

# **Takeda A/S**

**Dybendal Allé 10, DK-2630 Taastrup**

## **Annual Report for 1 April 2017 - 31 March 2018**

**CVR No 28 31 35 19**

**The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
27/3 2018**

**Anca Sabau  
Chairman**



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 April - 31 March	12
Balance Sheet 31 March	13
Statement of Changes in Equity	15
Notes to the Financial Statements	16

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Takeda A/S for the financial year 1 April 2017 - 31 March 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2018 of the Company and of the results of the Company operations for 2017/18.

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.

Taastrup, 27 August 2018

### Executive Board



Lars Patrik Mikael Fossell  
Executive Officer

### Board of Directors



Ingeborg Rossebø Borghelm  
Chairman



Athinagoras Efthymios  
Giannoulis



Andrea Ferrari



Bjarne Mejlstrup Lange  
Staff Representative



Marianne Hauge  
Staff Representative

# Independent Auditor's Report

To the Shareholders of Takeda A/S

## **Opinion**

We have audited the Financial Statements of Takeda A/S for the financial year 1 April 2017 - 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We 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 requirements. 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 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 about 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 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

# Independent Auditor's Report

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.
- 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 Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information re-

# **Independent Auditor's Report**

quired under the Danish Financials Statements Act.

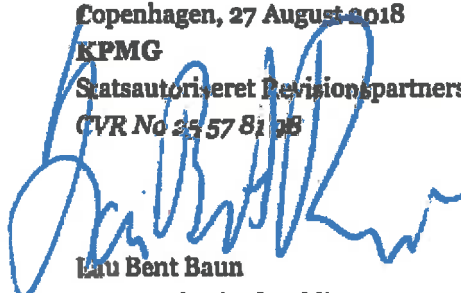
Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 27 August 2018

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR No 23 57 81 08



Lau Bent Baun

State Authorised Public Accountant

mne26708

## **Company Information**

### **The Company**

Takeda A/S  
Dybendal Allé 10  
DK-2630 Taastrup

CVR No: 28 31 35 19

Financial period: 1 April - 31 March

Municipality of reg. office: Høje-Taastrup

### **Board of Directors**

Ingeborg Rossebø Borgheim, Chairman  
Athinagoras Efthymios Giannoulis  
Andrea Ferrari  
Bjarne Mejlstrup Lange  
Marianne Hauge

### **Executive Board**

Lars Patrik Mikael Forsell

### **Auditors**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø

### **Lawyers**

Plesner

### **Bankers**

Nordea Bank Danmark A/S

## Financial Highlights

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

	2017/18	2016/17	2015/16	2014/15	2013/14
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	157.677	182.011	231.184	442.379	498.039
Profit/loss before financial income and expenses	7.541	7.968	6.645	20.349	22.759
Net financials	-299.728	-422.225	-184.233	711.707	2.895.174
Net profit/loss for the year	-290.450	-399.835	-266.457	617.117	2.857.740
<b>Balance sheet</b>					
Balance sheet total	78.987.221	81.622.105	74.279.269	55.250.980	56.862.850
Equity	64.611.064	64.901.514	67.001.349	40.240.091	39.900.231
Number of employees	38	47	52	53	54
<b>Ratios</b>					
Profit margin	4,8%	4,4%	2,9%	4,6%	4,6%
Return on assets	0,0%	0,0%	0,0%	0,0%	0,0%
Solvency ratio	81,8%	79,5%	90,2%	72,8%	70,2%
Return on equity	-0,4%	-0,6%	-0,5%	1,5%	7,2%

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

## Main activity

Takeda A/S is a company in the Takeda Group in which the Japanese pharmaceutical company, Takeda Pharmaceutical Company Limited, is the ultimate parent company.

The Company's activities comprise the ownership of equity interests and internal services within IT, finance and quality assurance as the main functions. The Company also act as internal bank for a number of companies in the Takeda Group and receives and makes payments on behalf of these companies.

The Company's capital and the activities in the Company are administered by the Takeda Group in cooperation with the Executive Board of the Company.

The Company does not carry out research and development activities.

The activities in Takeda A/S' subsidiaries are administered by the local management in cooperation with Group Management.

## Development in the year

Revenue decreased from DKK 182,011 thousand in 2016/17 to DKK 157,677 thousand in 2017/18. Takeda A/S's revenues are calculated based on Takeda's transfer pricing principles. Operating expenses decreased from DKK 174,043 thousand in 2016/17 to DKK 150,136 thousand in 2017/18. Main reason is decreased costs in ISIT, audit and consultancy services with high activity on integration between Takeda and Nycomed systems and processes.

The income statement for 2017/18 shows an operating profit of DKK 7,541 thousand (2016/17: a profit of DKK 7,968 thousand).

The result before taxes has increased from a loss of DKK 414,257 thousand in 2016/17 to a loss of DKK 292,187 thousand in 2017/18. The main reason for the decrease is losses on derivative financial instruments.

Net financials are materially affected by the Company's activities as internal banker.

Loss for 2017/18 amounted to DKK 290,450 thousand (2016/17: a loss of DKK 399,835 thousand).

Equity interests in subsidiaries are attributable to Takeda A/S' 100% ownership of Takeda Pharma A/S.

Receivables from group companies and payables to group companies are primarily attributable to the internal banking activities.

At 31 March 2018, the balance sheet total amounted to DKK 78,987,221 thousand (31 March 2017: DKK 81,622,105 thousand), and at 31 March 2018, equity amounted to DKK 64,611,064 thousand (31 March 2017: DKK 64,901,514 thousand).

## **Management's Review**

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

The result for 2017/18 is in line with expectations in respect of the operating profit.

### **Special risks - operating risks and financial risks**

#### ***Operating risks***

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

The Group is covered by an insurance programme that safeguards the Group's employees, assets and earnings. Damages caused by the Company are also included in the insurance programme. The overall risk is assessed on a regular basis to ensure adequate insurance coverage.

#### ***Foreign exchange risks***

All hedging of currency risks is managed at group level, and since Takeda A/S' financial statements are presented in DKK, there is currency rate fluctuation affecting the profit and loss statement. The main net exchange rate fluctuation in the financial year 2017/18 is related to balances with related companies.

#### ***Credit risks***

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

### **Targets and expectations for the year ahead**

Takeda A/S expects an operating profit for 2018/19 in line with 2017/18.

### **Statutory reporting on CSR**

Takeda A/S as part of Takeda Group participates in CSR actions and initiatives of the Group following the appropriate Group policies.

For all sections in this Statutory reporting on CSR please reference the Consolidated Group Report:

<https://www.takeda.com/investors/reports/annual-reports/>

And UN's Global Compact (Communication on Progress or COP):

<https://www.takeda.com/corporate-responsibility/Sustainable-Value-Report/>

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

## Management's Review

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 believe 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 2025 (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's. Work on the project has been continued in FY2017/18.

The Takeda Group is a signatory to the UN's Global Compact. Reference is made to the separate statement on the Group's progress in relation to the UN's Global Compact (Communication on Progress or COP), see:

<https://www.takeda.com/corporate-responsibility/Sustainable-Value-Report/>

### 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 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

## **Management's Review**

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 FY2017/18.

### **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

### **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 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."

### **Impact on Environment**

Takeda A/S is comprised by Takeda's global EHS policy. As a global pharmaceutical company, Takeda 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).

Takeda A/S prepares an annual environmental report, which comprises an environmental report and environmental data which are submitted to national authorities and which are approved by local authorities. In this way, the Company gets an overview of environmental issues, environmental measures

## **Management's Review**

and priorities. As a result, our environmental focus has become more visible.

Takeda A/S continuously works towards replacing chemicals, including solvents, to less dangerous substances where possible.

### **Gender representation at Board and Management level**

There is no gender underrepresentation at either Board or Management level of the Company. The Board has 2 female and 3 male members. The site leadership team consists of 30% females and 70% males. No policy for other management levels have been formulated, as the Company has less than 50 employees.

### **Uncertainty relating to recognition and measurement**

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

### **Unusual events**

The financial position at 31 March 2018 of the Company and the results of the activities of the Company for the financial year for 2017/18 have not been affected by any unusual events.

### **Subsequent events**

In July 2017 Takeda Pharmaceuticals Company Ltd approved the decision to move legal ownership of In-House Bank, Payment Factory and Treasury from Takeda A/S to Takeda Pharmaceuticals International AG. The change in legal ownership was effected in April 2018.

Beside from the above no events have occurred after the balance sheet date which, in the opinion of the Board of Directors, may materially affect the assessment of the Company's financial position.

## Income Statement 1 April - 31 March

	<u>Note</u>	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>Revenue</b>	1	<b>157.677</b>	<b>182.011</b>
Other external expenses		<u>-101.332</u>	<u>-117.119</u>
<b>Gross profit</b>		<b>56.345</b>	<b>64.892</b>
Staff expenses	2	-46.458	-50.327
Amortisation and depreciation of intangible assets and property, plant and equipment	3	<u>-2.346</u>	<u>-6.597</u>
<b>Profit before financial income and expenses</b>		<b>7.541</b>	<b>7.968</b>
Financial income	4	139.830	42.003
Financial expenses	5	<u>-439.558</u>	<u>-464.228</u>
<b>Loss before tax</b>		<b>-292.187</b>	<b>-414.257</b>
Tax on loss for the year	6	<u>1.737</u>	<u>14.422</u>
<b>Net loss for the year</b>		<u><b>-290.450</b></u>	<u><b>-399.835</b></u>

## Balance Sheet 31 March

### Assets

	Note	2017/18 TDKK	2016/17 TDKK
Software		1.334	3.680
<b>Intangible assets</b>	7	<b>1.334</b>	<b>3.680</b>
Machinery and equipment		0	0
<b>Property, plant and equipment</b>	8	<b>0</b>	<b>0</b>
Investments in subsidiaries	9	64.674.245	64.674.245
Other receivables		2.525	2.525
<b>Fixed asset investments</b>		<b>64.676.770</b>	<b>64.676.770</b>
<b>Fixed assets</b>		<b>64.678.104</b>	<b>64.680.450</b>
Receivables from group enterprises		11.413.761	11.243.128
Other receivables		25.074	293.414
Deferred tax asset	10	16.970	133.531
Corporation tax		208.454	149.462
Prepayments		1.189	2.916
<b>Receivables</b>		<b>11.665.448</b>	<b>11.822.451</b>
<b>Cash at bank and in hand</b>		<b>2.643.669</b>	<b>5.119.204</b>
<b>Currents assets</b>		<b>14.309.117</b>	<b>16.941.655</b>
<b>Assets</b>		<b>78.987.221</b>	<b>81.622.105</b>

## Balance Sheet 31 March

### Liabilities and equity

	Note	2017/18 TDKK	2016/17 TDKK
Share capital		995	995
Retained earnings		64.610.069	64.900.519
<b>Equity</b>	<b>11</b>	<b>64.611.064</b>	<b>64.901.514</b>
Other payables		447	615
<b>Long-term liabilities</b>	<b>12</b>	<b>447</b>	<b>615</b>
Credit institutions		27.628	19.636
Trade payables		8.689	19.987
Payables to group enterprises		14.247.188	16.502.148
Other payables	12	92.205	178.205
<b>Short-term liabilities</b>		<b>14.375.710</b>	<b>16.719.976</b>
<b>Liabilities</b>		<b>14.376.157</b>	<b>16.720.591</b>
<b>Liabilities and equity</b>		<b>78.987.221</b>	<b>81.622.105</b>
Distribution of loss	13		
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Fee to auditors appointed at the general meeting	16		



## Statement of Changes in Equity

	<u>Share capital</u>	<u>Retained</u>	<u>Total</u>
	<u>TDKK</u>	<u>earnings</u>	<u>TDKK</u>
Equity at 1 April	995	64.900.519	64.901.514
Net loss for the year	0	-290.450	-290.450
<b>Equity at 31 March</b>	<b>995</b>	<b>64.610.069</b>	<b>64.611.064</b>

# Notes to the Financial Statements

## 1 Revenue

The Company does not have any revenue segments, as the revenue is entirely management fees.

	<u>2017/18</u>	<u>2016/17</u>
	TDKK	TDKK
<b>2 Staff expenses</b>		
Wages and salaries	42.634	45.734
Pensions	3.823	4.597
Other social security expenses	1	-4
	<u>46.458</u>	<u>50.327</u>
Including remuneration to the Executive Board and Board of Directors of:		
Salary	311	298
Pension	39	37
	<u>350</u>	<u>335</u>
<b>Average number of employees</b>	<u>38</u>	<u>47</u>
<b>3 Amortisation and depreciation of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	2.346	6.594
Depreciation of property, plant and equipment	0	3
	<u>2.346</u>	<u>6.597</u>
Which is specified as follows:		
Software	2.346	6.594
Machinery and equipment	0	3
	<u>2.346</u>	<u>6.597</u>
<b>4 Financial income</b>		
Interest received from group enterprises	50.486	31.730
Other financial income	90.487	10.273
Exchange gains	-1.143	0
	<u>139.830</u>	<u>42.003</u>

## Notes to the Financial Statements

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>5 Financial expenses</b>		
Interest paid to group enterprises	42.079	30.425
Fair value adjustment of financial instruments	0	318.743
Other financial expenses	196.700	24.009
Exchange losses	200.779	91.051
	<u>439.558</u>	<u>464.228</u>
<b>6 Tax on loss for the year</b>		
Current tax for the year	-12.844	-7.417
Deferred tax for the year	10.932	2.500
Adjustment of tax concerning previous years	-105.454	-9.505
Adjustment of deferred tax concerning previous years	105.629	0
	<u>-1.737</u>	<u>-14.422</u>
<b>7 Intangible assets</b>		
		<u>Software</u> TDKK
Cost at 1 April		81.006
Disposals for the year		-7.550
Cost at 31 March		<u>73.456</u>
Impairment losses and amortisation at 1 April		77.326
Amortisation for the year		2.346
Reversal of amortisation of disposals for the year		-7.550
Impairment losses and amortisation at 31 March		<u>72.122</u>
<b>Carrying amount at 31 March</b>		<u>1.334</u>

## Notes to the Financial Statements

### 8 Property, plant and equipment

	Machinery and equipment TDKK
Cost at 1 April	503
Cost at 31 March	503
Impairment losses and depreciation at 1 April	503
Impairment losses and depreciation at 31 March	503
<b>Carrying amount at 31 March</b>	<b>0</b>

	2017/18 TDKK	2016/17 TDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 April	64.674.245	64.674.245
Cost at 31 March	64.674.245	64.674.245
Value adjustments at 1 April	0	0
Value adjustments at 31 March	0	0
<b>Carrying amount at 31 March</b>	<b>64.674.245</b>	<b>64.674.245</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Takeda Pharma A/S	Høje-Taastrup, Denmark	TDKK 956,100	100%	100.534.993	595.839
Takeda Pharmaceuticals FZCO *	Dubai, UAE	TAED 1,000	10%	27.397	1.935

All foreign subsidiaries are recognised and measured as separate entities.

\* = Figures are according to Group GAAP (IFRS), as the statutory accounts are not yet available.

## Notes to the Financial Statements

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>10 Deferred tax asset</b>		
Deferred tax asset at 1 April	133.531	29.742
Amounts recognised in the income statement for the year	-116.561	103.789
<b>Deferred tax asset at 31 March</b>	<b>16.970</b>	<b>133.531</b>
Property, plant and equipment including software	-17.230	-22.520
Prepayments	260	67
Tax loss carry-forward	0	-111.078
Transferred to deferred tax asset	16.970	133.531
	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>		
Calculated tax asset	16.970	133.531
<b>Carrying amount</b>	<b>16.970</b>	<b>133.531</b>

## 11 Equity

The share capital consists of 13,362,814 shares of a nominal value of EUR 0,01 each, equivalent to TDKK 995. The share capital is not divided into shares and no shares carry any special rights.

The share capital has developed as follows:

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK	<u>2015/16</u> TDKK	<u>2014/15</u> TDKK	<u>2013/14</u> TDKK
Share capital at 1 April	995	995	844	839	839
Capital increase	0	0	151	5	0
Capital decrease	0	0	0	0	0
<b>Share capital at 31 March</b>	<b>995</b>	<b>995</b>	<b>995</b>	<b>844</b>	<b>839</b>

# Notes to the Financial Statements

## 12 Long-term liabilities

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

The liabilities fall due for payment as specified below:

	<u>2017/18</u>	<u>2016/17</u>
	TDKK	TDKK
<b>Other payables</b>		
Between 1 and 5 years	447	615
Long-term part	447	615
Other short-term payables	92.205	178.205
	<u>92.652</u>	<u>178.820</u>

## 13 Distribution of loss

Extraordinary dividend paid	0	1.700.000
Retained earnings	-290.450	-2.099.835
	<u>-290.450</u>	<u>-399.835</u>

## 14 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	5.227	5.227
Between 1 and 5 years	5.763	11.170
	<u>10.990</u>	<u>16.397</u>

### Guarantees

Warranties	118.032	102.533
------------	---------	---------

### Contingent assets and liabilities

The company has in previous years made an impairment related to a receivable. The asset is no longer considered virtually certain to receive. The total impairment end of year is DKK 930 million and is considered a contingent asset.

## Notes to the Financial Statements

### 14 Contingent assets, liabilities and other financial obligations (continued)

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.

### 15 Related parties

#### Basis

#### Controlling interest

Takeda Pharmaceutical Company Limited, Japan.	Immediate and ultimate parent
---	-------------------------------

#### 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.

#### Transactions

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. The Executive Board and Supervisory Board does not receive remuneration for their positions in Takeda A/S.

# Notes to the Financial Statements

## 15 Related parties (continued)

### Ownership

The following shareholders are 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 Pharmaceutical Company Limited, 1-1, Doshomachi 4-chome Chuo-ku, Osaka-shi 540-8645, Japan  
Takeda Europe Holdings B.V., Jupiterstraat 250, 2132 HK Hoofddorp, Netherlands

### Consolidated Financial Statements

The Company is included in the consolidated financial statements of the parent company

#### Name

---

Takeda Pharmaceutical Company Limited, Japan

The consolidated financial statements of the parent company can be obtained at the address:

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

	<u>2017/18</u> TDKK	<u>2016/17</u> TDKK
<b>16 Fee to auditors appointed at the general meeting</b>		
Audit fee to KPMG	366	558
Other assurance engagements	<u>150</u>	<u>95</u>
	<u><b>516</b></u>	<u><b>653</b></u>



# **Accounting Policies**

## **Basis of Preparation**

Financial Statements of Takeda A/S for FY 2017/18 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

In accordance with section 112 and section 86, item 4 of the Danish Financial Statements Act, no consolidated Financial Statements or Cash Flow Statement have been prepared. The Company and all its subsidiaries are included in the consolidated Financial Statements of the Ultimate Parent Company Takeda Pharmaceutical Company Limited, Japan.

Financial Statements for FY 2017/18 are presented in TDKK.

## **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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

# Accounting Policies

## Translation policies

Transactions in foreign currencies are translated at the corporate exchange rates at the dates of transaction. Gains and losses 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 corporate exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Derivative financial instruments

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge the risks involved in interest rate and foreign exchange rate fluctuations. On initial recognition, such derivative financial instruments are recognised at fair value at the date of concluding the hedge contract and are subsequently remeasured at fair value. Derivative financial instruments are recognised as assets when fair value is positive, and as liabilities when fair value is negative.

Gains and losses resulting from changes in the fair value of derivative financial instruments which do not qualify as hedging instruments are taken directly to the income statement for the year. The fair value of forward contracts is calculated using applicable forward exchange rates for contracts with similar maturity profiles.

## Income Statement

### Revenue

Revenue from services includes management fees received from other companies in the Group. The income is recognized throughout the financial year.

Revenue is recognised exclusive of VAT and net of discounts.

### Other external expenses

Other external expenses comprise primarily IT and administrative expenses etc.

### Staff expenses

Staff expenses comprise wages, salaries and related expenses.

## **Accounting Policies**

### **Amortisation, depreciation and impairment losses**

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

### **Income from investments in subsidiaries and associates**

Dividend from investments in subsidiaries and associates is recognised in the Company's income statement in the financial year in which the dividend is declared. If distributed dividend exceeds accumulated earnings after the date of acquisition the cost of the investment is impaired.

### **Financial income and expenses**

Financial income and expenses include interest, amortisation of finance costs, realised and unrealised foreign exchange gains and losses as well as other financial income and expenses related to the financial year. Unrealised foreign exchange gains and losses include changes in the fair value of derivative financial statements concluded to hedge fair value.

### **Tax on loss 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 wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets**

Software is measured at the lower of cost less accumulated amortisation and recoverable amount. Software is amortised over its estimated useful life, which is assessed at 3-5 years.

### **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 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:

Machinery and equipment	3-10 years
-------------------------	------------

## **Accounting Policies**

### **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.

### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **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, including the tax base of tax loss carry-forwards, 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.

### **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.

## Accounting Policies

### Financial liabilities

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

## 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$