

Ferring Lægemidler A/S

Amager Strandvej 405, 2770 Kaastrup

Company reg. no. 16 31 34 91

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 28 June 2023.

Kjell Thomas Larsson
Chairman of the meeting

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

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Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Ferring Lægemidler A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Kaastrup, 28 June 2023

Managing Director

Morten Vaupel

Board of directors

Kjell Thomas Larsson

Lasse Juul Jakobsen

Valerio Trifoni

Independent auditor's report

To the Shareholders of Ferring Lægemidler A/S

Auditor's report on the Financial Statements

Opinion

We have audited the financial statements of Ferring Lægemidler A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under 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 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional 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 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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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.

Independent auditor's report

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 required under the Danish Financial Statements Act.

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

Report on other legal and regulatory requirements and other reporting responsibilities

Violation of company law and similar legislation

Management has not complied with its obligation under the companies act to create and maintain records and protocols etc. for meetings held in 2022. Consequently management can be held liable.

Copenhagen S, 28 June 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 96 35 56

Flemming Larsen

State Authorised Public Accountant
mne27790

Company information

The company	Ferring Lægemedler A/S Amager Strandvej 405 2770 Kaastrup
	Company reg. no. 16 31 34 91 Financial year: 1 January - 31 December
Board of directors	Kjell Thomas Larsson Lasse Juul Jakobsen Valerio Trifoni
Managing Director	Morten Vaupel
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S

Management's review

Description of key activities of the company

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

Development in activities and financial matters

The income statement of the Company for 2022 shows a profit of DKK 1.549 thousand. The result is in line with expectations. At 31.12.22, the Company's balance sheet shows equity of DKK 11.969 thousand.

Events occurring after the end of the financial year

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

Accounting policies

The 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.

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

Recognition and measurement in general

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

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.

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.

Accounting policies

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 good 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 net profit or 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.

Accounting policies

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).

Statement of financial position

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.

Prepayments

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

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

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.

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.

Accounting policies

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.

Income statement 1 January - 31 December

DKK thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	5.728	7.126
1 Staff costs	-3.713	-3.691
Operating profit	2.015	3.435
Other financial income	256	7
2 Other financial expenses	-145	-154
Pre-tax net profit or loss	2.126	3.288
3 Tax on net profit or loss for the year	-577	-734
Net profit or loss for the year	1.549	2.554
Proposed distribution of net profit:		
Dividend for the financial year	4.500	0
Transferred to retained earnings	0	2.554
Allocated from retained earnings	-2.951	0
Total allocations and transfers	1.549	2.554

Balance sheet at 31 December

DKK thousand.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Manufactured goods and goods for resale	26.103	26.444
Total inventories	<u>26.103</u>	<u>26.444</u>
Trade receivables	5.673	7.195
Receivables from group enterprises	4.128	2.479
Deferred tax assets	14	19
Other receivables	0	10
Prepayments	0	548
Total receivables	<u>9.815</u>	<u>10.251</u>
Total current assets	<u>35.918</u>	<u>36.695</u>
Total assets	<u>35.918</u>	<u>36.695</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	500	500
Retained earnings	6.969	9.920
Proposed dividend for the financial year	4.500	0
Total equity	<u>11.969</u>	<u>10.420</u>
Liabilities other than provisions		
Trade payables	1.719	1.813
Payables to group enterprises	20.279	22.083
Income tax payable	575	714
Other payables	1.376	1.665
Total short term liabilities other than provisions	<u>23.949</u>	<u>26.275</u>
Total liabilities other than provisions	<u>23.949</u>	<u>26.275</u>
Total equity and liabilities	<u>35.918</u>	<u>36.695</u>

4 Contingencies

5 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	500	9.920	0	10.420
Retained earnings for the year	0	-2.951	4.500	1.549
	500	6.969	4.500	11.969

Notes

DKK thousand.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	3.283	3.242
Pension costs	306	309
Other costs for social security	7	7
Other staff costs	<u>117</u>	<u>133</u>
	<u>3.713</u>	<u>3.691</u>
Average number of employees	<u>2</u>	<u>2</u>
2. Other financial expenses		
Financial expenses from group enterprises	84	114
Exchange rate adjustments	41	5
Other financial expenses	<u>20</u>	<u>35</u>
	<u>145</u>	<u>154</u>
3. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	572	707
Change in deferred tax	<u>5</u>	<u>27</u>
	<u>577</u>	<u>734</u>

Notes

DKK thousand.

4. Contingencies

Unrecognised rental and lease commitments

	31/12 2022 DKK in thousands
Lease liabilities	9
Total contingent liabilities	9

Lease liabilities

The company has entered into operational leases with an average annual lease payment of TDKK . The leases have 1 months to maturity and total outstanding lease payments total TDKK 9.

Contigent liabilites

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.

5. Related parties

Consolidated financial statements

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.