



Ferring Lægemidler A/S

Amager Strandvej 405
2770 Kastrup
CVR No. 16313491

Annual report 2021

The Annual General Meeting adopted the
annual report on 20.05.2022

Kjell Thomas Larsson

Chairman of the General Meeting

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Entity details

Entity

Ferring Lægemidler A/S
Amager Strandvej 405
2770 Kastrup

Business Registration No.: 16313491
Date of foundation: 01.08.1992
Registered office: Tårnby
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Kjell Thomas Larsson
Lasse Juul Jakobsen

Executive Board

Morten Vaupel

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Ferring Lægemidler A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 20.05.2022

Executive Board

Morten Vaupel

Board of Directors

Kjell Thomas Larsson

Lasse Juul Jakobsen

Independent auditor's report

To the shareholder of Ferring Lægemedler A/S

Opinion

We have audited the financial statements of Ferring Lægemedler A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 20.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Flemming Larsen

State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

The Company markets and sells pharmaceuticals on the Danish and the Icelandic markets.

Description of material changes in activities and finances

The income statement of the Company for 2021 shows a profit of DKK 2.554 thousand. The result is in line with expectations. At 31.12.21, the Company's balance sheet shows equity of DKK 10.420 thousand.

During 2021 the Nordic Cluster project has been finalized. The objective has been to ensure the commercial organization is better positioned to the challenging market conditions and aligning with Ferring's Growth agenda. The Nordic cluster operation model is now fully implemented and a new Nordic GM has been appointed in June 2021

The outbreak of COVID-19 at the beginning of 2020 has not had and is not expected to have a significant impact on the company's financial position and development

Events after the balance sheet date

No material events have occurred after the balance sheet date to this date, which would influence the annual report.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		7,126	15,053
Staff costs	1	(3,691)	(13,358)
Depreciation, amortisation and impairment losses		0	(96)
Operating profit/loss		3,435	1,599
Other financial income		7	0
Other financial expenses	2	(154)	(67)
Profit/loss before tax		3,288	1,532
Tax on profit/loss for the year	3	(734)	(399)
Profit/loss for the year		2,554	1,133
Proposed distribution of profit and loss			
Retained earnings		2,554	1,133
Proposed distribution of profit and loss		2,554	1,133

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Manufactured goods and goods for resale		26,444	22,309
Inventories		26,444	22,309
Trade receivables		7,195	7,270
Receivables from group enterprises		2,479	6,306
Deferred tax		19	46
Other receivables		10	2
Prepayments		548	325
Receivables		10,251	13,949
Current assets		36,695	36,258
Assets		36,695	36,258

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		500	500
Retained earnings		9,920	7,366
Equity		10,420	7,866
Other provisions		0	94
Provisions		0	94
Other payables		0	723
Non-current liabilities other than provisions		0	723
Trade payables		1,813	1,064
Payables to group enterprises		22,083	21,127
Income tax payable		714	408
Other payables		1,665	4,976
Current liabilities other than provisions		26,275	27,575
Liabilities other than provisions		26,275	28,298
Equity and liabilities		36,695	36,258
Unrecognised rental and lease commitments	4		
Contingent liabilities	5		
Group relations	6		

Statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	500	7,366	7,866
Profit/loss for the year	0	2,554	2,554
Equity end of year	500	9,920	10,420

Notes

1 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	3,242	12,391
Pension costs	309	677
Other social security costs	7	45
Other staff costs	133	245
	3,691	13,358
Average number of full-time employees	2	10

2 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	114	17
Exchange rate adjustments	5	3
Other financial expenses	35	47
	154	67

3 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	707	399
Change in deferred tax	27	0
	734	399

4 Unrecognised rental and lease commitments

	2021	2020
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	112	531

5 Contingent liabilities

The Company participates in a Danish joint taxation arrangement where Ferring Pharmaceuticals A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Insula Corporation S.á.r.l.

7 rue Robert Stümper

L-2557 Luxembourg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Ferring Holding S.A. *

Chemin De La Vergognausaz 50

1162 Saint-Prex, Vaud, Switzerland

* The consolidated financial statement is according to Swiss legislation not published.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

This annual report has been presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises , interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other provisions

Other provisions comprise anticipated costs of returns.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.