals in the year				-98
Cost at 31 March 2021				<u>439</u>
Value adjustments at 31 March 2021				0
Carrying amount at 31 March 2021				<u>439</u>
9 Prepayments				
Prepayments primarily comprise prepaid insurance, membership fees and licences.				

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

DKK'000	<u>2020/21</u>	<u>2019/20</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>2020/21</u>	<u>2019/20</u>
Rent and lease liabilities	<u>3,074</u>	<u>2,411</u>

Rent obligations total EUR 2,112 thousand (2019/20: EUR 1,710 thousand).

Payments under operating leases regarding cars and IT equipment total EUR 962 thousand (2019/20: EUR 701 thousand).

Rent and lease obligations due within 1 year amount to EUR 1,032 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.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

12 Related parties

Astellas Pharma a/s' related parties comprise the following:

Parties exercising control

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

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
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:

<u>EUR'000</u>	<u>2020/21</u>	<u>2019/20</u>
Purchase of goods from the Group	154,027	145,804
Income related to fees allocated to group companies	34,967	37,156
Costs related to fees allocated to group companies	4,716	5,850
Receivables from group companies	30,859	1,970
Payables to group companies	35,048	24,612

13 Fee to the auditors appointed by the Company in general meeting

Statutory audit	117	109
Assurance engagements	0	17
Other assistance	14	14
	<u>131</u>	<u>140</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	4,700
Retained earnings/accumulated loss	5,865	-2,664
	<u>5,865</u>	<u>2,036</u>

ΠΕΝΝΕΟ

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"By my signature I confirm all dates and content in this document."

HÅKAN WIDÉN

Executive Board

On behalf of: Astellas Pharma a/s

Serial number: 19740628xxxx

IP: 165.225.xxx.xxx

2021-08-31 13:34:18Z



Niels Walther-Rasmussen

Chairman

On behalf of: Astellas Pharma a/s

Serial number: PID:9208-2002-2-684433317553

IP: 185.170.xxx.xxx

2021-08-31 13:37:56Z



Niels Walther-Rasmussen

Board of Directors

On behalf of: Astellas Pharma a/s

Serial number: PID:9208-2002-2-684433317553

IP: 185.170.xxx.xxx

2021-08-31 13:37:56Z



Malene Abildstrøm

Board of Directors

On behalf of: Astellas Pharma a/s

Serial number: PID:9208-2002-2-426203429527

IP: 147.161.xxx.xxx

2021-08-31 13:40:50Z



Yagnaram Santharam

Board of Directors

On behalf of: Astellas Pharma a/s

Serial number: PID:9208-2002-2-550814616937

IP: 147.161.xxx.xxx

2021-09-01 07:54:15Z



HÅKAN WIDÉN

Board of Directors

On behalf of: Astellas Pharma a/s

Serial number: 19740628xxxx

IP: 147.161.xxx.xxx

2021-09-01 08:29:01Z



Alex Petersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:10889661

IP: 145.62.xxx.xxx

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