Deloitte.

Farmaceutisk Laboratorium Ferring A/S

Amager Strandvej 405
2770 Kastrup
CVR No. 62664819

Annual report 2022

The Annual General Meeting adopted the annual report on 31.05.2023

Per Gunnar Falk
Chairman of the board

Contents

Entity details

Entity
Farmaceutisk Laboratorium Ferring A/S
Amager Strandvej 405
2770 Kastrup

Business Registration No.: 62664819
Date of foundation: 02.01.1956
Registered office: Tårnby
Financial year: 01.01.2022 - 31.12.2022

Board of Directors
Marianne Kock
Per Gunnar Falk
Jens-Eric Regelin

Executive Board
Marianne Kock

Attorney
Plesner
Amerika Plads 37
DK-2100 Copenhagen Ø

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 Farmaceutisk Laboratorium Ferring A/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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.

Copenhagen, 31.05.2023

Executive Board

Marianne Kock

Board of Directors

Marianne Kock

Per Gunnar Falk

Jens-Eric Regelin

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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, 31.05.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary 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 2022 and the equity is currently negative with DKK 294,3 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 activities and finances

The income statement of the company for 2022 shows a loss of DKK 91,7 million hereof DKK 24,9 million is an increase in the tax provision regarding the tax dispute described in note-disclosure 2 and DKK 66,5 million is the anticipated interest expense regarding the tax dispute. At 31 December 2022, the balance sheet of the company shows a negative equity of DKK 294,3 million.

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.

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 2022

	Notes	2022 DKK'000	2021 DKK'000
Administrative expenses		(312)	(381)
Operating profit/loss		**(312)**	**(381)**
Other financial expenses	3	(66,473)	(2)
Profit/loss before tax		**(66,785)**	**(383)**
Tax on profit/loss for the year	4	(24,861)	84
Profit/loss for the year		**(91,646)**	**(299)**
Proposed distribution of profit and loss			
Retained earnings		(91,646)	(299)
Proposed distribution of profit and loss		**(91,646)**	**(299)**

Balance sheet at 31.12.2022

Assets

	2022 DKK'000	2021 DKK'000
Receivables from group enterprises	2,899	2,894
Other receivables	411	165
Joint taxation contribution receivable	69	84
Receivables	**3,379**	**3,143**
Current assets	**3,379**	**3,143**
Assets	**3,379**	**3,143**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		1,000	1,000
Retained earnings		(295,246)	(203,600)
Equity		**(294,246)**	**(202,600)**
Trade payables		688	81
Payables to group enterprises		205,533	205,528
Income tax payable		91,402	0
Other payables		2	134
Current liabilities other than provisions		**297,625**	**205,743**
Liabilities other than provisions		**297,625**	**205,743**
Equity and liabilities		**3,379**	**3,143**
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	5		
Group relations	6		

Statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	(203,600)	(202,600)
Profit/loss for the year	0	(91,646)	(91,646)
Equity end of year	**1,000**	**(295,246)**	**(294,246)**

Notes

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 valuators 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. €36.4 million) compared to the provision recorded as at 31 December 2022. A potential positive outcome following the valuation experts would lead to a reduction of the liability of DKK 87 million (approx. €12 million) compared to what is booked by the company until December 2022. In March 2023 the company has without prejudice made an additional payment to stop the interest charges on the tax exposure.l

3 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other interest expenses	66,471	0
Other financial expenses	2	2
	66,473	**2**

4 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Adjustment concerning previous years	24,930	0
Refund in joint taxation arrangement	(69)	(84)
	24,861	**(84)**

5 Contingent liabilities

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

6 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Insula Corporation S.á.r.l.
7 rue Robert Stümper
L2557 Luxembourg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Ferring Holding S.A. *
Chemin De La Vergognausaz 50
1162 Saint-Prex, Vaud, Switzerland

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

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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.

Income statement
Administrative expenses
Administrative expenses comprise consultancy expenses.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises.

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
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.

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.