

Orifarm Generics Holding A/S

Energivej 15
5260 Odense S
CVR No. 27347223

Annual report 2024

The Annual General Meeting adopted the
annual report on 05.06.2025

Matias Nørtoft Popp

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2024	10
Balance sheet at 31.12.2024	11
Statement of changes in equity for 2024	13
Notes	14
Accounting policies	19

Entity details

Entity

Orifarm Generics Holding A/S

Energivej 15

5260 Odense S

Business Registration No.: 27347223

Registered office: Odense

Financial year: 01.01.2024 - 31.12.2024

Board of Directors

Hans Bøgh-Sørensen, Chairman

Birgitte Bøgh-Sørensen

Mads Fink Eriksen

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 01.01.2024 - 31.12.2024.

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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024.

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, 05.06.2025

Executive Board

Ulrik Kronborg Markussen

Board of Directors

Hans Bøgh-Sørensen
Chairman

Birgitte Bøgh-Sørensen

Mads Fink Eriksen

Independent auditor's report

To the shareholder of Orifarm Generics Holding A/S

Opinion

We have audited the financial statements of Orifarm Generics Holding A/S for the financial year 01.01.2024 - 31.12.2024, 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 31.12.2024 and of the results of its operations for the financial year 01.01.2024 - 31.12.2024 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.
- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 05.06.2025

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Serup

State Authorised Public Accountant
Identification No (MNE) mne45825

Victor Fortmann Storm

State Authorised Public Accountant
Identification No (MNE) mne50626

Management commentary

Financial highlights

	2024	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	243,237	326,755	309,186	190,643	12,870
Operating profit/loss	90,601	183,136	205,962	110,845	3,372
Net financials	(68,552)	(60,597)	(6,149)	(1,172)	(6,437)
Profit/loss for the year	89,363	91,843	130,350	213,053	114,171
Total assets	3,421,509	3,482,474	3,705,850	3,214,708	627,598
Equity	2,125,068	2,187,191	2,095,298	2,479,781	417,490
Ratios					
Return on equity (%)	4.14	4.29	5.70	14.71	31.68
Equity ratio (%)	62.11	62.81	56.54	77.14	66.52

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 Orifarm Group, which is a dynamic international player in the healthcare business.

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

Development in activities and finances

The result for 2024 shows a profit of kDKK 89,363 compared to a profit of kDKK 91,843 in 2023.

Particular risks

Operating conditions

For the business areas Consumer Healthcare and Specialty Rx, Orifarm Group's policy states that infringing patent rights should be avoided. However, patent holders have a commercial interest in defending market monopolies and manufacturers of generic products have an interest in challenging the market at patent expiry. This makes disputes and litigation difficult to avoid. Following the acquisition of a range of pharmaceuticals from Takeda, including a portfolio of patents and trademarks, Orifarm 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 Group's policy. Exchange rate risks are primarily related to the currencies SEK, NOK and PLN.

The Company's financial risks, including its cash management and management of credits, are managed at a corporate level to ensure a balanced risk profile.

Profit/loss for the year in relation to expected developments

The company's results for 2024 are considered satisfactory as it is at same level as for 2023.

Outlook

For 2025, Orifarm Generics Holding A/S expects an operating income and annual result at 2024 level.

Research and development activities

The subsidiaries of the Company have significant development activities covering both product and process development.

Statutory report on corporate social responsibility

Orifarm Generics Holding A/S is part of Orifarm Group. Reference is made to the Group's statutory statement on CSR for 2024 is presented in our ESG Report 2024, which can be found at www.orifarm.com/publications.

Statutory report on data ethics policy

Orifarm Generics Holding A/S is a part of Orifarm Group. Orifarm Group has decided to publish its statutory report on data ethics with our ESG report 2024. Our ESG reports are available at www.orifarm.com/publications.

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 2024

	Notes	2024 DKK'000	2023 DKK '000
Other operating income		244,299	330,188
Other external expenses		(1,062)	(3,433)
Gross profit/loss		243,237	326,755
Depreciation, amortisation and impairment losses	1	(150,337)	(143,619)
Other operating expenses		(2,299)	0
Operating profit/loss		90,601	183,136
Income from investments in group enterprises		78,826	3,227
Income from investments in associates		(7,272)	(9,505)
Other financial income	2	670	5,985
Other financial expenses	3	(69,222)	(66,582)
Profit/loss before tax		93,603	116,261
Tax on profit/loss for the year	4	(4,240)	(24,418)
Profit/loss for the year	5	89,363	91,843

Balance sheet at 31.12.2024

Assets

	Notes	2024 DKK'000	2023 DKK'000
Completed development projects	7	28,343	8,350
Acquired rights		2,393,777	2,524,136
Development projects in progress	7	17,489	47,895
Intangible assets	6	2,439,609	2,580,381
Investments in group enterprises		872,277	735,908
Investments in associates		51,313	51,954
Deposits		634	634
Financial assets	8	924,224	788,496
Fixed assets		3,363,833	3,368,877
Trade receivables		93	0
Receivables from group enterprises		29,581	67,091
Other receivables		0	46,506
Joint taxation contribution receivable		28,002	0
Receivables		57,676	113,597
Current assets		57,676	113,597
Assets		3,421,509	3,482,474

Equity and liabilities

		2024	2023
	Notes	DKK'000	DKK'000
Contributed capital	9	1,300	1,300
Reserve for development expenditure		35,749	41,498
Retained earnings		2,088,019	1,994,393
Proposed dividend		0	150,000
Equity		2,125,068	2,187,191
Deferred tax	10	104,440	79,804
Provisions		104,440	79,804
Bank loans		0	21,504
Other payables		0	290,025
Non-current liabilities other than provisions		0	311,529
Trade payables		32,360	26,984
Payables to group enterprises		812,039	837,819
Other payables		347,602	39,147
Current liabilities other than provisions		1,192,001	903,950
Liabilities other than provisions		1,192,001	1,215,479
Equity and liabilities		3,421,509	3,482,474
Employees	11		
Contingent liabilities	12		
Assets charged and collateral	13		
Related parties with controlling interest	14		
Group relations	15		

Statement of changes in equity for 2024

	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	41,498	1,994,393	150,000	2,187,191
Ordinary dividend paid	0	0	0	(150,000)	(150,000)
Exchange rate adjustments	0	0	(1,486)	0	(1,486)
Transfer to reserves	0	(5,749)	5,749	0	0
Profit/loss for the year	0	0	89,363	0	89,363
Equity end of year	1,300	35,749	2,088,019	0	2,125,068

Notes

1 Depreciation, amortisation and impairment losses

	2024	2023
	DKK'000	DKK'000
Amortisation of intangible assets	142,072	137,287
Impairment losses on intangible assets	8,265	6,332
	150,337	143,619

Profit/loss from sale of intangible assets and property, plant and equipment has been reclassified to other financial income/expenses. This applies to the comparative numbers as well.

2 Other financial income

	2024	2023
	DKK'000	DKK'000
Financial income from group enterprises	0	4,568
Exchange rate adjustments	551	1,417
Other financial income	119	0
	670	5,985

3 Other financial expenses

	2024	2023
	DKK'000	DKK'000
Financial expenses from group enterprises	67,987	62,135
Exchange rate adjustments	851	2,312
Other financial expenses	384	2,135
	69,222	66,582

4 Tax on profit/loss for the year

	2024	2023
	DKK'000	DKK'000
Current tax	0	120
Change in deferred tax	24,636	16,108
Adjustment concerning previous years	7,606	8,190
Refund in joint taxation arrangement	(28,002)	0
	4,240	24,418

5 Proposed distribution of profit and loss

	2024	2023
	DKK'000	DKK'000
Ordinary dividend for the financial year	0	150,000
Retained earnings	89,363	(58,157)
	89,363	91,843

6 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	26,675	2,852,742	50,789
Transfers	25,160	5,291	(40,480)
Additions	2,613	630	9,095
Disposals	(3,333)	(23,315)	(1,891)
Cost end of year	51,115	2,835,348	17,513
Amortisation and impairment losses beginning of year	(18,339)	(328,621)	(2,894)
Transfers	877	6,721	2,894
Impairment losses for the year	(1,430)	(6,811)	(24)
Amortisation for the year	(6,781)	(135,291)	0
Reversal regarding disposals	2,901	22,431	0
Amortisation and impairment losses end of year	(22,772)	(441,571)	(24)
Carrying amount end of year	28,343	2,393,777	17,489

7 Development projects

Development projects consist of development of generic medicine.

The development of the products is progressing as planned and is expected to be completed within 1-5 years.

The company is continually scanning for and developing new generic medicine. It is the Management's opinion that newly developed generic medicine will contribute with positive contribution margin in the future, on equal terms with the current product portfolio.

Management assess the company possess the resources and knowledge to complete and use the development projects. Management continuously evaluates the value of development projects and write-down projects that are unprofitable.

8 Financial assets

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Deposits DKK'000
Cost beginning of year	832,805	69,859	634
Additions	67,082	6,631	0
Disposals	(745)	0	0
Cost end of year	899,142	76,490	634
Impairment losses beginning of year	(96,897)	(17,905)	0
Exchange rate adjustments	(1,486)	0	0
Amortisation of goodwill	(10,015)	(1,996)	0
Share of profit/loss for the year	88,841	(5,276)	0
Dividend	(7,351)	0	0
Reversal regarding disposals	43	0	0
Impairment losses end of year	(26,865)	(25,177)	0
Carrying amount end of year	872,277	51,313	634

The carrying amount of goodwill related to group enterprises at year end 31.12.2024 amounts to DKK 235.573 thousand.

The carrying amount of goodwill related to associates at year end 31.12.2024 amounts to DKK 13.969 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 Healthcare 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
Orifarm Healthcare UAB	Lithuania	UAB	100.00
Orifarm Healthcare B.V.	Netherlands	B.V.	100.00
Investments in associates	Registered in	Corporate form	Equity interest %
MidCap T ApS	Denmark	ApS	30.49

9 Share capital

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

The share capital has not been divided into classes.

10 Deferred tax

	2024 DKK'000	2023 DKK'000
Intangible assets	89,711	73,067
Financial assets	14,729	14,729
Provisions	0	(13)
Tax losses carried forward	0	(7,979)
Deferred tax	104,440	79,804

Changes during the year	2024 DKK'000	2023 DKK'000
Beginning of year	79,804	63,696
Recognised in the income statement	24,636	16,108
End of year	104,440	79,804

11 Employees

In the financial year of 2024 the average number of employees was 0.

	Remuneration of Manage- ment 2024 DKK'000	Remuneration of Manage- ment 2023 DKK'000
Total amount for management categories	685	683
	685	683

Remuneration of management consist solely of allocated management remuneration from group enterprises.

12 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 is party to some pending disputes. It is Management's assessment that these legal proceedings will not lead to material losses for the Group.

13 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 institutions. The Group's total net debt in relation to this guarantee is booked at DKK 594.2m per 31 December 2024.

As securities for the debt to banks, the Entity has pledged unlisted shares in subsidiaries with a total book value per 31 December 2024 of DKK 555m.

14 Related parties with controlling interest

All transactions with related parties which are not according with market conditions are conducted on arms length. There have been no such transactions in the financial year.

15 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.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

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.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata 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 are subject 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 5-30 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 costs

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.

Goodwill is the positive difference between cost of investments 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 lives are reassessed annually. The amortisation periods used are 10 years.

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

The accounting policies applied to material financial statement items of group enterprises are the same as above.

Investments in associates

Investments in associates 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.

Associates 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.

Goodwill is the positive difference between cost of investments 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 lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in the financial statements they have been presented as investments in associates because this designation reflects more accurately the Company's involvement in the relevant entities.

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 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.