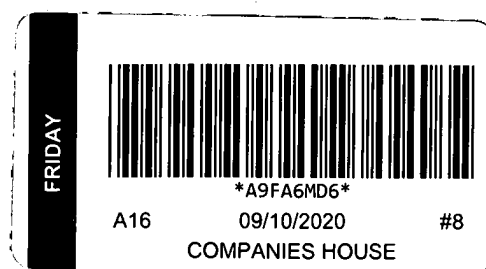


# **Alnylam UK Limited**

Registered number: 08871372

## **Annual report**

**For the year ended 31 December 2019**



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**ALNYLAM UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D R Jones J V Poulton A Greco
<b>Company secretary</b>	A Greco
<b>Registered number</b>	08871372
<b>Registered office</b>	Braywick Gate Braywick Road Maidenhead SL6 1DA
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX

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**ALNYLAM UK LIMITED**

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## ALNYLAM UK LIMITED

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### STRATEGIC REPORT For the year ended 31 December 2019

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#### Introduction

The directors present their strategic report for Alnylam UK Limited for the year ended 31 December 2019.

#### Business review

There was a profit for the year after taxation amounting to £247,593 (2018: £154,885). The year on year increase in sales is driven by the product launch of Onapattro in July 2019.

The directors have not proposed a dividend for the year (2018: nil).

During the year the company issued 1,000 shares at par value. Consideration received in addition to nominal value amounted to £4,750,069 which has been credited to share premium.

#### Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include interest rate risk, credit risk, liquidity risk and currency risk. These risks are managed by the directors of the company in accordance with group policies.

##### *Interest rate risk*

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances and interest bearing liabilities are bank overdrafts. The assets and liabilities earn or are charged interest at a variable rate of interest and are reviewed regularly by the directors.

##### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of credit extended to any one customer is subject to a limit which is reviewed periodically by the directors.

##### *Currency risk*

The company has not implemented a specific policy to protect against currency fluctuations. The fact that the company is trading in Sterling and Euro currencies could have a negative impact on future results.

#### Financial key performance indicators

Management use key performance indicators (KPI's) to monitor the generation of shareholder value. Of these, the principal indicators are shown below:

	2019 £	2018 £
Product revenue	2,149,635	-
Total revenue	24,910,894	13,203,878
Gross profit	10,922,816	7,119,193
Operating profit	1,003,224	384,990

**STRATEGIC REPORT (CONTINUED)**  
**For the year ended 31 December 2019**

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**The withdrawal of the United Kingdom from the European Union**

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an Implementation Period which is scheduled to end on 31 December 2020. During this period, the trading relationship between the UK and the EU is expected to remain unchanged, however the terms of the future relationship between the UK and the EU from 1 January 2021 onwards are still unknown. At the date of this report it is therefore impossible to assess in detail the opportunities and threats that this future relationship could present. The directors are managing these risks by closely monitoring developments, and are confident that the company will be able to amend and modify its procedures to remain fully compliant with any future rules and regulations, and to maintain its standing and reputation in the marketplace throughout Europe and worldwide.

**Coronavirus and the COVID-19 pandemic**

The impact of the Coronavirus outbreak is yet not clear and at the date of this report it is not possible to evaluate all potential implications for the Company's trade, customers, and suppliers. The directors consider that depending on the effect of the pandemic as well as government responses to it, the company may face different economic scenarios such as a slowdown or recession. This may directly affect the trade of the company. The directors are actively analysing possible consequences whilst directing the company's response to mitigate these risks. Their principal objectives are to protect the health and safety of personnel in the performance of their duties, ensure the continuity of operations, and to fully cooperate with public authorities on all matters within their scope.

This report was approved by the board and signed on its behalf by:

David Jones   
**D R Jones**  
Director

Digitally signed by David Jones  
DN: cn=David Jones,  
ou=Alnylam Pharmaceuticals,  
c=GB,  
email=David.Jones@alnylam.com,  
date=2020.09.29 11:18:03  
+0100

Date: 29 September 2020

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## **ALNYLAM UK LIMITED**

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### **DIRECTORS' REPORT**

**For the year ended 31 December 2019**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company is that of supporting the group's activities in relation to the UK and EU regulatory framework applicable to the group's products and processes of research and experimental development in biotechnology. In July 2019 the company also launched a new pharmaceutical product, Onpattro.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £247,953 (2018: £154,885).

The directors have not proposed a dividend for the year (2018: nil).

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A K Vaishnaw (resigned 27 May 2019)  
J P Boursier (resigned 2 May 2019)  
T M Heggie (resigned 31 March 2020)  
D R Jones (appointed 27 May 2019)  
M S Soni (appointed 27 May 2019, resigned 12 August 2019)  
J V Poulton (appointed 13 August 2019)  
A Greco (appointed 1 April 2020)

#### **Going concern**

The financial statements are prepared on a going concern basis. The company remains assured of the financial support provided by the ultimate parent company. The directors have received confirmation that the ultimate parent company will continue to support the company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### **Qualifying third party indemnity provisions**

The Company has indemnified the directors and officers in respect of proceedings which may be brought by third parties and such indemnification was in place throughout the year and remains in place at the date of signing these financial statements. This is a qualifying third party indemnity for the purposes of the Companies Act 2006. Neither the Company's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

#### **Matters covered in the strategic report**

The company has chosen in accordance with companies Act 2006, s414C(11) to set out in the company's strategic report in formation required by Schedule 7 to the Large and Medium-sized Companies and Groups Financial statements Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 to 2. These matters relate to principal risks and uncertainties, business review and financial key performance indicators.

**DIRECTORS' REPORT (CONTINUED)**  
**For the year ended 31 December 2019**

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**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Post balance sheet events**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been considered by the Directors as set out in the Strategic report.

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**ALNYLAM UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)**  
**For the year ended 31 December 2019**

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**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

  
**D R Jones**  
Director

Date: 29 September 2020



# ***Independent auditors' report to the members of Alnylam UK Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Alnylam UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: statement of financial position as at 31 December 2019; statement of comprehensive income, statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# ***Independent auditors' report to the members of Alnylam UK Limited (continued)***

## ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### ***Auditors' 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 auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Lee Jarrett (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
Date: 29 September 2020

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**ALNYLAM UK LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2019**

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	Note	2019 £	2018 £
Revenue	4	24,910,894	13,203,878
Cost of sales		(13,988,078)	(6,084,685)
<b>Gross profit</b>		<u>10,922,816</u>	<u>7,119,193</u>
Administrative expenses		(9,919,592)	(6,734,203)
<b>Operating profit</b>	5	<u>1,003,224</u>	<u>384,990</u>
Interest payable and similar expenses	9	(141)	(2,881)
<b>Profit before taxation</b>		<u>1,003,083</u>	<u>382,109</u>
Tax on profit	10	(755,130)	(227,224)
<b>Total comprehensive income for the year</b>		<u><u>247,953</u></u>	<u><u>154,885</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income in the years ended 31 December 2019 and 31 December 2018.

The notes on pages 11 to 29 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	-	1,290
Tangible fixed assets	12	1,194,331	2,002,938
Investments	13	787,573	303,897
		<u>1,981,904</u>	<u>2,308,125</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	15,403,844	14,428,500
Cash at bank and in hand		2,669,948	617,893
		<u>18,073,792</u>	<u>15,046,393</u>
Creditors: amounts falling due within one year	15	(13,991,736)	(16,221,027)
<b>Net current assets/(liabilities)</b>		<u>4,082,056</u>	<u>(1,174,634)</u>
<b>Total assets less current liabilities</b>		<u>6,063,960</u>	<u>1,133,491</u>
Creditors: amounts falling due after more than one year	16	(367,828)	(436,381)
<b>Net assets</b>		<u><u>5,696,132</u></u>	<u><u>697,110</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	2,000	1,000
Share premium account	20	4,750,069	-
Profit and loss account	20	944,063	696,110
<b>Total equity</b>		<u><u>5,696,132</u></u>	<u><u>697,110</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Digitally signed by David Jones  
DN: cn=David Jones, o=Alnylam Pharmaceuticals GmbH, ou=Finance, email=d.jones@alnylam.co.uk, c=GB  
Date: 2020.09.29 14:10:54 +0200

**David Jones**  
**D R Jones**  
Director  
29/09/2020

The notes on pages 11 to 29 form part of these financial statements.

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**ALNYLAM UK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2019**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	1,000	-	541,225	542,225
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	154,885	154,885
<b>Total comprehensive income for the year</b>	-	-	154,885	154,885
<b>At 31 December 2018</b>	1,000	-	696,110	697,110
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	247,953	247,953
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	247,953	247,953
Shares issued during the year	1,000	4,750,069	-	4,751,069
<b>At 31 December 2019</b>	2,000	4,750,069	944,063	5,696,132

The notes on pages 11 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**1. General information**

Alnylam UK Limited is a private company limited by shares incorporated in the England and Wales. The address of its registered office is Braywick Gate, Braywick Road, Maidenhead, SL6 1DA (registered number 08871372).

The principal activity of the company is that of supporting the group's activities in relation to the UK and EU regulatory framework applicable to the group's products and processes of research and experimental development in biotechnology. In July 2019 the company also launched a new pharmaceutical product, Onpatro.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3). The accounting policies have been applied consistently, other than where new policies have been adopted.

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Alnylam Pharmaceuticals Inc. as at 31 December 2019 and these financial statements may be obtained from Alnylam Pharmaceuticals Inc, 300 Third Street, Cambridge, MA, 02142, USA.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements are prepared on a going concern basis. The company remains assured of the financial support provided by the ultimate parent company. The directors have received confirmation that the ultimate parent company will continue to support the company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

**2.4 Exemption from preparing consolidated financial statements**

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

L/Term Leasehold Property	-	Lease period
Fixtures & fittings	-	20% straight line
Office equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.11 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.13 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is Pound Sterling.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

**2.14 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.15 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

**2.16 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.17 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

**3.1 Critical judgements in applying the company's accounting policies**

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

*(i) Assessing indicators of impairment*

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(i) Determining residual values and useful economic lives of tangible fixed assets*

The group depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful life. Where possible this is done with reference to external market prices.

*(ii) Share based payments exercised*

The company has assumed that employees will be employed by the company for the entire vesting period.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**4. Revenue**

An analysis of revenue by class of business is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sale of services	22,761,259	13,203,878
Sale of products	2,149,635	-
	<u>24,910,894</u>	<u>13,203,878</u>

Revenue from the sale of products arose within the United Kingdom, revenue from the sale of services arose with Switzerland, the Netherlands and Bermuda.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amortisation of intangible assets	1,290	2,290
Depreciation of tangible fixed assets	781,618	395,380
Exchange differences	(188,850)	239,858
Other operating lease rentals	805,516	1,070,729
Share based payment	2,933,831	1,711,544
	<u>2,933,831</u>	<u>1,711,544</u>

**6. Auditors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>41,500</u>	<u>30,000</u>

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the parent company.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**7. Employees**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	13,953,980	5,794,553
Social security costs	788,126	601,717
Other pension costs	504,716	268,200
	<u>15,246,822</u>	<u>6,664,470</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Staff	<u>60</u>	<u>36</u>

**8. Directors' remuneration**

The directors are paid by other companies in the Alnylam Pharmaceuticals Inc. group in both the current and prior years. The directors do not consider it practicable to accurately allocate remuneration paid for qualifying services in respect of the company and remuneration for qualifying services provided to the other group companies.

**9. Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<u>141</u>	<u>2,881</u>
	<u>141</u>	<u>2,881</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**
**10. Tax on profit**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	1,215,157	282,185
Adjustments in respect of previous periods	(118,546)	(33,001)
	<u>1,096,611</u>	<u>249,184</u>
<b>Total current tax</b>	<u>1,096,611</u>	<u>249,184</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(376,132)	(22,577)
Adjustments in respect of previous periods	34,651	617
<b>Total deferred tax</b>	<u>(341,481)</u>	<u>(21,960)</u>
<b>Taxation on profit</b>	<u>755,130</u>	<u>227,224</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Profit before tax	<u>1,003,083</u>	<u>382,109</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	190,586	72,601
<b>Effects of:</b>		
Expenses not deductible for tax purposes	986,351	332,457
Fixed asset differences	66,472	53,873
Rate change	44,250	2,656
Adjustments to tax charge in respect of prior periods	(118,546)	(33,001)
Adjustment to tax charge in respect of previous periods - deferred tax	34,651	617
Other tax adjustments	(30,459)	-
Other permanent differences - share scheme	(102,877)	(160,351)
Timing differences not recognised in the computation	(315,298)	(41,628)
<b>Total tax charge for the year</b>	<u>755,130</u>	<u>227,224</u>



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**ALNYLAM UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**10. Tax on profit (continued)****Factors that may affect future tax charges**

The UK Budget 2020 announced that the corporation tax rate was to be held at 19% rather than reduced to 17% with effect from 1 April 2020 as previously enacted. This provision was substantially enacted on 17 March 2020, after the end of the accounting period, and so deferred tax closing balances have been calculated at 17%.

**11. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2019	8,121
At 31 December 2019	<u>8,121</u>
<b>Accumulated amortisation</b>	
At 1 January 2019	6,831
Charge for the year	<u>1,290</u>
At 31 December 2019	<u>8,121</u>
<b>Net book value</b>	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u><u>1,290</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2019

**12. Tangible assets**

	<b>L/Term Leasehold Property £</b>	<b>Fixtures &amp; fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2019	2,244,335	311,048	88,805	2,644,188
Additions	51,712	81,611	-	133,323
Disposals	(160,312)	-	-	(160,312)
At 31 December 2019	<u>2,135,735</u>	<u>392,659</u>	<u>88,805</u>	<u>2,617,199</u>
<b>Accumulated depreciation</b>				
At 1 January 2019	492,916	143,051	5,283	641,250
Charge for the year	704,106	62,999	14,513	781,618
At 31 December 2019	<u>1,197,022</u>	<u>206,050</u>	<u>19,796</u>	<u>1,422,868</u>
<b>Net book value</b>				
At 31 December 2019	<u>938,713</u>	<u>186,609</u>	<u>69,009</u>	<u>1,194,331</u>
At 31 December 2018	<u>1,751,419</u>	<u>167,997</u>	<u>83,522</u>	<u>2,002,938</u>

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**ALNYLAM UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**13. Investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2019	303,897
Additions	483,676
At 31 December 2019	<u>787,573</u>
<b>Net book value</b>	
At 31 December 2019	<u>787,573</u>
At 31 December 2018	<u>303,897</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Alnylam Switzerland GmbH	Grafenauweg 4, 6300 Zug, Switzerland	Manufacturer and wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam France SAS	100-102 Avenue de Suffren, 75015 Paris, France	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Germany GmbH	Maximilianstrabe 35a, 80539 Munchen, Germany	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Italy Srl	Via LePetit 8/10 - 20124 Milano, Italy	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Sweden AB	Olaf PalmesGata 29-111, 22 Stockholm, Sweden	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Pharmaceuticals Spain SL	Peseo de la Castellana 141 - 28046 Madrid, Spain	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Canada ULC	Robert Speck Parkway 4-15th floor, Mississauga L4Z 1S1, Canada	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Netherlands BV	Strawinskylaan 3051, 1077 ZX Amsterdam, Netherlands	Distributor and wholesaler of pharmaceutical goods	Ordinary	100%

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**13. Investments (continued)****Subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Alnylam Japan K.K.	4F Tekko Bldg, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo Japan 100-0005, Japan	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Austria GmbH	Kaerntner Ring 5-7, 1010 Vienna, Austria	Wholesaler of pharmaceutical goods	Ordinary	100%
ALNYPT Unipessoal LDA	Rue Tomas da Fonseca, Torres de Lisboa, Torre G-5 andar, 1600-209, Lisboa, Portugal	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Belgium SPRL	1040 Bruxelles (Belgique), Rond Point Schumann 6	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Taiwan Co Ltd	2F-A., No. 170, Dunhua N. RD., Songshan Dist., Taipei City 105, Taiwan	Wholesaler of pharmaceutical goods	Ordinary	100%
Alnylam Brazil Farmaceutica LTDA	Complexo JK-Avenida Presidente Jusceline Kubitscheck 2041, 5 Andar, Sao Paulo 04543- 011 SP, Brazil	Wholesaler of pharmaceutical goods	Ordinary	99%
Alnylam Czech s.r.o.	Klimentska 1216/46, 110 00 Praha 1 - Nove Mesto, Czech republic	Wholesaler of pharmaceutical goods	Ordinary	100%

During the year ended 31 December 2019, the company acquired 99% of the ordinary share capital in Alnylam Brazil Farmaceutica LTDA.

During the year ended 31 December 2019, the company also acquired 100% of the ordinary share capital in Alnylam Czech s.r.o.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**14. Debtors: Amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,415,570	-
Amounts owed by group undertakings	12,989,558	13,782,346
Other debtors	281,475	341,878
Prepayments and accrued income	374,659	303,175
Deferred taxation	342,582	1,101
	<u>15,403,844</u>	<u>14,428,500</u>

Amounts owed by group undertakings are interest free and repayable on demand.

**15. Creditors: Amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	426,677	675,027
Amounts owed to group undertakings	8,069,303	13,616,555
Corporation tax	854,508	-
Taxation and social security	1,456,959	137,516
Accruals and deferred income	3,184,289	1,791,929
	<u>13,991,736</u>	<u>16,221,027</u>

Amounts owed to group undertakings are interest free and repayable on demand.

**16. Creditors: Amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	367,828	436,381
	<u>367,828</u>	<u>436,381</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**17. Deferred taxation**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
At beginning of year	1,101	(20,859)
Charged to profit or loss	376,132	22,577
Adjustment in respect of prior periods	(34,651)	(617)
<b>At end of year</b>	<u><u>342,582</u></u>	<u><u>1,101</u></u>

The deferred tax asset is made up as follows:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Accelerated capital allowances	(12,659)	(27,498)
Short term timing differences	355,241	28,599
	<u><u>342,582</u></u>	<u><u>1,101</u></u>

**18. Called up share capital**

Shares classified as equity:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Allotted, called up and fully paid</b>		
2,000 (2018: 1,000) ordinary shares of £1 each	<u><u>2,000</u></u>	<u><u>1,000</u></u>

During the year the company issued 1,000 shares. Consideration received in addition to nominal value amounted to £4,750,069.

Each share carries full voting, dividend and capital distribution rights.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**


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**19. Share based payments**

The company's employees participate in a share based payment plan operated by the ultimate parent company, Alnylam Pharmaceuticals, Inc. Details of the plan, which were approved by the stockholders of the parent company on 11 June 2009 as the Alnylam Pharmaceuticals, Inc 2009 Stock Incentive Plan, as amended effective 6 June 2013 ("the plan") are as follows:

Persons eligible to receive awards under the plan include officers or employees of the parent company or any of its subsidiaries, directors of the parent company, and certain consultants and advisors to the parent company or any of its subsidiaries. Share options granted under the plan and under the prior plan generally become exercisable in equal tranches over the period to four years after the initial grant and expire within ten years from the date of the grant.

99,052 options were exercisable at the end of the year (2018: 58,820).

During the year, share based payment expense of £2,933,831 (2018: £1,711,544) was recognised.

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Number of</b>	<b>Weighted</b>	<b>Number of</b>	<b>Weighted</b>
	<b>share</b>	<b>average</b>	<b>share</b>	<b>average</b>
	<b>options</b>	<b>exercise</b>	<b>options</b>	<b>exercise</b>
		<b>price</b>		<b>price</b>
		<b>\$</b>		<b>\$</b>
Outstanding at the beginning of the year	169,839	92	124,623	76
Granted during the year	130,042	84	77,960	113
Forfeited during the year	(12,977)	92	(16,883)	97
Exercised during the year	(25,469)	69	(15,861)	60
Expired during the year	(293)	103	-	-
	<u>261,142</u>	<u>91</u>	<u>169,839</u>	<u>92</u>

**20. Reserves****Share premium account**

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

**Profit & loss account**

This reserve represents the cumulative profits and losses.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2019**

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**21. Commitments under operating leases**

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	656,635	656,635
Later than 1 year and not later than 2 years	656,635	656,635
Later than 2 year and not later than 5 years	1,969,904	1,969,904
Later than 5 years	894,102	1,550,737
	<u>4,177,276</u>	<u>4,833,911</u>

**22. Related party transactions**

The company is a wholly owned member of Alnylam Pharmaceuticals Inc. group, and as such has taken advantage of the exemption permitted by section 33 related party disclosure, not to provide disclosures of transactions entered into with other wholly owned members of the group.

**23. Post balance sheet events**

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. This is considered to be a non-adjusting post balance sheet event for the Company. The impact has been considered by the Directors as set out in the Strategic report.

**24. Ultimate parent undertaking and controlling party**

The ultimate parent undertaking and controlling party of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Alnylam Pharmaceuticals Inc, a company registered in the United States of America. Copies of its consolidated financial statements are available to the public and may be obtained from Alnylam Pharmaceuticals Inc, 300 Third Street, Cambridge, MA, 02142, USA.