
Takeda Pharma A/S

Delta Park 45, DK-2665 Vallensbæk Strand

Annual Report for 1 April 2021 - 31 March 2022

CVR No 16 40 68 99

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/9 2022

Duarte Joao Lourinho
Marchand
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Takeda Pharma A/S for the financial year 1 April 2021 - 31 March 2022.

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 at 31 March 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vallensbæk, 27 September 2022

Executive Board

Roland Kurney
CEO

Board of Directors

Duarte Joao Lourinho Marchand
Chairman

Gitte Hjelvang

Christian Ramskov

Jesper Lindahl
Staff Representative

Independent Auditor's Report

To the Shareholder of Takeda Pharma A/S

Opinion

We have audited the financial statements of Takeda Pharma A/S for the financial year 1 April 2021 - 31 March 2022 comprising 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 Company's assets, liabilities and financial position at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International 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 requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic

Independent Auditor's Report

decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the 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 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

Independent Auditor's Report

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, 27 September 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR No 25 57 81 98

Lau Bent Baun

State Authorised Public Accountant

mne26708

Company Information

The Company

Takeda Pharma A/S
Delta Park 45
DK-2665 Vallensbæk Strand

CVR No: 16 40 68 99
Financial period: 1 April - 31 March
Municipality of reg. office: Vallensbæk Strand

Board of Directors

Duarte Joao Lourinho Marchand, Chairman
Gitte Hjelvang
Christian Ramskov
Jesper Lindahl

Executive Board

Roland Kurney

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

| | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
|---|---------|---------|---------|---------|---------|
| | DKKm | DKKm | DKKm | DKKm | DKKm |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 910 | 1,939 | 1,570 | 1,571 | 1,782 |
| Profit before financial income and expenses | 41 | 953 | 3,006 | 257 | 531 |
| Net financials | 1 | -39 | 306 | 84,484 | 183 |
| Net profit/loss for the year | 32 | 668 | 2,661 | 84,680 | 596 |
| Balance sheet | | | | | |
| Balance sheet total | 622 | 2,017 | 3,802 | 1,547 | 100,882 |
| Equity | 81 | 1,046 | 2,707 | 1,314 | 100,535 |
| Investment in property, plant and equipment | 5 | 6 | 19 | 12 | 15 |
| Average number of employees | 73 | 158 | 180 | 174 | 179 |
| Ratios | | | | | |
| Profit margin | 4.5% | 49.1% | 191.5% | 16.4% | 29.8% |
| Return on assets | 6.6% | 47.2% | 79.1% | 16.6% | 0.5% |
| Solvency ratio | 13.0% | 51.9% | 71.2% | 84.9% | 99.7% |
| Return on equity | 5.7% | 35.6% | 132.4% | 166.3% | 0.6% |

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Takeda Pharma A/S is the operating company for the local activities in Denmark and a few group related activities. The Company is part of the Japanese pharmaceutical company Takeda Pharmaceutical Company Limited.

During 2021/22 the activities in Takeda Pharma A/S were primarily related to local marketing activities as the former production unit and selected products were divested as per end of fiscal year 2020/21.

The marketing activities in Denmark include sale, marketing and registration for the Danish market. After divestments Takeda in Denmark has a product portfolio within Inflammatory bowel disease, Neuroscience, Rare Diseases, Plasma Derived Therapies and Oncology.

Development in the year

The income statement of the Company for 2021/22 shows a profit of DKK 31,795k, and at 31 March 2022 the balance sheet of the Company shows equity of DKK 81,238k.

The past year and follow-up on development expectations from last year

Operating profit for the year is in line with the expectations and there has not been any major single events influencing the result.

Operating risks and financial risks

Operating risks

Management teams in Takeda Pharma A/S as well as the Group are responsible for monitoring and assessing potential business risks that may arise.

The Company's activities are subject to rigorous regulatory control and approval procedures. Moreover, the ongoing cost management by public authorities and the health sector will result in lower prices and reimbursements in the future. Management continuously monitors the development and assesses the effect.

Future growth and success will depend on Takeda's ability to develop new products and the local companies' ability to market these products. Moreover, the development of sales in the existing product portfolio will be essential to the financial performance of Takeda Pharma A/S.

Management's Review

Credit risks

The financial risks of Takeda Pharma A/S are administered in accordance with the policies and instructions adopted by the Group. Accordingly, credit risks and outstanding payments are evaluated continuously.

Financial risks are administered centrally in the Group. The Group does not carry out financial transactions that are not related to hedging of the underlying business risks. It is thus not the Group's policy to engage in active speculation in financial risks.

Targets and expectations for the year ahead

The company expects the underlying profit in the financial year 2022/23 on the same level as the financial year 2021/22.

Work environment

We foster a diverse, equitable, inclusive, safe, open and collaborative working environment in which employees can contribute, perform and grow as individuals.

A healthy and safe work environment is a precondition for creating strong results and good products. As part of the contingency plan, a task force has been established which receives training on a regular basis, including first aid courses and basic firefighting courses.

On top of that several social activities are added to ensure we have a great working environment.

We measure the status on several aspects related to the work environment on a weekly basis through an app called Winningtemp where employees score from 1-5 on several areas including work environment.

Health

As Takeda Pharma A/S employees represent a great asset to the Company. We have an active team organizing several initiatives to improve the health of the employees. This includes Bike trips, weekly workout sessions and walking activities where we donate money based on steps taken by employees etc.

Management's Review

Statement of corporate social responsibility

Takeda Pharma A/S as part of Takeda Group participates in CSR actions and initiatives of the Group following the appropriate Group policies. Since its foundation in 1781, Takeda Group has conducted its business of providing pharmaceuticals with integrity, which is at the core of the unchanging values of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance).

We believe that the essence of CSR for Takeda lies in developing outstanding pharmaceutical products in accordance with these values. The core rationale for corporate social responsibility (CSR) at Takeda is in the corporate mission of "striving towards better health for people worldwide through leading innovation in medicine." The company management believes it is important to recognize the various effects of the pharmaceutical business value chain on society and therefore strive to maintain and improve sound business processes throughout our operations, and to engage in activities to promote a sustainable society as good corporate citizens.

We engage in CSR activities taking this holistic approach. Takeda is working to support better access to healthcare for people around the world, including emerging and developing countries with the aim of realizing Vision 2020 (Better Health, Brighter Future) for all, making reference to the BSR's Guiding Principles on Access to Healthcare (GPAH), which Takeda helped to draft.

Specific initiatives are centered around the Global Health Project, which comprises members from divisions across the company, including those involved in R&D, pharmaceutical production, emerging markets, the vaccine business, corporate planning, industry negotiations, intellectual property, and CSR. The project discusses Takeda's initiatives from the aspects of both business and corporate citizenship activities, reporting the content of these discussions to management when appropriate. The project is also discussing the formulation of a basic policy on healthcare access to integrate the entire Group. Work on the project has been continued in the financial year 2021/22.

The Takeda Group is a signatory to the UN's Global Compact and as such Takeda Pharma A/S also lives up to the United Nations Global Compact principles on Human rights, Environment, Labour rights and Anti-corruption and this is translated into our CSR policies and commitments below.

Impact on Human Rights

Takeda Group has prepared internal standards in the form of policies and guidelines based on international human rights standards, and strives to be socially responsible at every stage of the value chain from research and development to procurement, production, distribution, and sales and marketing as it conducts its activities. We also recognize that one of our key priorities is to support the needs of people who do not have adequate access to pharmaceuticals. Takeda has announced its basic stance on tackling the issue of improving access to healthcare by signing the "Guiding Principles on Access to Healthcare" drafted by BSR - a global association of member companies for CSR.

Takeda Group conducts research activities based on a framework of policies and rules that respect the dignity of life and human rights. Takeda has a Research Ethics Investigation Committee chaired by the General Manager of Pharmaceutical Research Division to handle issues associated with human-derived specimens (such as blood, tissue, cells and other substances). Committee members confirm whether or

Management's Review

not specimens are used for research in line with the Declaration of Helsinki. Another ethics committee is responsible for research that uses human genome and gene analysis. Six staff consisting of both genders make up this committee and more than half of the permanent members must come from outside the company. The Ethics Committees have continued their work in the financial year 2021/22 and have made significant progress in their commitments.

Major Human Rights-Related Rules for Research and Development Activities

- Rules for the Research Ethics Investigation Committee
- Rules for the Bioethics Committee concerning human genome and gene analysis research
- Rules for the Committee for Safety of Gene Recombination Experiments
- Rules for the Clinical Specimen Experiment Committee
- Rules for performing human genome and gene analysis research
- Rules for performing gene recombination experiments

Takeda foster a diverse, equitable, inclusive, safe, open and collaborative working environment which ensures that human rights are fully respected and through trainings in our code of conduct and ensuring that diversity are embraced in the company.

In Global Third-Party Risk Management policy (Global TPRM) we have identified 9 key areas in which we assess our counterparts. This includes Anti-corruption, Human Rights and Labor Standards, Animal Welfare etc. where its key for Takeda that our 3rd parties live up to the same standards as Takeda do.

On top of that there are several activities like a diversity month in June that are ensuring focus on this important area. Throughout the month of June all managers a used a background in the digital teams' meetings promoting diversity.

The expectations going forward is that we will expand the use of the Global TPRM as the areas like human rights, Anti corruptions are getting increasingly important.

At the current stage, no significant risks have been identified to the human rights work of the company.

In FY22 the company will have continued focus and commitment on the impact on improving our environmental footprint. The goal in FY22 is to have 10% of the car fleet on pure electric cars which is one among other initiatives.

Impact on Climate

Since establishing the Environmental Protection Measures Committee in 1970, Takeda has engaged in environmental protection activities from a long-term perspective. Under the Takeda Group environmental Action Plan, Takeda has set targets for measures to combat global warming, waste reduction, and other initiatives over the mid- and long-term. We review and evaluate our progress each year, and plan our future activities.

Promoting the environment (E), health (H), and safety (S) is an essential responsibility for Takeda in addition to leading innovation in pharmaceuticals, since its mission is to strive towards better health for people. To carry out this responsibility the Company formulated the Takeda Group Environmental Action

Management's Review

Plan in 2010, the Global EHS Policy in 2012, and the Global EHS Guideline for Production and Research Sites in 2013.

Following on from these, in 2014 Takeda established the Global EHS Guideline for Office Sites and the EHS Guideline Checklist. The Group also held the Global EHS Meeting and network meetings, and shared the concepts fostered within them, as well as promoting a common Group-wide understanding of EHS priorities for realizing "Vision 2025." Harnessing the power of these concepts and networks, Takeda has continued to steadily promote EHS as "Global One Takeda". During 2021/22 Takeda achieved Carbon Neutrality.

<https://www.takeda.com/newsroom/newsreleases/2021/takeda-achieved-carbon-neutrality-in-2020/>

At the current stage, no significant risks have been identified to impact on climate of the company.

Impact on Environment

Takeda Pharma A/S is comprised by Takeda's global El-IS policy. As a global pharmaceutical company, Takeda Pharma A/S strives towards better health for patients worldwide through leading innovation in medicine. We are committed to achieving sustainable growth by complying with environmental, health and safety requirements. We acknowledge our responsibility for the health and work environment of Takeda's employees, the companies in the Group and local communities. We also acknowledge that we are responsible for environmental protection and sustainability. We aim to meet these goals with due respect for Takeda's way of doing things (Takeda-ism).

Actions:

In Fiscal Year 2019 we have moved the Danish office from Taastrup to a new company house in Vallensbæk.

During 2021/22 Takeda in the Nordics conducted an environmental sustainability contest among the employees to support the global carbon neutrality vision.

Results:

With the move to a smaller and modern office Takeda reduced the electricity consumption by 80%. On a smaller scale we are promoting at least 1 weekly day with vegetarian food in the canteen, increasing our focus on the environmental impact from our suppliers and also internally towards our supply chain. The strong focus on improving the climate resulted in carbon neutrality in Financial year 2021/22.

FY22 the company will have continued focus and commitment on the impact on improving our environmental footprint.

The goal in FY22 is to have 10% of the car fleet on pure electric cars which is one among other initiatives.

At the current stage, no significant risks have been identified to impact on Environment of the company.

Management's Review

Anti-corruption

In Takeda's Code of Conduct it is clear that we aim to meet the highest ethical standards at all times because everything we do impacts the most vital aspects of people's lives - their health. There are mandatory trainings in the code of conduct and the compliance department monitor that it is followed to any kind of corruption.

In Global Third-Party Risk Management policy, we have identified 9 key areas in which we assess our counterparts. This includes Anti-corruption, Human Rights and Labor Standards, Animal Welfare etc. where it's key for Takeda that our 3rd parties live up to the same standards as Takeda do.

Actions:

At each management meeting the participants are asked whether there have been any examples of fraud, Bribery or litigations against Takeda.

Results:

There has not been any cases in the financial year 2021/22.

At the current stage, no significant risks have been identified to anti-corruption work of the company.

Expectations:

Takeda will continue a strong focus on compliance to ensure that we avoid being associated with any kind of corruption. This includes ongoing monitoring and internal audits.

Social and staff matters

People is a key pillar for Takeda and is the 3rd pillar to achieve our ambitions.

The statement is: We empower and enable our people to fulfill their potential by embracing diversity, collaboration and bringing Takeda-ism to life.

The people area is followed up by our workday environment setting clear goals and development plans up for all. This is followed up through documented quality conversations between manager and employee which helps a feedback culture.

On top of that there are several learning and development programs etc. Based on all undertaken initiatives during 2021/22, we have made progress towards our goal of achieving equal distribution of employees throughout the company.

The work on further improving the employee wellbeing is continuing into FY22 where new learning and developments will be rolled out and well as more activities from employee association.

At the current stage, no significant risks have been identified to social and staff matters of the company.

Management's Review

Data Ethics

Takeda Pharma A/S has policies in place around Data Privacy and Global records and information management. They are part of the mandatory reading for all employees with a yearly cycle and also applying for Fiscal year 2021/2022.

The Global Privacy Policy ("Policy") applies equally to directors, officers, employees, consultants, contractors, and temporary personnel resources of Takeda (hereinafter referred to as "Personnel" or "you") who have access to Personal Data or have decision-making authority impacting the Processing of Personal Data. This Policy reflects Takeda's commitment to privacy and data protection practices, establishes standards and controls to protect Personal Data, and applies to all Personal Data in any format, including verbal, written or electronic.

Personnel, regardless of their position or role, must handle and safeguard Personal Data in accordance with this Policy. This includes the responsibility to prevent unauthorized access to, disclosures or loss of, Personal Data and to appropriately protect the security and confidentiality of Personal Data. Personnel are required to Process Personal Data in accordance with this Policy, and to maintain the confidentiality of Personal Data, both during and after their employment with Takeda.

Takeda also works with third parties, including fulfilment partners, payroll service providers, marketing or other specialist agencies and organizations. These third parties are often referred to as "Processors" since they Process Personal Data on behalf of Takeda, also referred to as "Controller". Takeda shall bind third party Processors by contract to standards for the Processing and safeguarding of Personal Data that meet or exceed applicable data protection requirements.

This Policy provides a uniform standard for Personnel worldwide. However, Takeda recognizes that certain laws may impose requirements that are stricter than those described in this Policy. Where applicable law, regulation or contractual requirements provide a greater level of protection of Personal Data than that established by this Policy, or any implementation standards, or where such law, regulation or contractual requirements directly conflict with this Policy or any implementation standards, Takeda shall follow the applicable law, regulation or contractual requirements. Where applicable law, regulation or contract provides a lower level of protection or treatment of Personal Data than that established by this Policy, then the requirements of this Policy shall apply.

The Global Records and Information Management (RIM) Policy ("Policy") applies to all Records and Non-Record Information created and received in the transaction of Takeda's business or in the fulfillment of Takeda's legal and regulatory obligations.

This Policy applies to directors, officers, employees, consultants, contractors, temporary personnel resources or any third party working on behalf of Takeda with access to, use of or responsibility for Takeda information (collectively, "Takeda Personnel").

Management's Review

Statement on gender composition

There is no gender underrepresentation at either Board or Management level of the Company. For the financial year 2021/22, the Board had 1 female and 3 male members of which 1 is employee representative.

Therefore, there is no need to set targets for the Board, as the current gender representation of the general elected members is in accordance with 99b.

The Danish leadership team consists of 47% females and 53% males. Based on all undertaken initiatives during the financial year 2021/22, we have made progress in achieving equal distribution of employees throughout the company.

On top of that most of the recent hires 1 level below the management team are females which will also support the process towards an equal distribution in the long run.

In the Takeda group there has been a strong focus on gender parity which can be seen in the link below.

<https://www.takeda.com/our-stories/caring/takeda-demonstrates-commitment-to-gender-parity-oninternational-womens-day/>

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The outbreak of COVID-19 escalated in early 2020, and on March 11, 2020, the WHO declared the outbreak a worldwide pandemic. Takeda Pharma A/S has not been negatively impacted by the pandemic.

The company has participated in delivering to the national emergency stock and not been significantly exposed to Covid-19 related out of stock. For further information please refer to note 1.

Takeda Pharma A/S has declined to receive any support from the society during the pandemic as the company has not been directly impacted.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 April - 31 March

| | Note | 2021/22 DKK'000 | 2020/21 DKK'000 |
|--|------|--------------------|--------------------|
| Revenue | 2 | 910,058 | 1,939,231 |
| Other operating income | 3 | -20,346 | 669,537 |
| Expenses for raw materials and consumables | | -663,246 | -1,211,355 |
| Other external expenses | | -72,477 | -262,509 |
| Gross profit | | 153,989 | 1,134,904 |
| Staff expenses | 4 | -104,459 | -159,395 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 5 | -8,264 | -22,641 |
| Other operating expenses | | 0 | -8 |
| Profit before financial income and expenses | | 41,266 | 952,860 |
| Financial income | 6 | 2,372 | 428 |
| Financial expenses | 7 | -917 | -39,567 |
| Profit before tax | | 42,721 | 913,721 |
| Tax on profit for the year | 8 | -10,926 | -245,977 |
| Net profit for the year | | 31,795 | 667,744 |

Balance Sheet 31 March

Assets

| | Note | 2021/22 DKK'000 | 2020/21 DKK'000 |
|--|------|--------------------|--------------------|
| Acquired patents | | 1,395 | 2,010 |
| Intangible assets | 9 | 1,395 | 2,010 |
| Land and buildings | | 15,311 | 17,218 |
| Plant and machinery | | 24,001 | 22,135 |
| Other fixtures and fittings, tools and equipment | | 5,681 | 7,530 |
| Property, plant and equipment in progress | | 0 | 3,465 |
| Property, plant and equipment | 10 | 44,993 | 50,348 |
| Receivables from group enterprises | | 17,460 | 11,697 |
| Other receivables | | 1,874 | 1,879 |
| Fixed asset investments | 11 | 19,334 | 13,576 |
| Fixed assets | | 65,722 | 65,934 |
| Raw materials and consumables | | 14,420 | 3,746 |
| Finished goods and goods for resale | | 25,940 | 81,575 |
| Inventories | | 40,360 | 85,321 |
| Trade receivables | | 59,970 | 110,890 |
| Receivables from group enterprises | | 314,745 | 1,616,418 |
| Other receivables | | 4,324 | 5,947 |
| Deferred tax asset | 12 | 0 | 6,022 |
| Corporation tax | | 119,708 | 102,538 |
| Prepayments | 13 | 15,321 | 21,778 |
| Receivables | | 514,068 | 1,863,593 |
| Cash at bank and in hand | | 2,143 | 2,172 |
| Currents assets | | 556,571 | 1,951,086 |
| Assets | | 622,293 | 2,017,020 |

Balance Sheet 31 March

Liabilities and equity

| | Note | 2021/22 DKK'000 | 2020/21 DKK'000 |
|--|------|--------------------|--------------------|
| Share capital | 14 | 10,100 | 10,100 |
| Other reserves | | 57 | 0 |
| Retained earnings | | 71,081 | 36,301 |
| Proposed dividend for the year | | 0 | 1,000,000 |
| Equity | | 81,238 | 1,046,401 |
| Provision for deferred tax | 12 | 1,239 | 0 |
| Provisions | | 1,239 | 0 |
| Lease obligations | | 13,635 | 16,870 |
| Other payables | | 584 | 1,264 |
| Long-term debt | 15 | 14,219 | 18,134 |
| Lease obligations | 15 | 4,560 | 5,416 |
| Trade payables | | 16,704 | 54,624 |
| Payables to group enterprises | | 485,363 | 619,203 |
| Other payables | | 18,970 | 273,242 |
| Short-term debt | | 525,597 | 952,485 |
| Debt | | 539,816 | 970,619 |
| Liabilities and equity | | 622,293 | 2,017,020 |
| Unusual events | 1 | | |
| Distribution of profit | 16 | | |
| Contingent assets, liabilities and other financial obligations | 17 | | |
| Related parties | 18 | | |
| Fee to auditors appointed at the general meeting | 19 | | |
| Accounting Policies | 20 | | |

Statement of Changes in Equity

| | Share capital | Reserve for development costs | Other reserves | Retained earnings | Proposed dividend for the year | Total |
|--------------------------------|---------------|-------------------------------|----------------|-------------------|--------------------------------|------------------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| 2021/22 | | | | | | |
| Equity at 1 April | 10,100 | 0 | 0 | 39,286 | 1,000,000 | 1,049,386 |
| Ordinary dividend paid | 0 | 0 | 0 | 0 | -1,000,000 | -1,000,000 |
| Net profit/loss for the year | 0 | 0 | 57 | 31,795 | 0 | 31,852 |
| Equity at 31 March | 10,100 | 0 | 57 | 71,081 | 0 | 81,238 |
| 2020/21 | | | | | | |
| Equity 1. april | 10,100 | 23 | 0 | 397,122 | 2,300,000 | 2,707,245 |
| Demerger | 0 | 0 | 0 | -28,588 | 0 | -28,588 |
| Adjusted equity at 1 April | 10,100 | 23 | 0 | 368,534 | 2,300,000 | 2,678,657 |
| Ordinary dividend paid | 0 | 0 | 0 | 0 | -2,300,000 | -2,300,000 |
| Development costs for the year | 0 | 0 | 0 | 23 | 0 | 23 |
| Impairment for the year | 0 | -23 | 0 | 0 | 0 | -23 |
| Net profit/loss for the year | 0 | 0 | 0 | -332,256 | 1,000,000 | 667,744 |
| Equity at 31 March | 10,100 | 0 | 0 | 36,301 | 1,000,000 | 1,046,401 |

Notes to the Financial Statements

1 Unusual events

During the financial year 2021/22 and up to the date of this report Takeda Pharma A/S has carried out its business operations as normal without any negative impact of the Covid-19 pandemic however had less travel activities than in a normal year.

We have so far not seen any shortages on supply due to the pandemic and are not exposed to Russia or Ukraine.

| | <u>2021/22</u> DKK'000 | <u>2020/21</u> DKK'000 |
|---------------------------------|---------------------------|---------------------------|
| 2 Revenue | | |
| Geographical segments | | |
| Revenue, Denmark | 511,070 | 918,868 |
| Revenue, exports | 398,988 | 1,020,363 |
| | <u>910,058</u> | <u>1,939,231</u> |
| Business segments | | |
| Sale of goods | 698,376 | 1,321,745 |
| Royalty income | 211,682 | 617,486 |
| | <u>910,058</u> | <u>1,939,231</u> |
| 3 Other operating income | | |
| Profit on DALMORE sale | -20,095 | 650,863 |
| Other income | -251 | 18,674 |
| | <u>-20,346</u> | <u>669,537</u> |

Notes to the Financial Statements

| | 2021/22 | 2020/21 |
|--|----------------|----------------|
| | DKK'000 | DKK'000 |
| 4 Staff expenses | | |
| Wages and salaries | 93,772 | 143,942 |
| Pensions | 9,729 | 14,567 |
| Other social security expenses | 759 | 840 |
| Other staff expenses | 199 | 46 |
| | <u>104,459</u> | <u>159,395</u> |
| Including remuneration to the Executive Board and Board of Directors of: | | |
| Salary | 2,614 | 2,591 |
| Pension | 340 | 239 |
| | <u>2,954</u> | <u>2,830</u> |
| Average number of employees | <u>73</u> | <u>158</u> |

A total of 8 management roles and key employees are participating in the Takeda groups long term incentive programs. Grants given up to July 3019 were RSUs (Restricted Stock Units) whereas from July 2020 the program changed to ADS (American Depository Shares). Both programs has gradually vesting meaning that one third of the RSU's vest after one year. In the ADS program its possible to keep the shares whereas shares in the RSU program are exercised automatically.

For the 2019 RSU program there are still 2451 shares of which Management has the 2060. The share price as per 31.03.2022 were JPY 3.498 (DKK 199) at granting date and they will be vested in fiscal year 2022.

For the 2020+2021 ADS programs with vesting in FY22 there are 11.892 shares of which 10.361 sits within management and 1531 with employees. Vesting in FY23 counts 11.490 of which 10.058 is provided to management and 1.432 to employees. Vesting in FY2024 counts 5.376 shares that are all provided to Management. The Shareprice for the ADS 31.12.2022 were 14,32 USD (DKK 96).

5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

| | | |
|---|--------------|---------------|
| Amortisation of intangible assets | 2,058 | 6,441 |
| Depreciation of property, plant and equipment | 6,206 | 16,200 |
| | <u>8,264</u> | <u>22,641</u> |

Notes to the Financial Statements

6 Financial income

| | | |
|--|--------------|------------|
| Interest received from group enterprises | 0 | 428 |
| Exchange gains | 2,372 | 0 |
| | <u>2,372</u> | <u>428</u> |

7 Financial expenses

| | | |
|------------------------------------|------------|---------------|
| Interest paid to group enterprises | 4 | 0 |
| Other financial expenses | 913 | 989 |
| Exchange losses | 0 | 38,578 |
| | <u>917</u> | <u>39,567</u> |

8 Tax on profit for the year

| | | |
|--|---------------|----------------|
| Current tax for the year | 2,750 | 205,799 |
| Deferred tax for the year | 7,261 | -4,647 |
| Adjustment of tax concerning previous years | 915 | 44,755 |
| Adjustment of deferred tax concerning previous years | 0 | 70 |
| | <u>10,926</u> | <u>245,977</u> |

9 Intangible assets

| | |
|--|-----------------------|
| | Acquired pa- tents |
| | <u>DKK'000</u> |
| Cost at 1 April | 99,642 |
| Transfers for the year | <u>1,444</u> |
| Cost at 31 March | <u>101,086</u> |
| Impairment losses and amortisation at 1 April | 97,633 |
| Amortisation for the year | <u>2,058</u> |
| Impairment losses and amortisation at 31 March | <u>99,691</u> |
| Carrying amount at 31 March | <u>1,395</u> |

Notes to the Financial Statements

10 Property, plant and equipment

| | Land and buildings DKK'000 | Plant and machinery DKK'000 | Other fixtures and fittings, tools and equipment DKK'000 | Property, plant and equipment in progress DKK'000 | Total DKK'000 |
|--|----------------------------------|-----------------------------------|--|--|------------------|
| Cost at 1 April | 20,523 | 24,534 | 15,533 | 3,465 | 64,055 |
| Additions for the year | 820 | 795 | 1,214 | 0 | 2,829 |
| Disposals for the year | 0 | 0 | -2,102 | 0 | -2,102 |
| Transfers for the year | 0 | 2,020 | 0 | -3,465 | -1,445 |
| Cost at 31 March | 21,343 | 27,349 | 14,645 | 0 | 63,337 |
| Impairment losses and depreciation at 1 April | 3,305 | 2,399 | 8,004 | 0 | 13,708 |
| Depreciation for the year | 2,727 | 949 | 2,530 | 0 | 6,206 |
| Reversal of impairment and depreciation of sold assets | 0 | 0 | -1,570 | 0 | -1,570 |
| Impairment losses and depreciation at 31 March | 6,032 | 3,348 | 8,964 | 0 | 18,344 |
| Carrying amount at 31 March | 15,311 | 24,001 | 5,681 | 0 | 44,993 |
| Including assets under finance leases amounting to | 14,943 | 0 | 3,411 | 0 | 18,354 |

11 Fixed asset investments

| | Receivables from group enterprises DKK'000 | Other receiv- ables DKK'000 |
|------------------------------------|---|-----------------------------------|
| Cost at 1 April | 0 | 1,874 |
| Additions for the year | 17,460 | 0 |
| Cost at 31 March | 17,460 | 1,874 |
| Carrying amount at 31 March | 17,460 | 1,874 |

Notes to the Financial Statements

| | 2021/22 | 2020/21 |
|---|--------------|---------------|
| | DKK'000 | DKK'000 |
| 12 Provision for deferred tax | | |
| Provision for deferred tax at 1 April | -6,022 | -1,444 |
| Amounts recognised in the income statement for the year | 7,261 | -4,647 |
| Amounts recognised in the income statement regarding previous years | 0 | 69 |
| Provision for deferred tax at 31 March | 1,239 | -6,022 |
| Intangible assets | 16 | 417 |
| Property, plant and equipment | -352 | -2,383 |
| Leasing assets | 4,038 | 4,869 |
| Leasing payable | -4,003 | -4,903 |
| Other items | 1,540 | -4,022 |
| Transferred to deferred tax asset | 0 | 6,022 |
| | 1,239 | 0 |
| Deferred tax asset | | |
| Calculated tax asset | 0 | 6,022 |
| Carrying amount | 0 | 6,022 |

13 Prepayments

Prepayments consist of prepaid expenses concerning license & patents, rent, insurance premiums, subscriptions, other employee expenses etc.

14 Equity

The share capital consists of 101 shares of a nominal value of DKK k 100,000. No shares carry any special rights.

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

| | <u>2021/22</u> DKK'000 | <u>2020/21</u> DKK'000 |
|----------------------------------|---------------------------|---------------------------|
| Lease obligations | | |
| After 5 years | 1,393 | 2,458 |
| Between 1 and 5 years | 12,242 | 14,412 |
| Long-term part | <u>13,635</u> | <u>16,870</u> |
| Within 1 year | <u>4,560</u> | <u>5,416</u> |
| | <u>18,195</u> | <u>22,286</u> |
| Other payables | | |
| Between 1 and 5 years | 584 | 1,264 |
| Long-term part | <u>584</u> | <u>1,264</u> |
| Other short-term payables | <u>268,212</u> | <u>273,242</u> |
| | <u>268,796</u> | <u>274,506</u> |
| | | |
| 16 Distribution of profit | | |
| Proposed dividend for the year | 0 | 1,000,000 |
| Retained earnings | <u>31,795</u> | <u>-332,256</u> |
| | <u>31,795</u> | <u>667,744</u> |

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company is sometimes involved in legal proceedings instituted in connection with the ordinary operation of the Company. The Company decides on a case-by-case basis whether to end legal proceedings or whether to defend its position. Management believes that the outcome of proceedings will not materially affect the Company's financial performance or financial position. The Company maintains its indemnity insurance in order to limit the effects on the financial statements of any rulings not favouring the Company.

The Company has certain other contingent liabilities relating to claims, performance guarantees and other obligations resulting from ordinary operations. Management does not believe that the probable outcome of other contingent liabilities will materially affect financial performance or the financial position.

The Company is taxed jointly with other Danish companies in the Takeda Group. As management company of the joint taxation group, the Company has unlimited and joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest and royalties within the jointly taxed companies.

18 Related parties

Basis

Controlling interest

Takeda Pharmaceuticals International AG

Parent company

Other related parties

The Company's other related parties include group enterprises and associates, including such companies' Boards of Directors, Executive Boards and executive staff as well as their family members. Related parties also include entities and companies in which the above mentioned persons have a significant interest, as well as persons and companies with a significant interest in the parent.

Notes to the Financial Statements

18 Related parties (continued)

Transactions

During the year, the Company had the following transactions with its ultimate Parent Company and its subsidiaries:

No transactions were made with members of the Supervisory Board or others in the periods referred to besides ordinary intra-group transactions relating to goods and services effected at arm's length. Please refer to note 4.

Sale of goods, DKK 185,402k (2020/21: DKK 998,967k)

Purchase of Goods, DKK 403,441k (2020/21: DKK 725,860k)

Sale of services, DKK 101,513k (2020/21: DKK 65,370k)

Other income - Residual profit DKK 195,462k (2020/21: DKK 0k)

Other expenses - Residual expenses, DKK 157,206k (2020/21: DKK 0k)

Purchase of services, DKK 200,705k (2020/21: DKK 470,808k)

ICA interest (expenses), DKK 116k (2020/21: DKK 38,602k)

Receivables from related parties, DKK 314,745k (2020/21: DKK 1,617,026k)

Payables to related parties DKK 483,800k (2020/21: DKK 619,203k)

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Takeda Pharmaceuticals International AG, Schweiz

Consolidated Financial Statements

The Company is included in the consolidated financial statements of the Ultimate Parent Company

| <u>Name</u> | <u>Place of registered office</u> |
|---------------------------------------|-----------------------------------|
| Takeda Pharmaceutical Company Limited | Osaka, Japan |

Notes to the Financial Statements

18 Related parties (continued)

The consolidated financial statements of the Ultimate Parent Company can be obtained at the address:

Takeda Pharmaceutical Company Limited, 1-1, Doshomachi 4-chome, Chuo-ku, Osaka 540-8645, Japan

19 Fee to auditors appointed at the general meeting

| | <u>2021/22</u> | <u>2020/21</u> |
|-------------------|-------------------|-------------------|
| | DKK'000 | DKK'000 |
| Audit fee to KPMG | <u>608</u> | <u>548</u> |
| | <u>608</u> | <u>548</u> |

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Takeda Pharma A/S for FY 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in DKK'000.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Takeda Pharmaceutical Company Limited, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including amortisations, depreciations and write-downs, as well as provisions and reversals, as a consequence of revised accounting estimates, of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

20 Accounting Policies (continued)

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

IFRS 16 is used for lease transactions. A leasing asset and a lease obligation are recognized in the balance sheet when the leasing asset is made available during the lease term and when the company obtains the right to virtually all economic benefits from the use of the identified assets and the right make decisions on the use of the identified asset.

On initial recognition, lease obligations are measured at the present value of future lease payments discounted at an alternative interest rate for the company.

The lease obligation is measured at amortized cost using the effective interest method. The lease obligation is recalculated when there are changes in the underlying contractual cash flows.

On initial recognition, the leasing asset is measured at cost, which corresponds to the value of the lease obligation adjusted for prepaid lease payments plus directly related costs and estimated costs for disposal, repairment or similar and less any discounts received or other types of incentive payments from the lessor.

Subsequently, the asset is measured at cost less accumulated amortization and impairment losses. The lease asset is depreciated over the shortest part of the lease term and the useful life of the lease asset. Depreciation is recognized on a straight-line basis in the income statement.

The lease asset is adjusted for changes in the lease obligation as a result of changes in the terms of the lease agreement or changes in the cash flows of the contract in line with changes in an index or interest rate.

Leasing assets are amortized on a straight-line basis over the expected lease period, which is:

Production buildings 5-8 years

Other fixtures, cars 1-4 years

The company presents the lease asset and the lease obligation separately in the balance sheet.

The company has chosen not to include low value leasing assets and short term leasing agreements in the balance sheet. Instead, leasing services relating to these leases are recognized on a straight-line basis in the income statement.

Notes to the Financial Statements

20 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Share-based payments

For cash-settled share-based payment programs, the Company measures the fair value of the awards on the grant date. The fair value of the awards at the date of the grant, which is estimated to be equal to the market value, is expensed in the income statement (staff expenses) over the vesting period with a corresponding liability being recognised.

Until the liability is settled, the Company remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Notes to the Financial Statements

20 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including management fee income from its subsidiaries as well as profit/loss on the sale of intellectual property rights etc.

Income from investments in

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 8 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

Notes to the Financial Statements

20 Accounting Policies (continued)

when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | | |
|--|------|-------|
| Production buildings | 5-39 | years |
| Plant and machinery | 5-10 | years |
| Other fixtures and fittings, tools and equipment | 3-10 | years |

The fixed assets' residual values are determined at nil.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates and the effect on depreciation is recognised prospectively.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at cost based on the lower of the weighted average cost formula and net realisable value.

Net realisable value is calculated using the expected selling price accounting for obsolescence, less any remaining production and distribution costs.

The cost of manufactured and completed products as well as semi-manufactures includes raw material, direct payroll costs, other material needed for the production and production overhead. Production overhead includes indirect payroll costs and materials, maintenance costs and depreciation of operating equipment and buildings that have been used in the production process and cost for production administration and management.

Goods for resale are measured at cost plus delivery costs.

Notes to the Financial Statements

20 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions are made based on an evaluation of the claims that are estimated to involve a risk of loss.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial debts

On initial recognition, borrowing and lending are measured at the fair value of proceeds received these transaction costs that are directly associated with the transaction. Subsequent to initial recognition, financial liabilities are measured at amortised cost under the effective interest method. Gains and losses are recognised in the income statement when the relevant liability has been removed from the balance sheet and through amortisation.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

| | |
|------------------|--|
| Profit margin | $\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$ |
| Solvency ratio | $\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$ |
| Return on equity | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ |