
Farmaceutisk Laboratorium Ferring A/S

Amager Strandvej 405, DK-2770 Kastrup

Annual Report for 2023

CVR No. 62 66 48 19

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 7/6 2024

Frank Christoph
Lindenmann
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Farmaceutisk Laboratorium Ferring A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 7 June 2024

Executive Board

Marianne Kock
CEO

Board of Directors

Frank Christoph Lindenmann
Chairman

Marianne Kock

Curtis McDaniel

Independent Auditor's report

To the shareholder of Farmaceutisk Laboratorium Ferring A/S

Opinion

We have audited the Financial Statements of Farmaceutisk Laboratorium Ferring A/S for the financial year 1 January - 31 December 2023, which comprise 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 financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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 Company's internal control.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Copenhagen, 7 June 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33963556

Flemming Larsen

State Authorised Public Accountant

mne27790

Company information

The Company	Farmaceutisk Laboratorium Ferring A/S Amager Strandvej 405 2770 Kastrup CVR No: 62 66 48 19 Financial period: 1 January - 31 December Incorporated: 2 January 1956 Municipality of reg. office: Tårnby
Board of Directors	Frank Christoph Lindenmann, chairman Marianne Kock Curtis McDaniel
Executive Board	Marianne Kock
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 DK-2300 Copenhagen S
Lawyers	Plesner Amerika Plads 37 DK-2100 Copenhagen Ø

Management's review

Key activities

Until the beginning of 2008 when production was discontinued, Farmaceutisk Laboratorium Ferring acted as a contract manufacturer for the Ferring Group. The Company has ceased its business activities.

Description of material changes in activities and finances

With reference to the ongoing tax dispute and the recognition of expenses for tax and interest, as described in detail in note 2, the Company has a loss in 2023 and the equity is currently negative with DKK 302,3 million. Based on the letter of support from the Intermediate Parent, Management considers the condition for preparing the financial statements on a going concern basis to be met. Reference is made to the detailed description in note 1.

Development in the year

The income statement of the Company for 2023 shows a loss of TDKK 8,059, and at 31 December 2023 the balance sheet of the Company shows a negative equity of TDKK 302,305.

Uncertainty relating to recognition and measurement

The tax dispute concerning increase of the income related to the sale of trademarks and other intangible assets to a consolidated enterprise in 2004 is ongoing. For a detailed description, see note 2.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Other external expenses		-670	-312
Gross loss		-670	-312
Financial income	3	13	1
Financial expenses	4	-9,668	-66,475
Profit/loss before tax		-10,325	-66,786
Tax on profit/loss for the year	5	2,266	-24,861
Net profit/loss for the year		-8,059	-91,647

Distribution of profit

	2023	2022
	TDKK	TDKK
Proposed distribution of profit		
Retained earnings	-8,059	-91,647
	-8,059	-91,647

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Receivables from group enterprises		0	2,899
Other receivables		1,293	411
Corporation tax		160,438	0
Corporation tax receivable from group enterprises		2,266	69
Receivables		163,997	3,379
Current assets		163,997	3,379
Assets		163,997	3,379

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1,000	1,000
Retained earnings		-303,305	-295,246
Equity		-302,305	-294,246
Trade payables		1,029	688
Payables to group enterprises		465,273	205,533
Corporation tax		0	91,402
Other payables		0	2
Short-term debt		466,302	297,625
Debt		466,302	297,625
Liabilities and equity		163,997	3,379
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent assets, liabilities and other financial obligations	6		
Related parties	7		
Accounting Policies	8		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,000	-295,246	-294,246
Net profit/loss for the year	0	-8,059	-8,059
Equity at 31 December	1,000	-303,305	-302,305

Notes to the Financial Statements

1. Going concern

The Company has received a letter of support from the Intermediate Parent (Ferring B.V.). Based on the letter of support, the financial statements have been prepared on a going concern assumption.

2. Uncertainty relating to recognition and measurement

The Company is in dispute with the Danish tax authorities on the valuation of assets transferred from Denmark to Switzerland before the end of 2003. The Company has assessed the risk and has recorded a provision. The assessment of the Danish tax authorities is significantly higher. In April 2012, the Company has appealed to the national tax tribunal against the valuation done by the tax authorities. Two independent valuers were appointed and confirmed by the civil court and they have issued their report in 2017. Based on this valuation of DKK 574 million, the Company recorded an incremental liability in 2017 and paid the remaining amount of DKK 142 million in December 2017. In late 2019 the Danish tax authorities contested the valuation experts, appraisals and submitted a pleading to the National Tax Tribunal in which they argue that the Tribunal should set aside the experts' opinion. An oral hearing on the case was held before the Tax Tribunal on 4 November 2022, and on 14 November 2022 the Tax Tribunal gave its ruling leading to a valuation of DKK 875 million, which is still significantly higher than the experts' opinion. The Company has decided to appeal the Tax Tribunal's decision to the ordinary courts and believes that the appeal will be successful and the ordinary courts will predominantly follow the experts' opinion. A potential negative final outcome following the Tax Tribunal valuation would lead to an additional liability of DKK 267 million (approx. EUR 36.4 million) compared to the provision recorded as at 31 December 2023. A potential positive outcome following the valuation experts would lead to a reduction of the liability of DKK 87 million (approx. EUR 12 million) compared to what is booked by the Company until December 2023. In March 2023 the Company has without prejudice made an additional payment to stop the interest charges on the tax exposure.

3. Financial income

	2023	2022
	TDKK	TDKK
Interest received from group enterprises	13	0
Other financial income	0	1
	<u>13</u>	<u>1</u>

4. Financial expenses

	2023	2022
	TDKK	TDKK
Interest paid to group enterprises	9,637	0
Other financial expenses	31	66,475
	<u>9,668</u>	<u>66,475</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
5. Income tax expense		
Current tax for the year	-2,266	-69
Adjustment of tax concerning previous years	0	24,930
	<u>-2,266</u>	<u>24,861</u>

6. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Ferring Pharmaceuticals A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

7. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Insula Corporation S.á.r.l.	7 rue Robert Stümper L2557 Luxembourg
Ferring Holding S.A.*	Chemin De La Vergognausaz 50 1162 Saint-Prex, Vaud, Switzerland

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

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Farmaceutisk Laboratorium Ferring A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income statement

Other external expenses

Other external expenses comprise consultancy expenses etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with all Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.