



## Orifarm Generics Holding A/S

Energivej 15  
5260 Odense S  
CVR No. 27347223

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 11.06.2021

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**Kim Jensen**

Chairman of the General Meeting

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# Entity details

## Entity

Orifarm Generics Holding A/S

Energivej 15

5260 Odense S

CVR No.: 27347223

Registered office: Odense

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Hans Carl Bøgh-Sørensen, Chairman

Birgitte Bøgh-Sørensen

Erik Sandberg

## Executive Board

Ulrik Kronborg Markussen, Chief Executive Officer

## 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 Orifarm Generics Holding A/S for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Odense, 11.06.2021

## Executive Board

**Ulrik Kronborg Markussen**  
Chief Executive Officer

## Board of Directors

**Hans Carl Bøgh-Sørensen**  
Chairman

**Birgitte Bøgh-Sørensen**

**Erik Sandberg**

# Independent auditor's report

## To the shareholders of Orifarm Generics Holding A/S

### Opinion

We have audited the financial statements of Orifarm Generics Holding A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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, 11.06.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Nikolaj Thomsen**

State Authorised Public Accountant  
Identification No (MNE) mne33276

**Jens Serup**

State Authorised Public Accountant  
Identification No (MNE) mne45825

# Management commentary

## Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Gross profit/loss	12,868	12,569	6,289	5,232	7,536
Operating profit/loss	3,370	(728)	(1,029)	(183)	1,884
Net financials	(6,435)	(3,523)	(4,863)	(5,876)	(9,768)
Profit/loss for the year	114,171	72,395	41,019	63,279	67,278
Total assets	627,598	514,730	505,666	515,386	491,416
Equity	417,490	303,266	268,235	286,541	259,882
<b>Ratios</b>					
Return on equity (%)	31.68	25.34	14.79	23.16	29.62
Equity ratio (%)	66.52	58.92	53.05	55.60	52.88

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$



### Primary activities

Orifarm Generics Holding A/S is part of the Orifarm Group which is an ambitious operator in the European market for pharmaceuticals. Our ambition is to make affordable healthcare available. In other words: We offer consumers and societies more healthcare for their money.

The Company's primary activity is to own subsidiaries engaged in the sale and production of generic pharmaceutical products. In addition, the company owns files for approval of the sale of generic pharmaceutical products.

### Development in activities and finances

The annual result shows a profit of t.DKK 114,171 against a profit of t.DKK 72,395 in 2019.

The company's results for 2020 are considered satisfactory and in line with the expectations set out in the financial statement for 2019.

### Outlook

For 2021, Orifarm Generics Holding A/S expects revenue growth in the range of 10-15% and an operating income at 2020 level. No consequences from COVID-19 have been incorporated into these expectations.

The continuing outbreak of COVID-19 at the beginning of 2021 is not expected to have a material impact on the Entity's financial position, as Orifarm's supply chain is intact and pharmaceuticals are highly demanded and essential also during the COVID-19 outbreak.

Reference is made to note 1 of the annual report for events after the balance sheet date.

### Particular risks

#### *Operating conditions*

For Generic Pharmaceuticals, the company policy states that infringing on patent rights should be avoided. However, since patent holders have a significant commercial interest in defending market monopolies that exceed the protections granted by a given patent, and since manufactures of generic products have an interest in challenging the market at patent expiry, disputes and litigation are difficult to avoid. Orifarm is from time to time involved in pending legal proceedings. The outcome of these may affect the company's earnings.

#### *Financial matters*

The company is exposed to fluctuations in foreign exchange rates and interest rate levels. The risks are mitigated through hedge, in accordance with the company's policy. Exchange rate risks are primarily related to the currencies NOK and SEK.

Orifarm's financial risks, including its cash management and extension of credits, are managed centrally. The aim is to maintain a balanced risk profile.

### Research and development activities

The company has significant development activities covering both product and process development.

### Statutory report on corporate social responsibility

Orifarm Group joined the UN Global Compact in 2018 and we are consequently incorporating the Ten Principles into our strategies, policies and procedures.

Our progress report is reported for the group as a whole and is available at [www.orifarm.com/media/1835/orifarm\\_cop-rapport-2020.pdf](http://www.orifarm.com/media/1835/orifarm_cop-rapport-2020.pdf)

### **Statutory report on the underrepresented gender**

Throughout many years, the Company has focused on diversity among the employees and in management, including an equal distribution between men and women. The Company believes that this ensures a good working environment and helps sharpen the Company's competitiveness.

With 3 board members, the current distribution between the genders of 1/3 is considered to be an equal distribution. On this basis, no further target figures for the Board are reported.

To ensure diversity among other management levels, the company has set up a policy to increase the proportion of the underrepresented gender in the rest of management. The policy can be found at [www.orifarm.com/media/1835/orifarm\\_cop-rapport-2020.pdf](http://www.orifarm.com/media/1835/orifarm_cop-rapport-2020.pdf)

# Income statement for 2020

	Notes	2020 DKK'000	2019 DKK '000
Other operating income		13,218	12,646
Other external expenses		(350)	(77)
<b>Gross profit/loss</b>		<b>12,868</b>	<b>12,569</b>
Depreciation, amortisation and impairment losses	2	(9,498)	(13,297)
<b>Operating profit/loss</b>		<b>3,370</b>	<b>(728)</b>
Income from investments in group enterprises		116,562	75,505
Other financial income	3	708	325
Other financial expenses	4	(7,143)	(3,848)
<b>Profit/loss before tax</b>		<b>113,497</b>	<b>71,254</b>
Tax on profit/loss for the year	5	674	1,141
<b>Profit/loss for the year</b>	6	<b>114,171</b>	<b>72,395</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	8	13,232	14,954
Acquired licences		11,950	10,621
Development projects in progress	8	14,591	13,824
<b>Intangible assets</b>	7	<b>39,773</b>	<b>39,399</b>
Investments in group enterprises		497,547	450,672
Receivables from group enterprises		0	744
Deposits		547	0
<b>Financial assets</b>	9	<b>498,094</b>	<b>451,416</b>
<b>Fixed assets</b>		<b>537,867</b>	<b>490,815</b>
Trade receivables		33	0
Receivables from group enterprises		70,578	23,333
Other receivables		19,120	0
Tax receivable		0	582
<b>Receivables</b>		<b>89,731</b>	<b>23,915</b>
<b>Current assets</b>		<b>89,731</b>	<b>23,915</b>
<b>Assets</b>		<b>627,598</b>	<b>514,730</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK'000</b>	<b>2019 DKK'000</b>
Contributed capital	10	1,300	1,300
Reserve for development expenditure		16,948	9,072
Retained earnings		389,242	292,894
Proposed dividend		10,000	0
<b>Equity</b>		<b>417,490</b>	<b>303,266</b>
Deferred tax	11	7,643	8,339
<b>Provisions</b>		<b>7,643</b>	<b>8,339</b>
Bank loans		64,270	63,783
<b>Non-current liabilities other than provisions</b>	12	<b>64,270</b>	<b>63,783</b>
Trade payables		9,301	417
Payables to group enterprises		122,330	136,289
Tax payable		22	0
Other payables		6,542	2,636
<b>Current liabilities other than provisions</b>		<b>138,195</b>	<b>139,342</b>
<b>Liabilities other than provisions</b>		<b>202,465</b>	<b>203,125</b>
<b>Equity and liabilities</b>		<b>627,598</b>	<b>514,730</b>
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# Statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	1,300	9,072	292,894	0	303,266
Exchange rate adjustments	0	0	53	0	53
Transfer to reserves	0	7,876	(7,876)	0	0
Profit/loss for the year	0	0	104,171	10,000	114,171
<b>Equity end of year</b>	<b>1,300</b>	<b>16,948</b>	<b>389,242</b>	<b>10,000</b>	<b>417,490</b>

# Notes

## 1 Events after the balance sheet date

From the balance sheet date until today, no events have occurred which could change the assessments made in the Annual Report.

The continuing outbreak of COVID-19 at the beginning of 2021 is not expected to have a material impact on the Entity's financial position, as Orifarm's supply chain is intact and pharmaceuticals are highly demanded and essential also during the COVID-19 outbreak.

In April 2020, Orifarm agreed to purchase a portfolio of approximately 110 select over-the-counter (OTC) and prescription pharmaceutical products sold in Europe from Takeda Pharmaceutical Company Limited ("Takeda"). Consequently, the acquisition will increase the level of business activity and future earnings in the subsidiaries of Orifarm Generics Holding A/S.

## 2 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Amortisation of intangible assets	6,256	5,574
Profit/loss from sale of intangible assets and property, plant and equipment	3,242	7,723
	<b>9,498</b>	<b>13,297</b>

## 3 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	619	234
Other financial income	89	91
	<b>708</b>	<b>325</b>

## 4 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	2,061	2,093
Other financial expenses	5,082	1,755
	<b>7,143</b>	<b>3,848</b>

## 5 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	22	0
Change in deferred tax	(696)	(353)
Adjustment concerning previous years	0	(206)
Refund in joint taxation arrangement	0	(582)
	<b>(674)</b>	<b>(1,141)</b>

## 6 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	10,000	0
Extraordinary dividend distributed in the financial year	0	37,337
Retained earnings	104,171	35,058
	<b>114,171</b>	<b>72,395</b>

## 7 Intangible assets

	Completed development projects DKK'000	Acquired licences DKK'000	Development projects in progress DKK'000
Cost beginning of year	23,374	36,926	13,824
Additions	1,779	4,164	3,929
Disposals	(124)	(2,600)	(3,162)
<b>Cost end of year</b>	<b>25,029</b>	<b>38,490</b>	<b>14,591</b>
Amortisation and impairment losses beginning of year	(8,420)	(26,305)	0
Amortisation for the year	(3,421)	(2,835)	0
Reversal regarding disposals	44	2,600	0
<b>Amortisation and impairment losses end of year</b>	<b>(11,797)</b>	<b>(26,540)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>13,232</b>	<b>11,950</b>	<b>14,591</b>

## 8 Development projects

Development projects consists of development of generic medicine. The development of the products are progressing as planned and are expected to be completed within 1-3 years. The Entity is continually scanning for and developing new generic medicine. It is the managements opinion, that newly developed generic medicine will contribute with positive contribution margin in the future, on equalterms with the currently product portfolio.

Management continuously evaluates the value of development projects in progress, and write-down projects which are unprofitable.



## 9 Financial assets

	<b>Investments in group enterprises DKK'000</b>	<b>Deposits DKK'000</b>
Cost beginning of year	505,497	0
Additions	20,260	547
Disposals	(532)	0
<b>Cost end of year</b>	<b>525,225</b>	<b>547</b>
Impairment losses beginning of year	(54,825)	0
Exchange rate adjustments	53	0
Amortisation of goodwill	(11,183)	0
Share of profit/loss for the year	130,654	0
Adjustment of intra-group profits	(2,604)	0
Dividend	(90,000)	0
Reversal of impairment losses	227	0
<b>Impairment losses end of year</b>	<b>(27,678)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>497,547</b>	<b>547</b>

<b>Investments in subsidiaries</b>	<b>Registered in</b>	<b>Corporate form</b>	<b>Equity interest %</b>
Orifarm Generics A/S	Denmark	A/S	100
Orifarm Generics AB	Sweden	AB	100
Orifarm Generics AS	Norway	AS	100
Orifarm Generics OY	Finland	OY	100
Viminco A/S	Denmark	A/S	100
Orifarm Pharma GmbH	Austria	GmbH	100

## 10 Share capital

	<b>Number</b>	<b>Par value DKK'000</b>	<b>Nominal value DKK'000</b>
Shares	1,300	1	1,300
	<b>1,300</b>		<b>1,300</b>

The shares is not divided into share classes.

There has not been changes in contributed capital in the past five financial years.

## 11 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	8,750	8,668
Provisions	(1,107)	(329)
<b>Deferred tax</b>	<b>7,643</b>	<b>8,339</b>

<b>Changes during the year</b>	<b>2020 DKK'000</b>
Beginning of year	8,339
Recognised in the income statement	(696)
<b>End of year</b>	<b>7,643</b>

## 12 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000
Bank loans	64,270
	<b>64,270</b>

## 13 Working conditions

In the financial year of 2020 the average number of employees was 0.

## 14 Contingent liabilities

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

The Entity's subsidiaries are party to litigations regarding alleged infringement of trademark rights. Management believes that these legal proceedings will not lead to material losses.

## 15 Assets charged and collateral

The Group has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Groups total net debt in relation to this guarantee is booked at 1,609 m.DKK at 31.12.2020.

As security for the debt to banks, the Entity has pledged unlisted shares in subsidiaries with a total book value per. 31. December 2020 of t.DKK 224,664.

**16 Related parties with controlling interest**

Related parties with controlling interests in Orifarm Generics Holding A/S:

The following Companies own all the shares in the Entity, and therefore have a controlling influence on this:

- Orifarm Group A/S
- Habico A/S
- Habico Holding A/S
- HBS Capital ApS

All transactions with related parties are conducted on arms length.

**17 Group relations**

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

HBS Capital ApS, Odense, Central Business Registration Number 41 00 08 80.

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

Orifarm Group A/S, Odense, Central Business Registration Number 27 34 72 82.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

## 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

## Income statement

### Other operating income

Other operating income comprises income of a secondary nature to the Entity's primary activities.

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for stationery and office supplies, marketing costs, etc.

Referring to section 96 (3) in the Danish Financial Statement Act the Entity has decided not to show the fee to auditors. Reference is made to the information for the Group in the consolidated financial statements for Orifarm Group A/S.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible asset comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and the impairment testing as well as gains and losses from the sale of the intangible assets.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

### 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.

### 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.

### 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 subsidiaries. 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).

The jointly taxed companies to the rules of section 11B of the Danish Companies Act governing interest deduction limitation. It has been agreed in the joint taxation that reduced interest deduction is recognised in the company in which the interest deduction has been reduced.

## Balance sheet

### Files and application fees

Files and application fees are measured at cost less accumulated amortisation and impairment losses.

Files and application fees regarding a specific product in relation to which a potential future market can be

demonstrated and where the intention is to market the product in question are recognised as intangible assets.

Other costs relating to applications are recognised as cost in the income statement as incurred.

Files and application fees regarding generic products are amortised straight-line over their expected useful lives calculated from the date when the product to which the files and application fees relate is introduced to the market. The amortisation period is 5-12 years.

Estimated useful lives and residual values are reassessed annually.

When files and applications are subject to impairment, files and application fees are written down to the lower of recoverable amount and carrying amount.

### **Development projects in progress**

Development costs comprises costs, staff costs and depreciations, directly associated to development activities.

Development projects, which are clearly defined and identifiable, and where the technical viability, resources and a potential future market can be established with the intention to produce, market or utilise the projects, are recognised in the balance sheet as intangible assets, if the cost are measured reliable, and there is a certain security, that the future profit will cover the production-, marketing- and administration costs as well as development costs. Additional development costs are recognised in the income statement, as the costs occurs.

Development projects, are measured at cost less accumulated amortisation and impairment.

When development projects are completed, the products are amortised straight-line over their expected useful lives calculated from the date when the product to which the development cost relate is introduced to the market. The amortisation period usually used is 5-10 years.

### **Investments in group enterprises**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Net revaluation of investments in group entities is taken to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

### **Receivables**

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

### **Tax payable or receivable**

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

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

**Other financial liabilities**

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

**Cash flow statement**

Referring to section 86 (4) of the Danish Financial Statements Act, Orifarm Generics Holding A/S has not prepared any cash flow statement. Orifarm Generics Holding A/S is included in the consolidated cash flow statement in Orifarm Group A/S.