

Orifarm Generics Holding A/S

Energivej 15
5260 Odense S
CVR No. 27347223

Annual report 2021

The Annual General Meeting adopted the
annual report on 24.06.2022

Kim Jensen

Chairman of the General Meeting

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Entity details

Entity

Orifarm Generics Holding A/S

Energivej 15

5260 Odense S

Business Registration No.: 27347223

Registered office: Odense

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Hans Bøgh-Sørensen, Chairman

Birgitte Bøgh-Sørensen

Erik Sandberg

Executive Board

Ulrik Kronborg Markussen

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 01.01.2021 - 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.

Odense, 24.06.2022

Executive Board

Ulrik Kronborg Markussen

Board of Directors

Hans 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 01.01.2021 - 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, 24.06.2022

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

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	190,643	12,870	12,569	6,289	5,232
Operating profit/loss	110,845	3,372	(728)	(1,029)	(183)
Net financials	(1,172)	(6,437)	(3,523)	(4,863)	(5,876)
Profit/loss for the year	213,053	114,171	72,395	41,019	63,279
Total assets	3,214,708	627,598	514,730	505,666	515,386
Equity	2,479,781	417,490	303,266	268,235	286,541
Ratios					
Return on equity (%)	14.71	31.68	25.34	14.79	23.16
Equity ratio (%)	77.14	66.52	58.92	53.05	55.60

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

Return on equity (%):

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

Average equity

Equity ratio (%):

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

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, and 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.

As per 31 March 2021, Orifarm acquired a product portfolio from Takeda. The acquisition significantly increased the activity level and geographical footprint of Orifarm Healthcare.

Orifarm Healthcare's product portfolio now includes both original and well-known brands as well as generic pharmaceuticals.

Development in activities and finances

The annual result shows a profit of k.DKK 213,053 in 2021 against a profit of k.DKK 114,171 in 2020.

Particular risks

Operating conditions

For Generic Pharmaceuticals, the company policy states that infringing patent rights should be avoided. However, patent holders have a commercial interest in defending market monopolies and manufactures of generic products have an interest in challenging the market at patent expiry. This makes disputes and litigation difficult to avoid. The company is from time to time involved in pending legal proceedings. The outcome of these may affect the company's earnings. Following the acquisition of certain assets from Takeda, including a portfolio of patents and trademarks, the company shall take the necessary measures to protect these from 3rd party infringements.

The company is not currently involved in any major pending litigation of this kind.

Financial matters

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

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

Profit/loss for the year in relation to expected developments

The company's results for 2021 are considered satisfactory and above the expectations set out in the financial statement for 2020.

Outlook

For 2022, Orifarm Generics Holding A/S expects an operating income and annual result at 2021 level. No consequences from the conflict in Ukraine have been incorporated into these expectations.

Research and development activities

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

Statutory report on corporate social responsibility

Orifarm Generics Holding A/S is a part of the Orifarm Group. Reference is made to group reporting on CSR, which can be found at www.orifarm.com/CSR2021

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 Group 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/CSR2021.

Statutory report on data ethics policy

Orifarm Generics Holding A/S is a part of the Orifarm Group. Reference is made to group reporting on data ethics, which can be found at www.orifarm.com/CSR2021

Events after the balance sheet date

From the reporting date until today, no events have occurred which could change the assessments made in the Annual Report. At the current stage in time, the conflict in Ukraine is not expected to have any significant effect on the results.

Income statement for 2021

	Notes	2021 DKK'000	2020 DKK '000
Other operating income		192,855	13,218
Other external expenses		(2,212)	(348)
Gross profit/loss		190,643	12,870
Depreciation, amortisation and impairment losses	2	(79,798)	(9,498)
Operating profit/loss		110,845	3,372
Income from investments in group enterprises		126,675	116,562
Other financial income	3	7,131	708
Other financial expenses	4	(8,303)	(7,145)
Profit/loss before tax		236,348	113,497
Tax on profit/loss for the year	5	(23,295)	674
Profit/loss for the year	6	213,053	114,171

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Completed development projects	8	10,012	13,232
Acquired rights		1,829,728	11,950
Development projects in progress	8	17,068	14,591
Intangible assets	7	1,856,808	39,773
Investments in group enterprises		845,323	497,548
Deposits		634	547
Financial assets	9	845,957	498,095
Fixed assets		2,702,765	537,868
Trade receivables		405	33
Receivables from group enterprises		504,364	70,578
Other receivables		5	19,119
Joint taxation contribution receivable		7,169	0
Receivables		511,943	89,730
Current assets		511,943	89,730
Assets		3,214,708	627,598

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	10	1,300	1,300
Reserve for net revaluation according to the equity method		89,010	0
Reserve for development expenditure		17,076	16,948
Retained earnings		1,872,395	389,242
Proposed dividend		500,000	10,000
Equity		2,479,781	417,490
Deferred tax	11	38,099	7,643
Other provisions	12	66,783	0
Provisions		104,882	7,643
Bank loans		43,009	64,270
Other payables		289,411	0
Non-current liabilities other than provisions	13	332,420	64,270
Current portion of non-current liabilities other than provisions	13	21,504	0
Trade payables		29,347	9,301
Payables to group enterprises		199,020	122,330
Tax payable		0	22
Other payables		47,754	6,542
Current liabilities other than provisions		297,625	138,195
Liabilities other than provisions		630,045	202,465
Equity and liabilities		3,214,708	627,598
Events after the balance sheet date	1		
Contingent liabilities	14		
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Statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1,300	0	16,948	389,242	10,000
Ordinary dividend paid	0	0	0	0	(10,000)
Exchange rate adjustments	0	0	0	13	0
Group contributions etc	0	0	0	1,859,225	0
Transfer to reserves	0	0	128	(128)	0
Profit/loss for the year	0	89,010	0	(375,957)	500,000
Equity end of year	1,300	89,010	17,076	1,872,395	500,000

	Total DKK'000
Equity beginning of year	417,490
Ordinary dividend paid	(10,000)
Exchange rate adjustments	13
Group contributions etc	1,859,225
Transfer to reserves	0
Profit/loss for the year	213,053
Equity end of year	2,479,781

Notes

1 Events after the balance sheet date

From the reporting date until today, no events have occurred which could change the assessments made in the Annual Report. At the current stage in time, the conflict in Ukraine is not expected to have any significant effect on the Group results.

2 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	80,250	6,256
Profit/loss from sale of intangible assets and property, plant and equipment	(452)	3,242
	79,798	9,498

3 Other financial income

	2021	2020
	DKK'000	DKK'000
Financial income from group enterprises	4,634	624
Other interest income	2,213	0
Exchange rate adjustments	284	84
	7,131	708

4 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	7,770	2,063
Exchange rate adjustments	295	4
Other financial expenses	238	5,078
	8,303	7,145

5 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	23,663	(674)
Adjustment concerning previous years	(368)	0
	23,295	(674)

6 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Ordinary dividend for the financial year	500,000	10,000
Retained earnings	(286,947)	104,171
	213,053	114,171

7 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	25,029	38,490	14,591
Addition through business combinations etc	0	1,892,668	0
Transfers	244	2,205	(2,449)
Additions	0	0	7,671
Disposals	0	(1,716)	(2,745)
Cost end of year	25,273	1,931,647	17,068
Amortisation and impairment losses beginning of year	(11,797)	(26,540)	0
Amortisation for the year	(3,464)	(76,786)	0
Reversal regarding disposals	0	1,407	0
Amortisation and impairment losses end of year	(15,261)	(101,919)	0
Carrying amount end of year	10,012	1,829,728	17,068

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 equal terms with the currently product portfolio.

Management assess the entity possess the resources and knowledge to complete and use the development projects.

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

9 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	525,226	547
Additions	231,087	0
Disposals	0	87
Cost end of year	756,313	634
Transfers	89,010	0
Revaluations end of year	89,010	0
Impairment losses beginning of year	(27,678)	0
Exchange rate adjustments	13	0
Transfers	(89,010)	0
Amortisation of goodwill	(14,512)	0
Share of profit/loss for the year	139,958	0
Adjustment of intra-group profits	1,529	0
Dividend	(10,000)	0
Other adjustments	(300)	0
Impairment losses end of year	0	0
Carrying amount end of year	845,323	634

The carrying amount of goodwill at year end 31.12.2021 amounts to DKK 266.073 thousand.

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Orifarm Generics A/S	Denmark	A/S	100.00
Orifarm Generics AB	Sweden	AB	100.00
Orifarm Healthcare AS	Norway	AS	100.00
Orifarm Healthcare OY	Finland	OY	100.00
Orifarm Healthcare BV	Belgium	BV	100.00
Viminco A/S	Denmark	A/S	100.00
Orifarm Pharma GmbH	Austria	GmbH	100.00
Orifarm Healthcare Sp. z.o.o.	Poland	S.p. z.o.o.	100.00
Orifarm Healthcare OÜ	Estonia	OÜ	100.00

10 Share capital

	Number	Par value DKK'000	Nominal value DKK'000
Shares	1,300	1	1,300
	1,300		1,300

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

	2021 DKK'000	2020 DKK'000
Intangible assets	38,375	8,750
Provisions	(276)	(1,107)
Deferred tax	38,099	7,643
	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	7,643	8,339
Recognised in the income statement	30,456	(696)
End of year	38,099	7,643

12 Other provisions

Other provisions comprise anticipated costs related to earn-out payment.

13 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due after more than 12 months 2021 DKK'000
Bank loans	21,504	43,009
Other payables	0	289,411
	21,504	332,420

There are no non-current liabilities which are outstanding after 5 years.

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 entity has provided guarantees under which the guarantors assume joint and several liability for group enterprises' net debt with bank and credit institution. The Group's total net debt in relation to this guarantee is booked at MDKK 4,611 at 31.12.2021.

As security for the debt to banks, the Entity has pledged unlisted shares in subsidiaries with a total book value per. 31. December 2021 of k.DKK 576,743.

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

17 Transactions with related parties

All transactions with related parties are conducted on arms length.

18 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 and doubtful debts.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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.

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 provisions

Other provisions comprise anticipated costs of related to earn-out payment of acquisitions of investments and activity.

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.

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.

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.