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VIATRIS

Viatrix ApS

Borupvang 1
2750 Ballerup
CVR No. 36184779

Annual report 2023

The Annual General Meeting adopted the annual report on 04.07.2024

Jan Ulrik Stevnsborg
Chairman of the General Meeting

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Entity details

Entity

Viatri ApS

Borupvang 1

2750 Ballerup

Business Registration No.: 36184779

Registered office: Ballerup

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jan Ulrik Stevnsborg, Chairman

Arun Narayan

Bente Brumoen

Executive Board

Jan Ulrik Stevnsborg

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 Viatrix ApS for the financial year 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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.

Ballerup, 04.07.2024

Executive Board

Jan Ulrik Stevnsborg

Board of Directors

Jan Ulrik Stevnsborg
Chairman

Arun Narayan

Bente Brumoen

Independent auditor's report

To the shareholder of Viatrix ApS

Opinion

We have audited the financial statements of Viatrix ApS for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 04.07.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Ulrik Winkler Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne47242

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	467,398	439,662	398,281	351,460	175,176
Gross profit/loss	71,326	61,400	60,734	38,063	31,810
Operating profit/loss	28,722	17,279	24,076	5,712	6,718
Net financials	(3,582)	(2,912)	(887)	(1,658)	(397)
Profit/loss for the year	19,603	11,107	18,079	2,658	4,978
Total assets	240,438	358,839	286,805	273,411	238,705
Equity	138,898	119,295	108,188	25,527	22,869
Ratios					
Gross margin (%)	15.26	13.97	15.25	10.83	18.16
EBIT margin (%)	6.15	3.93	6.04	1.63	3.84
Net margin (%)	4.19	2.53	4.54	0.76	2.84
Return on equity (%)	15.18	9.77	27.04	10.98	24.43

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

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

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

Return on equity (%):

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

Primary activities

Viatriis is a pharmaceutical company dedicated to providing patients with a wide range of medicines, including branded prescription medicine, over the counter products, generics, vaccines and medical devices. With our wide portfolio our products are found in most households in Denmark.

The Company's activities consist of marketing, sale and distribution of pharmaceutical products, to the health sector in Denmark, the Faroe Islands and Iceland.

Development in activities and finances

The revenue for the year is TDKK 467,398 compared to TDKK 439,662 last year, an increase of 6.3 % compared to last year. The profit after tax for the year is TDKK 19,603 compared to TDKK 11,107 last year. The balance sheet total is per 31.12.2023, TDKK 240,438, and the equity is TDKK 138,898.

Profit/loss for the year in relation to expected developments

The profit is below our expectation for 2023 as a profit of 25,000 - 30,000 thousand DKK was expected. In 2023 we divested the medical device portfolio, as well as halted production of some of our locally sourced product portfolio. Both initiatives to streamline and prepare for a more efficient business. We also had one large product that did not sell as expected. These are amongst factors that play into why profit after tax was lower than expected.

Outlook

We expect revenue to land at approximately MDKK 450 with profit before tax to be in between MDKK 18-20. The covid pandemic and geopolitical conflicts have over the past years put a strain on supply chain in many businesses, Viatriis' included. Ensuring stabile supply of existing products and bringing new products to market will be important to the company also going forward. The Danish market is very flexible and can be fluctuating, and Viatriis will continue to participate in tenders to provide patients access to our products.

Environmental performance

Pursuant to section 99 (8) of the Danish Financial statement Act the entity refers to the group sustainability report of 2023 including the reporting on environmental performance due to the UN Sustainable Development Goals (SDGs). For more information about our Environmental performance please refer to:

<https://www.viatriis.com/-/media/project/common/viatriis/csrpromo/pdfs/2023-sustainability-report.pdf>

Group relations

Viatriis Inc comments on the group structure in the annual report of the Group. For further details, we refer to Viatriis Inc. Group.

Statutory report on corporate social responsibility

Viatriis ApS is a pharmaceutical company residing in Ballerup, Denmark and is an indirect wholly owned subsidiary of Viatriis Inc., which is a large, global healthcare company that is headquartered in the U.S. with global centers in Pittsburgh, Pennsylvania, Shanghai, China and Hyderabad, India. Viatriis ApS commercializes and sells branded, generic, and over the counter pharmaceutical products in the Danish and Icelandic markets that cover a wide variety of therapeutic areas.

Viatriis ApS is subject to several global policies, procedures, and the due diligence practices of Viatriis Inc. that demonstrate its strong commitment to safeguarding corporate social responsibilities. The following sections represents the 2023 Viatriis Global Sustainability Report and apply to all entities in the Viatriis group.

Viartis and the UN Sustainable Development Goals

Viartis supports the U.N. Sustainable Development Goals (SDGs). The 17 SDGs launched in 2015 serve as a roadmap for countries, communities and companies on universally important areas for a more sustainable and inclusive development. As of 2023, marking the halfway point to the target year of 2030 for achieving the SDGs, there remains substantial work to be done, including in advancing global health. The COVID-19 pandemic has had a significant impact on many of the goals, and in some areas, previous gains have been reversed. Further, the growing impact of climate change on the environment and human health means we all need to do our part to reduce the negative impact and help make positive progress.

We intend to apply and leverage our unique capabilities, manage inherent risks and be a reliable partner. We are well positioned to support progress toward SDG 3 — To Ensure Healthy Lives and Promote Well-Being for All at All Ages. We have the scientific, manufacturing and distribution capabilities, deep expertise and a wide-ranging commercial platform that extends to more than 165 countries and territories.

The goals are interconnected, and as a global healthcare company, how we conduct ourselves and interact with our partners impacts SDG 3 and other goals. We work to advance sustainable operations and leverage our collective expertise to empower people to live healthier at every stage of life, recognizing that our actions affect the stakeholders and communities we serve.

CSR Governance

Viartis' Board of Directors oversees management's efforts with respect to corporate environmental and social responsibility matters through its Risk Oversight Committee. The CSR function operates as a center of excellence within the Corporate Affairs leadership team. The Head of Corporate Affairs reports directly to the CEO and communicates quarterly with the Viartis Board through the Risk Oversight Committee together with the Head of Corporate Social Responsibility. The Head of Corporate Social Responsibility drives the strategic and operational development of CSR across the company together with key partners.

A multifunctional CSR Advisory Committee comprised of global leaders with a monthly meeting cadence monitors the external landscape, company progress and supports the integration of corporate environmental and social responsibility activities across the organization. Progress on strategic focus areas and execution of relevant tasks rely on a broad and engaged network of functional leaders across the company.

For further details on Viartis' commitment to sustainability, please visit:

<https://www.viartis.com/-/media/project/common/viartis/csrpromo/pdfs/2023-sustainability-report.pdf>

Statutory report on the underrepresented gender

	2023	2022
Supreme management body		
Total number of members	3	3
Underrepresented gender (%)	33.30	33.30

It is an integral part of Viartis ApS culture and policies to provide a workplace where there is full equality of opportunity between men and women. The established personnel policies are considered gender neutral in all areas. Diversity, equity, and inclusion (DEI) are at the core of Viartis' values. Through our employee resource groups (ERGs) we are working to raise awareness of DEI through various programs.

At the end of year, the company had 39 employees, 26 women and 13 men (67% vs 33%).

The Leadership team consisted of 6 people of which 3 women and 3 men (50% vs 50%). The Company has therefore achieved equal gender distribution.

The Board of Directors in Viатris ApS has three members, of which 2 men and 1 woman (66,7% vs 33,3%). The Company has therefore achieved equal gender distribution.

	2023	2022
Other management levels		
Total number of members	6	5
Underrepresented gender (%)	50.00	50.00

The entity is exempted from giving information about goals and policies on the underrepresented gender on other management levels due to the Danish Financial Statements Act section 99b.4 as there are under 50 employees in the entity.

Statutory report on data ethics policy

Viатris have implemented a broad range of policies and procedures covering compliance in multiple areas, including the EU General Data Protection Regulation (GDPR). This means that processes where sensitive data is being handled, are designed to be compliant to this regulation through both policies and system set up. We inform relevant stakeholders, both employees and patients, of how their personal data is being used and where to reach out if they have questions or concerns around this topic. For more information about our Data Protection Policies, please refer to:

<https://www.viатris.com/-/media/project/common/viатris/csrpromo/pdfs/2023-sustainability-report.pdf>

Events after the balance sheet date

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

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Revenue	1	467,397,712	439,661,647
Cost of sales		(334,180,538)	(329,966,864)
Other external expenses	2	(61,891,130)	(48,294,680)
Gross profit/loss		71,326,044	61,400,103
Staff costs	3	(38,033,124)	(39,550,755)
Depreciation, amortisation and impairment losses	4	(4,570,428)	(4,570,427)
Operating profit/loss		28,722,492	17,278,921
Other financial income	5	7,949	219,967
Other financial expenses	6	(3,589,791)	(3,131,623)
Profit/loss before tax		25,140,650	14,367,265
Tax on profit/loss for the year	7	(5,537,864)	(3,259,859)
Profit/loss for the year	8	19,602,786	11,107,406

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Acquired rights		16,184,201	20,624,097
Goodwill		0	0
Intangible assets	9	16,184,201	20,624,097
Other fixtures and fittings, tools and equipment		190,358	320,890
Property, plant and equipment	10	190,358	320,890
Deposits		374,450	374,450
Financial assets	11	374,450	374,450
Fixed assets		16,749,009	21,319,437
Manufactured goods and goods for resale		122,140,520	84,846,546
Prepayments for goods		1,478,056	0
Inventories		123,618,576	84,846,546
Trade receivables		87,783,362	189,874,011
Receivables from group enterprises		8,945,671	57,781,597
Prepayments	12	1,963,311	1,963,845
Receivables		98,692,344	249,619,453
Cash		1,378,350	3,053,199
Current assets		223,689,270	337,519,198
Assets		240,438,279	358,838,635

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		101,000	101,000
Share premium		64,581,612	64,581,612
Retained earnings		74,215,428	54,612,642
Equity		138,898,040	119,295,254
Deferred tax	13	761,426	814,520
Provisions		761,426	814,520
Trade payables		9,332,479	8,739,267
Payables to group enterprises		68,147,519	188,195,759
Tax payable		5,568,830	582,805
Other payables		17,729,985	41,211,030
Current liabilities other than provisions		100,778,813	238,728,861
Liabilities other than provisions		100,778,813	238,728,861
Equity and liabilities		240,438,279	358,838,635
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
Non-arm's length related party transactions	17		
Group relations	18		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	101,000	64,581,612	54,612,642	119,295,254
Profit/loss for the year	0	0	19,602,786	19,602,786
Equity end of year	101,000	64,581,612	74,215,428	138,898,040

Notes

1 Revenue

Disclosures of revenue broken down by activities and geographical areas are omitted for competitive reasons; see section 96 (1) of the Danish Financial Statements Act.

2 Fees to the auditor appointed by the Annual General Meeting

Pursuant to section 96.3 in the Danish Financial statements Act, is the summary of the fee to the auditor not prepared. The fee is integrated in the consolidated financial statements of Viartis.

3 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	34,147,219	36,298,647
Pension costs	2,774,781	2,802,669
Other staff costs	1,111,124	449,439
	38,033,124	39,550,755
Average number of full-time employees	35	41

In accordance with the Danish Financial Statements Act section 98B (3), remuneration to the Executive Board and Board of Directors has not been disclosed

4 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	4,439,896	4,439,896
Depreciation of property, plant and equipment	130,532	130,531
	4,570,428	4,570,427

5 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	0	25,345
Exchange rate adjustments	7,949	194,622
	7,949	219,967

6 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	3,434,533	2,980,739
Exchange rate adjustments	56,686	33,520
Other financial expenses	98,572	117,364
	3,589,791	3,131,623

7 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	5,590,958	3,202,805
Change in deferred tax	(53,094)	(33,036)
Adjustment concerning previous years	0	90,090
	5,537,864	3,259,859

8 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Retained earnings	19,602,786	11,107,406
	19,602,786	11,107,406

9 Intangible assets

	Acquired rights DKK	Goodwill DKK
Cost beginning of year	29,291,000	4,225,741
Cost end of year	29,291,000	4,225,741
Amortisation and impairment losses beginning of year	(8,666,903)	(4,225,741)
Amortisation for the year	(4,439,896)	0
Amortisation and impairment losses end of year	(13,106,799)	(4,225,741)
Carrying amount end of year	16,184,201	0

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	783,188
Cost end of year	783,188
Depreciation and impairment losses beginning of year	(462,298)
Depreciation for the year	(130,532)
Depreciation and impairment losses end of year	(592,830)
Carrying amount end of year	190,358

11 Financial assets

	Deposits DKK
Cost beginning of year	374,450
Cost end of year	374,450
Carrying amount end of year	374,450

12 Prepayments

Prepayments consist of insurance, subscription fees, etc. in respect of subsequent financial years.

13 Deferred tax

	2023 DKK	2022 DKK
Intangible assets	798,802	855,004
Property, plant and equipment	800	15,824
Provisions	(38,176)	(56,308)
Deferred tax	761,426	814,520

	2023 DKK	2022 DKK
Changes during the year		
Beginning of year	814,520	847,556
Recognised in the income statement	(53,094)	(33,036)
End of year	761,426	814,520

14 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	5,710,828	4,189,906

15 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

16 Related parties with controlling interest

Viatrix Inc., Delaware, USA (Ultimate company)

Utah Acquisition Holdco Inc., Delaware, USA (Intermediate holding company)

Utah Acquisition Sub Inc., Delaware, USA (Intermediate holding company)

BGP Products AB, Sweden (Intermediate holding company)

Meda AB, Sweden (Immediate holding company)

17 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

18 Group relations

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

Viartis Inc, Canonsburg, PA 15317, 1000 Mylan Boulevard, USA

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

Viartis Inc, Canonsburg, PA 15317, 1000 Mylan Boulevard, USA

Copies of the consolidated financial statements of Viartis Inc. may be ordered at the following address:

Viartis Inc, Canonsburg, PA 15317, 1000 Mylan Boulevard, USA

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.

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. 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

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 normal 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 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 equipment.

Other financial income

Other financial income comprises of interest income, including interest income on receivables from group enterprises and receivables transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and payables 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 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**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise of acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant, machinery, other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production 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.

Cash

Cash comprises cash in hand and bank deposits.

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.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

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.

Cash flow statement

Pursuant to section 86 (4) of the Danish Financial statement Act the Entity has not prepared any cash flow statement, as its included in the annual report of Viatriis Inc.