Annual Report 2022

Building families and helping people live better lives

FERRING
PHARMACEUTICALS

Annual Report 2022

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A year of achievement and innovation

Lars Rebien Sørensen
Chairman

> **“Our success relies on the tremendous contribution made by talented people at all levels of the organisation.”**

I am pleased that Ferring has made significant achievements in 2022 with the approval of two pioneering medicines, demonstrating once again our commitment to scientific innovation and offering new hope to patients with life-changing diseases.

The U.S. FDA approvals of Rebyota™ and Adstiladrin®, which were granted within weeks of each other, have widened the company's horizons by taking us into the highly innovative areas of microbiome and gene therapy. This will add to our established reputation in fields such as reproductive medicine and maternal health, gastroenterology and urology, where Ferring already has a defining presence.

In January 2023, we acquired the company which supplies the active pharmaceutical ingredient (API) for our leading fertility treatment Menopur®, reinforcing our reputation as an organisation that provides for the needs of people throughout their family-building journey.

In 2022, we also strengthened Ferring's research-driven organisation with significant investments in our global R&D network. This was led by the inauguration of Soundport as our flagship centre for biopharmaceutical research in Copenhagen, Denmark.

As always, our success has relied on the tremendous contribution made by talented people at all levels of the organisation, and 2022 saw a number of changes to the senior leadership team who provide the overall strategic direction for Ferring.

I would like to acknowledge the tremendous contribution of Mirjam Mol-Arts, who announced her retirement as Chief Science and Medical Officer in March 2022 but continued as Chief Medical Officer until the end of the year, and to Armin Metzger who took over as Chief Science Officer in April. I would also like to welcome Pierre-Yves Berclaz, who replaced Mirjam as Chief Medical Officer at the beginning of 2023.

In other significant appointments to the Executive Committee, Alessandro Gilio took over from Armin Metzger as Chief Technical Operations Officer with responsibility for Ferring's global manufacturing and supply network. Christelle Beneteau, our Chief Human Resources Officer, was also appointed to the Executive Committee responsible for delivering our human capital strategy.

My thanks go to them, and to all the members of the Board of Directors and Executive Committee who have provided unerring support and guidance during a year marked by some challenges as well as major achievements.

Finally, I would like to thank all Ferring's employees for their individual and collective contribution to the company's success, demonstrating once again the power of collaboration and teamwork and underlining our philosophy that 'People Come First at Ferring'.

Lars Rebien Sørensen
Chairman

New avenues
for exploration and growth

Per Falk
President

> It was a year of firsts with two major approvals within weeks – an unparelleled feat in Ferring's history.

In 2022, we demonstrated the qualities that have made our company such an enduring force in the world of healthcare: the inspiration and passion to develop pioneering medicines, a consistent focus on the unmet medical needs of patients, and the resilience to overcome challenges as they arise.

In terms of our portfolio it was a year of firsts, with two major U.S. FDA approvals coming just two weeks apart, an unparalleled feat during Ferring's 72-year history. This means that Ferring was responsible for two out of the eight biological medicine products approved by the U.S. FDA's Center for Biologics Evaluation and Research in 2022. Once launched, these newly approved products will take Ferring in exciting new directions, while building on our established strengths in our core therapeutic areas.

As the first U.S. FDA-approved microbiota-based live biotherapeutic, Rebyota™ could begin to unlock the untapped potential of the human microbiome, enabling us to address a number of significant unmet needs. Adstiladrin® is a novel first-in-class gene therapy offering a new approach to treating a form of bladder cancer for which there were previously few therapeutic options.

While the microbiome and uro-oncology are important new avenues for exploration and growth, Ferring's main strength remains in reproductive medicine and maternal health, an area where we have a long-standing reputation for excellence and innovation. There was another breakthrough in 2022, when Carbetocin Ferring became our first-ever product to gain prequalification status from the World Health Organization as a treatment for the prevention of postpartum haemorrhage. This will facilitate its faster registration in low- and lower middle-income countries, where there is an urgent need for new therapies to treat the world's leading direct cause of maternal mortality.

Our financial performance in 2022 was strong with total revenues of €2.3 billion, reflecting a positive performance by our reproductive medicine and specialty portfolios across global markets. However, we encountered challenges after being made aware of changes in the manufacturing process for the drug substance in Menopur®, one of our leading products for the treatment of infertility.

This resulted in some supply constraints, although no impact was identified on the safety or efficacy of Menopur®. We worked with health authorities to resolve the issue as quickly as possible, understanding the importance of this medicine for patients and healthcare professionals.

The dedication and professionalism of our employees in managing this situation showed what can be achieved when we work together to pursue our mission of helping people to build families and live better lives.

At Ferring, we advocate for everyone's right to build a family, and in 2022 we introduced a generous package of benefits to support our employees who wish to embark on this rewarding journey. We are offering a ground-breaking 26-week global minimum standard of paid leave for parents, ensuring equal opportunities and making no assumptions about parental roles and responsibilities. The package also includes a range of practical and emotional support, and furthers our ambition to be one of the world's most family-friendly employers.

Every business has to consider the sustainability of its operations and its impact on the planet, on society, and on the communities it serves. This is particularly important for Ferring because of our pre-eminence in the area of reproductive medicine and maternal health. Millions of babies have been born to families using our fertility products, and we recognise our responsibility to do everything possible to create a better future for them.

In 2022, we took our environmental, social and governance (ESG) commitment to the next level when we began implementing the findings of a comprehensive materiality assessment conducted during 2021. This evaluated every aspect of Ferring's activities and introduced metrics to ensure we pursue responsible and ethical business governance, have a positive impact on patients and employees, and protect the environment.

I look forward to another year of great opportunities in which we will deliver positive growth and value as a business, while continuing to meet the needs of patients and healthcare providers worldwide with energy, enterprise and compassion.

Per Falk
President

Staying on track to deliver
our strategic agenda

Dominic Moorhead
Chief Financial Officer

> We continue to prioritise investments in progressing our mid- and long-term growth opportunities.

P&L statement Key financials	2022 € million	2021 € million	% Change @CER	% Change @AER
Total revenues	**2,277**	**2,162**	-1%	+5%
of which sales of goods	2,214	2,104	-1%	+5%
Operating profit	**231**	**358**	-45%	-35%
OP as % of sales	10.4%	17.0%	-	-
Net income	**176**	**290**	-	-39%
NI as % of sales	7.9%	13.8%	-	-

In 2022 Ferring Pharmaceuticals reported total revenues of €2,277 million, with growth of +5% versus 2021 at actual exchange rates (AER), but a decrease of -1% at constant exchange rates (CER). After a strong first three quarters to the year, supply constraints during the fourth quarter impacted sales of Menopur® resulting in the reduction in total revenues for the year at CER, whilst the appreciation of the U.S. Dollar versus the Euro resulted in the much stronger growth at AER.

Business activities normalised during the year, following the COVID-19 related constraints experienced in 2021, leading to higher overall spending and investments across the Group. Continued disciplined cost management contained the increase in operating expenses to +6% at CER versus the prior year despite the inflationary economic environment. We continued to prioritise investments in progressing our mid- and long-term growth opportunities, especially in anticipation of our two major U.S. FDA approvals for Rebyota™ and Adstiladrin®.

As a result, following a record-breaking year in 2021 driven by strong sales combined with COVID-related cost containment measures and lower marketing and medical activities, the operating profit in 2022 decreased by -45% at CER (-35% at AER) to reach €231 million, equating to 10% of sales.

Similarly, net income for the year reached €176 million, which was -39% (at AER) lower than the prior year, with lower tax charges being largely offset by foreign exchange currency losses and higher financial charges.

Record total revenues reflect strong performance across regions

Total revenues, comprising sales of goods, royalty income and other income, reached an all-time high of €2,277 million. Sales of goods totalled €2,214 million, with growth versus 2021 of +5% at AER, but a decrease of -1% at CER. The appreciation of several currencies against the Euro, particularly the U.S. Dollar, resulted in a favourable currency effect of €129 million versus the prior year. At CER, sales decreased by €20 million for the year due to the Menopur® supply constraints which limited sales by €80 million during the fourth quarter, partly offset by a strong performance across the balance of the portfolio.

Royalty income and other income totalled €63 million and was flat versus prior year at CER.

Sales of goods by region	2022 € million	2021 € million	% Change @CER	% Change @AER
U.S.	920	811	+1%	13%
ELAC	753	766	-4%	-2%
APMA	531	516	+1%	+3%
Other	10	11	-	-
Total sales of goods	2,214	2,104	-1%	+5%

There was good performance across the regions with % changes in sales of goods at CER explained as follows.

The United States was the largest region with sales of €920 million (42% of total), with growth of +1% (CER) versus prior year despite the Menopur® supply constraints. The U.S. reproductive medicine and maternal health (RMMH) portfolio decreased by -0.4% (CER), with Menopur® at -1% (CER) versus prior year. Excluding Menopur®, the U.S. grew by +3% versus 2021.

ELAC (Europe, Latin America and Canada) generated sales of €753 million (34% of total), equating to a decrease of -4% (CER). Menopur® sales were impacted by the supply constraints and ended -14% compared to the prior year.

APMA (Asia Pacific, Middle East and Africa) sales amounted to €531 million (24% of total) and grew by +1% versus prior year. Again, the area was impacted by the Menopur® supply constraints with -17% lower sales than prior year. Excluding this product, growth was +6%, mostly driven by Pentasa® with sales +11% higher than in 2021.

Sales of goods by franchise/product	2022 € million	2021 € million	% Change @CER	% Change @AER
RMMH	1,211	1,144	-2%	+6%
of which Menopur®	*771*	*753*	*-6%*	*+2%*
Gastroenterology/Endocrinology	563	550	0%	+2%
of which Pentasa®	*342*	*332*	*+2%*	*+3%*
Urology/Uro-oncology	291	294	-3%	-1%
of which Minirin®	*183*	*183*	*0%*	*0%*
Orthopaedics	141	107	17%	+32%
Other	8	9	-22%	-11%
Total sales of goods	2,214	2,104	-1%	+5%

Globally, our core franchise of RMMH reached sales of €1,211 million (55% of total sales) with a decrease of -2% (equivalent to €25 million) at CER. Within this, our flagship product Menopur® achieved sales of €771 million with a decrease of -6% at CER (equivalent to €46 million) following the supply constraints.

The gastroenterology and endocrinology franchise achieved sales of €563 million (25% of total sales) and was flat versus prior year at CER. Moreover, excluding products discontinued in 2021, the franchise grew +4% at CER, driven by growth of +13% at CER from Picoprep®/Clenpiq® and +2% at CER from Pentasa®.

The urology and uro-oncology franchise achieved sales of €291 million (13% of total sales) which was a decrease of -3% at CER versus prior year, mainly due to Firmagon® at -5%. Minirin® sales were flat versus prior year. Excluding discontinued products, the urology and uro-oncology portfolio decreased by -2%.

Continued profitability during an investment year in an inflationary environment

Total revenues were impacted by the Menopur® supply constraints and were -1% lower than prior year at CER. The gross profit margin was 68% of sales in 2022 versus 70% in 2021, a reduction of -2% points due to strong inflationary pressure on the cost of sales and in particular for freight, energy and commodity costs.

Operating expenses totalled €1,266 million and increased by +6% at CER (+14% at AER) versus prior year. Within this, sales and marketing costs increased by +8% at CER (+16% at AER) as business activities progressively returned to a normal pace after COVID-19, and as the Group invested in building the microbiome franchise in anticipation of the Rebyota™ launch.

Research and development costs increased by +5% at CER (+10% at AER) as the development pipeline evolved and clinical studies progressed, and this investment strengthened to +16% of sales. General and administration costs increased by +15% at CER (+22% at AER) with the normalisation of activities following reduced spending levels in the prior year due to COVID-19. Other operating expenses decreased by -11% at CER (+1% increase at AER) due to reductions in contingent consideration and no repetition of the restructuring costs in the prior year. However, this was largely offset by the impact of the agreement with Blackstone Life Sciences whereby the 2019 collaboration was restructured and Ferring regained full and sole control of Adstiladrin®.

During 2022 we continued to progress as a priority our two new products – Rebyota™, a pioneering microbiome treatment, and Adstiladrin®, a novel gene-based therapy for bladder cancer. Both products were approved by the U.S. FDA in November and December 2022 respectively. Across the company, this has involved a concerted effort in preparing for regulatory filings, ensuring commercial readiness, and building manufacturing capabilities.

As a result, the operating profit for the year was €231 million (10% of sales), which was a decrease versus prior year of €162 million (-45%) at CER and €127 million (-35%) at AER. The results at AER benefited from a favourable currency impact of €36 million due to the appreciation of the U.S. Dollar versus the Euro.

Net income for the year reached €176 million (8% of sales), which was -39% lower than the prior year, with lower tax charges being largely offset by foreign exchange currency losses and higher financial charges.

Cash flow statement Key financials	2022 € million	2021 € million	Change € million	% Change @AER
Operating	**251**	**450**	-199	-44%
of which EBITDA	361	490	-129	-26%
Investing	**(390)**	**(152)**	(238)	-157%
Free cash flow	(139)	298	(437)	-
Financing	**(166)**	**(267)**	101	+38%
Net cash flow	**(308)**	**38**	(346)	-
Closing net cash	350	657	-	-

Net cash generated by operating activities amounted to €251 million (versus €450 million in the prior year), driven mainly by a €129 million decrease in EBITDA to reach €361 million (versus €490 million in the prior year) as well as higher tax payments.

Net cash used in investing activities significantly increased to €390 million (versus €152 million in the prior year). The €238 million increase is mostly explained by a €121 million payment related to the successful Rebyota™ approval and settlement agreement with the previous shareholders of Rebiotix Inc (acquired in 2018). Additionally, the Group invested €35 million more than the prior year in fixed assets mainly focusing on strengthening our manufacturing and research facilities, as well as intangible assets related to improving our digital capabilities in support of the growth agenda. Purchase of licences decreased by €33 million, reaching €69 million, of which €48 million related to the agreement with Trizell Ltd. related to Adstiladrin®.

Thus, free cash flow was €437 million lower than prior year, with an outflow of €139 million in 2022 versus an inflow of €298 million for the prior year.

Net cash used in financing activities amounted to an outflow of €166 million (versus an outflow of €267 million for the prior year with significant debt repayments). During the year, repayment of loans to the shareholder totalled €52 million, and a dividend of €60 million was paid. Thus by the end of 2022, the main outstanding debt was the Swiss Bond for 270 million Swiss Francs (effectively €274 million) repayable in July 2025.

Consequently, the cash position at the end of 2022 totalled €350 million (versus €657 million at the end of 2021), a decrease of €307 million, mainly attributable to investments in newly approved products and related assets, a reduction in cash generation related to the Menopur® supply constraints in the fourth quarter, and normalisation of spending levels post-COVID.

Laying the foundations for the success of our strategic agenda

In recent years across the company, we have developed a much deeper understanding of our purpose and direction, and consequently a sharper delivery plan for our strategic agenda. Based on this, good progress has been made in pursuing late-stage opportunities, rewarded through the ground-breaking approvals of Rebyota™ and Adstiladrin®. Concurrently, we have continued our drive to optimise our structures, systems and processes in preparation for the next phase of growth. This was demonstrated most recently by the successful implementation of SAP in our initial pilot entities in October, the first step in a journey towards a single and standardised ERP system for the entire Group.

I would like to recognise all our colleagues across the company who are driving this change, enabling us to put in place simpler and more effective ways of working as a foundation for our future profitable growth.

In conclusion, 2022 was a pivotal year for Ferring, with notable success in the approval of two breakthrough drugs in novel areas of therapy that will shape the future of the company, and ultimately help people live better lives.

Dominic Moorhead
Chief Financial Officer

Ferring at a glance

Ferring Pharmaceuticals is a research-driven, specialty biopharmaceutical group committed to building families and helping people live better lives. Headquartered in St-Prex, Switzerland, Ferring is a leader in reproductive medicine and maternal health, and in specialty areas within gastroenterology and urology.

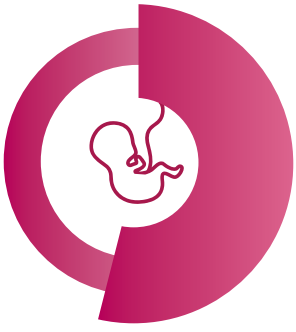
Ferring has been developing treatments for mothers and babies for over 50 years and has a portfolio covering treatments from conception to birth. Founded in 1950, privately-owned Ferring now employs around 6,000 people worldwide. The company has operating subsidiaries in more than 50 countries and markets its products in over 100 countries.

New therapies to help people live better lives

Ferring has developed a world-class portfolio of innovative treatments that help healthcare professionals manage a range of severe or life-changing diseases and medical conditions. In 2022, we made significant progress with the approval of two major new products coming just two weeks apart, an unparalleled achievement in the history of Ferring. This further enhanced our reputation for developing new drugs and biotechnology-derived medicines using cutting-edge science and technology, and for adapting existing therapies to meet patients' needs with more effective and convenient delivery systems. The approvals are opening up new therapeutic areas for Ferring such as the microbiome and gene therapy, building on our traditional strengths in reproductive medicine and maternal health, gastroenterology and urology.

Reproductive Medicine and Maternal Health

Ferring has long been recognised as a leader in the field of reproductive medicine and maternal health. In some parts of the world we are the only pharmaceutical company with a portfolio of products spanning the entire spectrum from conception to birth.



In 2022, Reproductive Medicine and Maternal Health contributed

55%

of the company's revenues

This means patients in many countries can undergo a cycle of assisted reproductive technology (ART), such as *in vitro* fertilisation (IVF) or intracytoplasmic sperm injection (ICSI), using only medicines made by Ferring.

For more than half a century we have applied innovations in fertility, obstetrics and gynaecology, enabling potential parents to receive the best possible support in their family-building journey. We are committed to researching and developing new therapies in areas of high unmet need, such as female and male infertility and diseases of pregnancy.

One of Ferring's leading products is **Menopur**® (menotropin) for the treatment of infertility in women and men. Menopur is a human-derived mixture of a follicle stimulating hormone (FSH) and human chorionic gonadotropin (hCG). In women undergoing assisted reproductive techniques such as IVF, these hormones stimulate follicles to produce eggs in the ovaries that can be harvested to create embryos which are then transferred back into the patient. Menopur is also indicated to treat men with hypogonadotropic hypogonadism.

Menopur is supplied in vials containing a powder and injection solution which the patient draws into a syringe and mixes for injection. A new liquid formulation has been developed in a pre-filled injection pen, making administration quicker and easier for patients. In 2022, **Menopur**® **Pen** was made available for the first time to patients in Switzerland after receiving approval in a number of European markets.

During the year we notified health authorities that changes had been made to the manufacturing process for the drug substance of Menopur. This resulted in some supply constraints, although no impact on safety or efficacy has been identified. We worked with relevant health authorities to resolve the situation as quickly as possible, recognising the importance of Menopur to healthcare professionals and patients.

Rekovelle® (follitropin delta) provides an innovative approach to infertility treatment. It is the only recombinant follicle stimulating hormone (rFSH) to be derived from a human cell line. Rekovelle is indicated for controlled ovarian stimulation to induce multiple follicle growth in women using ART. Rekovelle is supplied in a pre-filled pen for self-injection by patients. It is administered according to an individual dosing regimen based on a woman's body weight and her level of anti-Müllerian hormone (AMH), a biomarker used to assess ovarian reserve and predict the response to stimulation. Rekovelle is approved in around 75 countries.

Chorapur®/**Novarel**® (HP-hCG) is a glycopeptide hormone administered by intramuscular injection to control the timing of ovulation. It mimics the action of luteinising hormone and is used to trigger ovulation following follicular stimulation and development. Chorapur/Novarel is also used in combination with Menopur to stimulate sperm production in the treatment of male infertility due to hypogonadism.

Endometrin® (progesterone) is a vaginal tablet used to support embryo implantation and early pregnancy by supplementing the luteal phase of the menstrual cycle in women using ART.

Decapeptyl® **Daily**[1] (triptorelin acetate) is used to downregulate the pituitary gland before and during controlled ovarian stimulation in women undergoing IVF. Another formulation, **Decapeptyl**® **Depot**[1], can be given every 30 days for a range of indications including the treatment of endometriosis and regulation of premature early puberty.

Lutrelef®/**LutrePulse**® (gonadorelin acetate) is used to treat infertility in women and men with deficient levels of gonadotropin-releasing hormone (GnRH). It helps to induce sexual development, follicle maturation and ovulation in women whose normal hormone secretion is affected, and can also be used to induce sperm production in men. The product is administered using a pre-programmed pump delivery device.

Propess®/**Cervidil**® (dinoprostone vaginal insert) is one of the leading therapies worldwide for initiating cervical ripening – the process of softening, relaxing and dilating the cervix in readiness to give birth. Cervical ripening is required when labour has to be induced, if there is a risk to the health of mother or baby. This occurs in around 10% of births. Propess is a vaginal insert which releases dinoprostone, an analogue similar to a natural prostaglandin, at a constant and controlled rate.

Tractocile® (atosiban) is the leading product worldwide for delaying imminent preterm birth, the main cause of death and disability in newborn infants. Tractocile is given intravenously and contains an oxytocin/vasopressin antagonist which prevents uterine contractions and relaxes the uterus.

Pabal® (carbetocin) is a long-acting oxytocin analogue registered in almost 100 countries for the prevention of postpartum haemorrhage (PPH), or bleeding following childbirth. Excessive bleeding can occur after labour due to insufficient contraction of the uterus once the placenta has been delivered, or following incomplete abortion or a caesarean section.

Carbetocin Ferring is a heat-stable formulation which does not require refrigeration, unlike oxytocin, the standard of care for prevention of PPH. This makes Carbetocin Ferring especially suitable for use in low- and lower middle-income countries, which often have a hot climate and unpredictable power supply. It is being provided at a sustainable access price to the public and not-for-profit sectors in these countries. In 2022, the first batches were delivered in India and 11 African countries *(for more on access to Carbetocin Ferring, see "Building families – from conception to birth" on page 29).*

1. In certain markets, the Decapeptyl trademark is owned by third parties.

Gastroenterology and Microbiome

Ferring has a long-standing heritage of delivering innovative therapies in the field of gastroenterology, and we are constantly seeking to develop new medicines that will help people live better lives. In 2022, we took a major step forward in harnessing the power of the human microbiome to address significant unmet patient needs, with the ground-breaking approval of a microbiota-based live biotherapeutic by the U.S. Food and Drug Administration (FDA).

In 2022, Gastroenterology contributed

25%

of the company's sales of goods

Rebyota™ (fecal microbiota, live – jslm) is a novel first-in-class treatment approved by the U.S. FDA for the prevention of recurrence of *Clostridioides difficile (C. diff)* infection (CDI) in individuals 18 years of age and older, following antibiotic treatment for recurrent CDI. This potentially deadly infection represents a significant burden for patients, caregivers and healthcare systems worldwide. CDI causes debilitating symptoms such as severe diarrhoea, fever, stomach tenderness or pain, loss of appetite, nausea and colitis (an inflammation of the colon).[1] It can mark the start of a cycle of recurrence[2,3] with up to 35% of cases recurring following initial diagnosis.[4,5]

Antibiotics are the current standard of care for CDI, and while they kill or stop the growth of *C. diff* bacteria, they can also kill some of the beneficial bacteria in the gut microbiome making it possible for CDI to recur.[6] Rebyota takes a complementary approach, with each single, pre-packaged dose delivering a mix of potentially trillions of live microbes directly to the gut microbiome to prevent *C. diff* recurrence. Rebyota is sourced from qualified donors and the source material is tested for a range of transmissible pathogens.

The efficacy and safety of Rebyota were studied in the largest clinical trial programme ever conducted in the field of gut microbiome-based therapeutics, including five clinical trials with more than 1,000 participants. Results from the randomised, double-blind Phase 3 PUNCH™ CD3 trial, published in the journal *Drugs* in 2022, showed a treatment success rate of 70.6% at eight weeks for Rebyota versus 57.5% for placebo. More than 90% of participants who achieved treatment success remained free of CDI recurrence for six months.[7]

1. *Centers for Disease Control and Prevention. What Is C. Diff? 17 Dec. 2018. Available at: https://www.cdc.gov/cdiff/what-is.html.*
2. *McDonald LC, Gerding DN, Johnson S, et al. Clinical Practice Guidelines for Clostridium difficile Infection in Adults and Children: 2017 Update by the Infectious Diseases Society of America (IDSA) and Society for Healthcare Epidemiology of America (SHEA). Clin Infect Dis. 2018;66(7):e1-e48.*
3. *Langdon A, Crook N, Dantas G. The effects of antibiotics on the microbiome throughout development and alternative approaches for therapeutic modulation. Genome Med. 2016;8(1):39.*
4. *Riddle DJ, Dubberke ER. Clostridium difficile infection in the intensive care unit. Infect Dis Clin North Am. 2009;23(3):727-743.*
5. *Nelson WW, et al. Health care resource utilization and costs of recurrent Clostridioides difficile infection in the elderly: a real-world claims analysis. J Manag Care Spec Pharm. 2021;27(7):828-838. doi: 10.18553/jmcp.2021.20395. Epub 2021 Mar 11.*
6. *Ferring Pharmaceuticals: Currently approved treatment options. Available at: https://microbiome.ferring.com/c-difficile-approved-treatment-options/. Last accessed January 30, 2023.*
7. *Khanna S, et al. Efficacy and Safety of RBX2660 in PUNCH CD3, a Phase III, Randomized, Double-Blind, Placebo-Controlled Trial with a Bayesian Primary Analysis for the Prevention of Recurrent Clostridioides difficile Infection. Drugs (2022) 82:1527–1538. Available at: https://doi.org/10.1007/s40265-022-01797-x Last accessed January 30, 2023.*

Pentasa® (mesalazine) is used to treat mild to moderate ulcerative colitis. Pentasa is a leading product worldwide except in the U.S., where Takeda sells Pentasa under a trademark licence from Ferring.

Picoprep® (sodium picosulfate) is used for cleansing the colon before colonoscopy in adults and children aged nine years and older. It is available in a sachet to be mixed with water, or as a ready-to-drink oral formulation.

Clenpiq® (sodium picosulfate) is an oral solution for cleansing the colon in adults undergoing a colonoscopy.

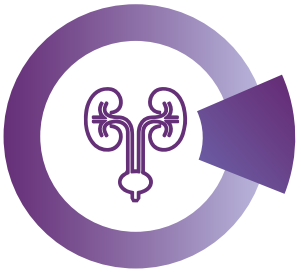
Cortiment® **MMX**™[1] (budesonide) is a controlled release oral steroid used to induce remission in mild-to-moderate active ulcerative colitis. Patients with this condition experience periods of relapse when their symptoms become particularly troublesome. Cortiment contains budesonide, a locally acting glucocorticosteroid, in a novel oral formulation using multimatrix technology to ensure controlled release and distribution throughout the colon.

Glypressin® (terlipressin) is given by intravenous injection to patients with bleeding oesophageal varices, or enlarged veins in the oesophagus caused by a blockage or scar tissue in the liver. In some countries Glypressin is approved for the treatment of hepatorenal syndrome type 1, a form of progressive kidney failure seen in people with severe liver damage, often due to cirrhosis.

1. MMX is a trademark of Cosmo Pharmaceuticals SA.

Urology and Uro-Oncology

Ferring has a well-established presence in the field of urology, and we are now strengthening our commitment to the treatment of urological cancers. At the end of 2022, we passed another major milestone when we gained U.S. FDA approval for **Adstiladrin**® (nadofaragene firadenovec-vncg). When launched, this ground-breaking gene therapy will provide a new treatment option for patients with non-muscle-invasive bladder cancer (NMIBC) who are unresponsive to Bacillus Calmette-Guérin (BCG) treatment, the first-line standard of care. We expect Adstiladrin will be available to U.S. patients in the second half of 2023, following an expansion in manufacturing capacity *(for more on this, see "Unleashing the power of innovation" on page 25)*.



In 2022, Urology contributed

13%

of the company's revenues

Firmagon® (degarelix) is a gonadotropin-releasing hormone receptor antagonist used to treat advanced hormone-dependent prostate cancer by suppressing the body's production of testosterone. Lowering testosterone levels causes cancer cells to die, reducing the size of the tumour and delaying its growth. Firmagon is given once a month and is available in many countries including the U.S., E.U. and Japan,[1] and in China through a strategic partnership with Pfizer.

Decapeptyl® **Depot**[2] (triptorelin acetate) is used to suppress the action of testosterone and oestrogen, making it a standard therapy for diseases that depend on sex hormones, e.g. for slowing the development of prostate cancer and regulating premature early puberty. Decapeptyl Depot consists of a solution for injection in a pre-filled syringe.

1. *In Japan, degarelix is approved and commercialised under the name Gonax® and is licensed to Astellas Pharma Inc.*
2. *In certain markets, the Decapeptyl trademark is owned by third parties.*

Minirin® (desmopressin) is the leading global product in its class for treating primary nocturnal enuresis (PNE, or bedwetting) in children, and nocturia (or the need to awaken at night to pass urine) in adults. Minirin works by imitating a natural hormone called vasopressin which helps the kidneys to produce less water at night. PNE can be traumatic for children, affecting their well-being and self-esteem. For adults with nocturia, waking up several times a night to urinate can lead to sleep deprivation and affect their quality of life.

Nocdurna® (desmopressin) is a low dose sublingual formulation of desmopressin for treating nocturia in adults. It has been shown to reduce night-time urination by nearly half.

Orthopaedics

Euflexxa® (1% sodium hyaluronate) is a recombinant form of hyaluron, a substance normally found in the fluid surrounding the knee that helps to lubricate, cushion and protect the joint. Euflexxa is injected into the knees of osteoarthritis patients to reduce pain.

Endocrinology

Zomacton® (somatropin) is a recombinant human growth hormone mainly used to treat growth hormone deficiency in children, and short stature associated with Turner syndrome.

Unleashing the power of innovation

At Ferring, we believe in the power of science and are committed to discovering and developing transformational therapies that help people live better lives. Our researchers are constantly exploring the frontiers of science as we maintain our long-standing commitment to innovation, creating exceptional medicines that address unmet needs across our key therapeutic areas.

We are continuously investing in our global network of research and development centres, and 2022 saw major enhancements to several sites including the inauguration of Soundport, our largest centre for biopharmaceutical R&D, in Copenhagen, Denmark.

We also work closely with scientific institutes and other biotechnology and pharmaceutical companies worldwide, and a number of further collaborations were announced during the year.

Our commitment to R&D resulted in the first regulatory approvals for two key projects developed to treat debilitating and potentially life-threatening conditions. Rebyota™ (fecal microbiota, live – jslm) was approved in the U.S. as a novel first-in-class live biotherapeutic to prevent the recurrence of *Clostridioides difficile* infection (CDI). In the field of uro-oncology, Adstiladrin® (nadofaragene firadenovec-vcng) also gained U.S. approval as a ground-breaking gene therapy for patients with non-muscle-invasive bladder cancer (NMIBC) who are unresponsive to Bacillus Calmette-Guérin (BCG), the first-line standard of care. These achievements meant that Ferring was responsible for two out of the eight biological medicine products approved by the U.S. FDA's Center for Biologics Evaluation and Research in 2022.[1]

1. *U.S. Food and Drug Administration. 2022 Biological License Application Approvals. Available at: https://www.fda.gov/vaccines-blood-biologics/development-approval-process-cber/2022-biological-license-application-approvals. Last accessed February 24, 2023.*

These milestones underline the capabilities and commitment of the teams based at our R&D centres in Brazil, China, Denmark, India, Israel, Japan, Switzerland, the U.K. and U.S.

Scientists at these sites drive therapeutic innovation and the discovery of new molecular and biological entities, as well as further developing our marketed products to provide more effective drug delivery systems and address new disease areas.

During 2022 two of our main R&D hubs were transformed through extensive redevelopment. In Copenhagen, employees moved into the Soundport building which provides 24,000 m² of laboratory and office space for up to 750 people in a spectacular waterfront setting. The site is designed as a forum for innovation, idea generation and screening of novel antibodies. It houses our bioanalysis, discovery biotherapeutics and immunology laboratories, and is a centre of excellence for immunology science throughout Ferring.

At San Diego in the U.S., we completed an upgrade of the Ferring Research Institute which focuses on small molecule and peptide drug discovery, from new target identification through to early drug development.

Other developments in 2022 included the inauguration of an R&D and manufacturing site at Hyderabad, our second in India, and significant enhancements to the R&D facility at Föhr in Germany to provide new state-of-the-art laboratory facilities.

Reproductive Medicine and Maternal Health

Ferring aims to be the world-leading, most trusted healthcare company in reproductive medicine and maternal health. In 2022, we pursued a number of R&D programmes to support and extend our portfolio of therapies by investigating new indications and treatment modalities. For example, we initiated a clinical study to explore potential new male indications for follitropin delta, our recombinant follicle stimulating hormone already approved in some markets as Rekovelle® for the treatment of female infertility.

Therapeutic area	Project/Indication (and API)	Phase 2	Phase 3	Filed
Reproductive Medicine and Maternal Health	rFSH for male infertility Infertility (follitropin delta)	●		
	Pabal® (U.S.) Postpartum haemorrhage (carbetocin)		●	
	Menopur® Pen (China)* Infertility (gonadotropin)		●	
	LutrePulse® (U.S.) Infertility (gonadotropin GnRH)		●	
	Rekovelle® (India) Infertility (follitropin delta)		●	
	Rekovelle® (U.S.) Infertility (follitropin delta)			●
	Rekovelle® (China) Infertility (follitropin delta)			●

** When this report was prepared, the development timeline for Menopur® Pen was under review reflecting product supply status.*
(This table only shows post Phase 2 projects)

Microbiome

The U.S. approval of Rebyota™ (fecal microbiota, live – jslm) to prevent the recurrence of *Clostridioides difficile* infection (CDI) marks a major breakthrough in our pioneering R&D programme to explore the therapeutic potential of the human microbiome *(for more on this product, see "New therapies to help people live better lives" on page 19)*. The microbiome is a complex community of microorganisms which live on every surface of the human body, supporting the maintenance and development of the immune system, metabolism, and other functions essential to human life. If a microbial imbalance occurs within the microbiome this can lead to a range of disorders.[1] We are committed to unlocking the power of the microbiome to develop innovative therapies, and are expanding our focus to other diseases with unmet medical needs. Ferring works with partner organisations and the wider scientific community to conduct research, generate data, and increase our understanding of the human microbiome and its therapeutic potential. In 2023, we will focus on ensuring the widest possible patient access to Rebyota, and taking further steps towards developing the next generation of microbiome products.

Gastroenterology

Ferring is pursuing other therapeutic approaches in gastroenterology, building on our heritage of research and development in inflammatory bowel disease (IBD). For example, in 2022 we entered a strategic collaboration with I-Mab to further develop olamkicept in IBD and related inflammatory conditions. Olamkicept is the first and only clinical stage selective interleukin-6 inhibitor that works through the trans-signalling mechanism. Interleukin-6 is associated with a number of inflammatory conditions including IBD. In 2021, I-Mab announced positive results from a Phase 2 study evaluating the efficacy and safety of olamkicept in patients with active ulcerative colitis.[2] We previously entered into a licence agreement with I-Mab in 2016 which granted them exclusive rights to develop and commercialise olamkicept in China, Taiwan and South Korea. The new collaboration enables Ferring to invest in the development of olamkicept globally and gives I-Mab an option to collaborate in future development.

1. *Gilbert JA, Blaser MJ, Caporaso JG, et al. Current understanding of the human microbiome. Nat Med. 2018;24(4):392-400.*
2. *News release: I-Mab Announces Positive Topline Phase 2 Results for Olamkicept in Ulcerative Colitis. Available at: https://ir.i-mabbiopharma.com/news-releases/news-release-details/i-mab-announces-positive-topline-phase-2-results-olamkicept. Last accessed January 31, 2023.*

Urology and Uro-Oncology

In December 2022, Ferring received U.S. approval for Adstiladrin® (nadofaragene firadenovec-vncg), a novel gene-based therapy for patients with non-muscle-invasive bladder cancer (NMIBC) who are unresponsive to treatment with Bacillus Calmette-Guérin (BCG). Adstiladrin offers a new approach to treating a serious condition for which limited therapeutic options are available. Bladder cancer is the tenth most common cancer worldwide with 573,000 new diagnoses in 2020, and causes 212,000 deaths a year.[1] It occurs when abnormal cells grow in the lining of the bladder, and in some cases spread into the bladder muscle. The most common form is NMIBC, in which the cancerous cells are confined to the lining of the bladder. Low and intermediate risk patients can be treated by removing the cancerous cells surgically, potentially followed by chemotherapy. For high risk patients, intravesical treatment (i.e. into the bladder) with BCG is the standard of care to reduce recurrence. When patients are unresponsive or become resistant to BCG, there were few options other than removal of the bladder, which is associated with lower quality of life and increased mortality.

Adstiladrin is an adenovirus vector-based therapy containing the gene interferon alfa-2b, administered intravesically by catheter every three months. The vector enters the cells of the bladder wall where it breaks down to release the active gene. The internal gene/DNA machinery of the cells then translates the interferon alfa-2b into proteins which inhibit tumour cell growth and activate an immune response, blocking disease progression. A Phase 3 clinical trial showed that 51% of patients with carcinoma *in situ* achieved a complete response after three months. Of these, 46% remained free of high-grade recurrence after one year.[2] This shows that Adstiladrin has the potential to become the new standard of care. With a renewed focus on scaling up manufacturing and supply, Ferring aims to make this medicine available in the U.S. during the second half of 2023.

1. *Globocan 2020: Bladder Factsheet. Available at: https://gco.iarc.fr/today/data/factsheets/cancers/30-Bladder-fact-sheet.pdf. Last accessed January 31, 2023.*
2. *Boorjian SA et al: Study e.published Nov 2020 Lancet Oncol 2020. 1016/S1470-2045(20)30540-4.*

Global Drug Discovery – the key to future growth

Progressing the pipeline through internal and external innovation is one of Ferring's strategic growth drivers. Our scientists investigate an array of modalities to build a portfolio of innovative medicines that address areas of unmet need in our core therapeutic areas. We are focused on delivering transformational therapies through our deep understanding of disease biology, and by applying technologies such as artificial intelligence (AI) and machine learning.

In 2022 we pursued these goals by leveraging our existing resources, investing in cutting edge platforms and capabilities, and entering into new partnerships with leading external institutions and organisations. Our approach is constantly evolving as we employ data science and digital technologies to transform the way we innovate in R&D. We have strengthened our research pipeline with early-stage projects targeting male and female infertility and IBD, while our focus on immunology is also diversifying our portfolio with promising assets in the areas of inflammation and autoimmune disease.

Partnerships with external scientists are integral to our R&D strategy. We work with experts in universities, biotechnology companies and innovation incubators to improve drug discovery and advance our pipeline. In 2022, we continued to leverage existing collaborations such as that between the Ferring Institute for Reproductive Medicine and the Chinese Academy of Sciences, and with organisations such as the Centre for Translational Microbiome Research (CTMR) at the Karolinska Institutet, ReproUnion (part of Medicon Valley), the Milner Therapeutics Institute at Cambridge University, Igenomix, the Experimental Drug Development Centre (EDDC) in Singapore, and Evotec, a contract research organisation providing drug discovery support and expertise. In addition, we entered into a new agreement with Gubra, a Danish biotechnology company, to further develop and characterise preclinical models of IBD. This collaboration aims to advance our early pipeline of targets in intestinal inflammation and fibrosis.

In another important collaboration, Ferring continued to work closely with the BioInnovation Institute (BII), a Copenhagen-based non-profit foundation which operates an incubator to create and support life sciences start-ups. In 2022, Ferring joined the Women's Health Innovation Panel which advises BII on its women's health strategy, with the aim of strengthening the European ecosystem for translational research to address unmet needs in women's health.

Building families – from conception to birth

At Ferring, we are dedicated to helping people become parents and supporting them from conception to birth. We believe in building families of every shape and size, and are proud that our fertility products have contributed to the birth of millions of babies over the last half-century. At the same time, we recognise that millions of people worldwide lack the specialised care and treatment they need to build a family.

In 2017 we initiated #ProjectFamily to promote access to healthcare and help people throughout their family-building journey. We are also involved in a range of research projects, partnerships and social media campaigns inspired by the four pledges of our #ProjectFamily Commitment. All these programmes support Ferring's environmental, social and governance (ESG) strategy which is dedicated to ensuring the access and affordability of medicines and promoting diversity and inclusion *(for more on this, see "Purpose, People, Planet: Our commitment to sustainability" on page 35)*.

1. Learning from patients to improve their treatment and care

Ferring is committed to increasing the treatments available for women when they are pregnant or give birth, and we are guided by their needs and preferences. In 2022, we continued organising patient advisory boards to increase our understanding of various health conditions. The results have shaped our patient insights database, along with information from social media and market research programmes. This gives a deep understanding of patients' experiences and decision-making processes, ensuring we reflect their needs when researching and designing our medicines.

In 2022, we published the results of a survey of nearly 2,000 patients and their partners in nine countries to understand the barriers in seeking access to fertility treatment.[1] Infertility affects an estimated one in six heterosexual couples globally[2], and has a profound effect on many aspects of life including relationships and daily activities. Around 60% of participants felt the diagnosis and treatment of infertility had impacted their mental health, but only 44% had sought professional help. In addition, 55% said infertility had caused emotional strain and one-third felt their relationship had suffered. These results highlight the demand for better education and support for individuals.

Another survey in the U.K. highlighted the problems faced by young cancer patients in accessing fertility preservation, a necessary precaution before starting treatment which could affect their chances of having children. Patients have to make decisions about fertility under time pressure, while also dealing with their cancer diagnosis.

In 2022, we announced 17 research grants worth a total of nearly €2.9 million for a range of projects that will improve outcomes at every stage of the reproductive journey. One of these grants supports a University of Edinburgh project to develop fertility preservation decision-making aids for cancer patients. The study builds on an existing web-based decision aid, and will create tailored resources for patients in different languages.

1. *Boivin J et al. Tailored support may reduce mental and relational impact of infertility on infertile patients and partners. Reproductive Medicine Online, February 3, 2022. Available at: https://doi.org/10.1016/j.rbmo.2022.01.015. Last accessed January 31, 2023.*
2. *European Society of Human Reproduction and Embryology. ART Factsheet 2016. Available at: https://www.eshre.eu/Press-Room/Resources.aspx. Last accessed: January 31, 2023.*

2. Collaborating to reduce maternal and infant mortality

On average, 800 women worldwide die every day from pregnancy- and childbirth-related causes, including haemorrhage and infections.[1] Many of these conditions could be prevented or treated given proper access to healthcare. Driven by a vision that no woman should die while giving birth, in 2013 we launched Project Family: Safe Birth (formerly Project CHAMPION), in collaboration with the World Health Organization (WHO) and MSD for Mothers.

Our initial goal was to tackle postpartum haemorrhage (PPH), the leading direct cause of maternal deaths worldwide. This is responsible for around 70,000 deaths a year,[2] more than 90% of which occur in low- and lower middle-income countries (L&LMICs).[3] We developed a heat-stable version of carbetocin, our medicine for preventing PPH, which does not require refrigeration and is suitable for use in countries without reliable cold chain storage. We are committed to supplying Carbetocin Ferring at an affordable and sustainable price to publicly funded or not-for-profit healthcare facilities in L&LMICs *(for more on Carbetocin Ferring, see "New therapies to help people live better lives" on page 18)*.

We collaborated with the WHO Human Reproduction Programme (HRP) and MSD for Mothers on the large-scale CHAMPION trial, which compared heat-stable carbetocin to oxytocin in the prevention of PPH following vaginal delivery. Based on these data, Carbetocin Ferring was approved in Switzerland and India in 2020, and was used to treat the first patients in India in 2021. Carbetocin Ferring is now registered and available in India and 11 African countries, namely the Democratic Republic of Congo, Ghana, Kenya, Malawi, Nigeria, Rwanda, Sierra Leone, South Sudan, Tanzania (including Zanzibar), Uganda and Zambia. Further regulatory submissions in L&LMICs are being pursued in a phased manner.

In 2022, Carbetocin Ferring became the first Ferring product to receive WHO prequalification, which aims to support faster national approvals and access in countries using this regulatory process. The WHO has added heat-stable carbetocin to its PPH Prevention Guidelines and Model Essential Medicines List (EML) of therapies deemed vital to address the most urgent public health needs. We are working with MSD for Mothers, Concept Foundation, Jhpiego and other organisations to implement the PPH Prevention Guidelines and EML, and to provide training and education on the appropriate use of this medicine.

1. *Trends in Maternal Mortality 2000 to 2017: Estimates by WHO, UNICEF, UNFPA, World Bank Group and the United Nations Population Division. World Health Organization 2019. Available at: https://www.unfpa.org/sites/default/files/pub-pdf/Maternal_mortality_report.pdf Last accessed January 31, 2023.*
2. *Say L, et al. Global causes of maternal death: a WHO systematic analysis. The Lancet Global Health. 2014; 2(6):e323-33. Available at: https://www.thelancet.com/pdfs/journals/langlo/PIIS2214-109X(14)70227-X.pdf. Last accessed January 31, 2023.*
3. *Trends in Maternal Mortality 2000 to 2017: Estimates by WHO, UNICEF, UNFPA, World Bank Group and the United Nations Population Division. World Health Organization 2019. Available at: https://www.unfpa.org/sites/default/files/pub-pdf/Maternal_mortality_report.pdf. Last accessed January 31, 2023.*

Continuing our collaboration with the WHO, we worked closely with the HRP on plans for a PPH treatment indication study for Carbetocin Ferring running from 2023 to 2027. Ferring provided clinical and regulatory input to support the HRP's grant application to the global health donor agency Unitaid, which approved an estimated $15 million grant in July 2022. Our programme of research grants also includes a collaboration with the United Nations Population Fund (UNFPA) to provide evidence supporting the use of new medicines such as Carbetocin Ferring in humanitarian settings.

In 2022 we launched a campaign called 'For Every Mother in India' in conjunction with the Federation of Obstetric and Gynaecological Societies of India and Jhpiego. This aims to mobilise stakeholders including policymakers, government agencies, development partners, academics and clinicians to end preventable maternal deaths in India. Another grant provides support for GreenLamp, an organisation dedicated to making childbirth safer in rural Ethiopia *(for more on this, see "Purpose, People, Planet: Our progress to sustainability" on page 38)*.

In 2022, we continued our partnership with March of Dimes, a non-profit organisation that works to improve the health of mothers and babies, after providing funding for their first U.K. Prematurity Research Center at Imperial College in London. We are also working with the China Red Cross to support their patient assistance programme, which helps women suffering from recurrent miscarriage and preterm birth.

3. Closing gender and racial inequality gaps

We are committed to reducing disparities and delivering better outcomes at every stage of the reproductive journey, recognising that there is a gender gap in healthcare with significantly fewer resources devoted to researching problems affecting women. We are involved in long-term collaborations with patient groups and fertility advocates to understand women's health issues and deliver campaigns that address these challenges. At the same time, we work with advocates to involve men in the conversation around fertility, and run a number of research projects into male infertility. For example, we collaborate with the Chinese Academy of Sciences on research into reproductive biology, including male infertility.

There are startling racial inequalities in reproductive medicine and maternal health, and even in high income countries, women of colour are more likely than white women to die from complications in pregnancy and childbirth. U.S. studies suggest black women are twice as likely as white women to have fertility problems, but are far less likely to receive treatment that could help them build a family.[1] In 2022, we announced the 12 inaugural winners of our Grants Programme for Equity in Reproductive Medicine and Maternal Health. These were awarded to research projects in five countries tackling racial disparities in areas such as maternal mortality, IVF, pregnancy and postpartum outcomes.

4. Working together to win hearts and minds

Through our #ProjectFamily Commitment, we advocate for everyone's right to build a family, and for access to the care and support they need. We are constantly exploring new ways to support patients, and in 2022 we entered into a two-year agreement with Robyn, a U.S. community-driven digital platform that provides access to a network of parental wellness tools, resources and specialists. This complements Fertility Out Loud, another U.S. platform and social community for aspiring parents which provides the resources they need to speak out, take action and seek help from healthcare providers. Other U.S. programmes include Fertility Outreach and Fertility House Calls, which connect aspiring parents with fertility experts for support on their own family-building journey.

1. *STAT, October 14, 2020. For Black women, the isolation of infertility is compounded by barriers to treatment Available at: https://www.statnews.com/2020/10/14/for-black-women-isolation-of-infertility-compounded-by-barriers-to-treatment/. Last accessed January 31, 2023.*

A number of global social media initiatives also help to raise awareness of the prevalence and emotional impact of fertility issues. For instance, the social media campaign #FertilityAwks uses humour to highlight the need for sensitivity during conversations about family-building. A programme called Fertility Diaries encourages prospective parents to share their experiences with others.

We are also funding research to understand declining fertility rates in many areas of the world including the U.S., E.U., Japan and China. In 1950, women had an average of 4.7 children in their lifetime, but this nearly halved to 2.4 in 2017 and is projected to fall to below 1.7 by 2100.[1] One of our research grants supports a study by the International Federation of Fertility Societies to understand the global decrease in fertility, while another conducts forensic analysis of Stone Age fertility to investigate the fall in modern-day sperm counts.

In 2022, we launched a package of benefits called 'Building Families at Ferring' for our employees who wish to build a family. This provides financial benefits, six months' paid leave for both parents, and workplace support *(for more on this, see "Purpose, People, Planet: Our progress to sustainability" on page 38)*.

In addition to our #ProjectFamily Commitment, Ferring also supports activities to raise awareness and education among health professionals involved in reproductive medicine and maternal health. In 2022 we launched FertilityWise, an on-demand, e-learning programme for U.S. fertility nurses and advanced practice providers that offers evidence-based content in an online library of modules. FertilityWise is curated by a multi-disciplinary team of experts including nurses, physicians, educators and specialists in diversity and inclusion.

In a separate initiative, we announced a partnership with VirtaMed to expand global access to simulation training for embryo transfer, the critical moment in an IVF cycle when a fertilised embryo is transferred into the uterus. The American Society for Reproductive Medicine (ASRM) developed an embryo transfer simulator to provide training for endocrinologists and improve outcomes for patients. We have been involved in the U.S. programme since 2018, and in 2022 we supported its rollout in Europe, South Africa and the first Asian countries.

1. *Vollset SE et al. Fertility, mortality, migration, and population scenarios for 195 countries and territories from 2017 to 2100: a forecasting analysis for the Global Burden of Disease Study. Lancet July 14, 2020. Available at: https://doi.org/10.1016/S0140-6736(20)30677-2. Last accessed 31 January 2023.*

Optimising our TechOps network

In 2022, Technical Operations (TechOps) made further progress on the company's strategic plan to optimise manufacturing operations, upgrade processes, and prepare for the launch of new products such as Rebyota and Adstiladrin. During the year we continued to enhance the availability, reliability and robustness of equipment and utilities across our manufacturing network, which includes sites in Argentina, China, the Czech Republic, Denmark, Germany, India, Israel, Mexico, Switzerland, the U.K. and the U.S.

The appointment of Alessandro Gilio as Chief Technical Operations Officer, with a seat on Ferring's Executive Committee and an enhanced leadership team, gave renewed impetus to implementing the framework which underlies our strategic plan. This is designed to ensure TechOps is "fit for the future" and able to deliver on the company's growth agenda by providing a high level of service to our patients.

The framework identifies priorities for action, including supporting our manufacturing and supply chain strategy, aligning management infrastructure, upgrading operating systems, and optimising operational excellence. The framework also covers enterprise resource planning, sustainability, and digitalisation. It involves the introduction of a state-of-the-art risk management system to help us anticipate the unexpected. Underpinning everything is our commitment to the 1,800 people who work in TechOps, ensuring critical roles are filled as quickly as possible, and building a culture that attracts, retains and develops talent by engaging and inspiring our employees.

During the year there were a number of significant developments in our global network. A new integrated production and R&D centre was inaugurated in Hyderabad, our second manufacturing facility in India. The €30m site will employ 110 people and provides state-of-the-art capabilities in formulation, packaging and analytics. It will focus on products in oral solid dosage form.

Our Kiel site in Germany has supplied the market with Ferring products for many years, and ambitious plans are under way to support future growth by updating production lines and increasing capacity in both production and quality control. Following disruption due to COVID-19, this project was resumed in 2022 with the construction of a new cartridge line. The investment will more than double Kiel's capacity, bringing new technology in-house and enabling dual sourcing of products to reduce costs. The new building will also house a research laboratory to ensure closer integration between R&D and manufacturing.

The expansion of Kiel will increase the demand for power, and in 2022 we opened a new energy centre to optimise energy use. This will generate electricity onsite using cutting-edge control technology, resulting in large cost savings and reducing CO_2 emissions by around 2,400 tonnes per year.

In another major milestone, we celebrated 30 years of production by our Danish affiliate Syntese A/S, and announced plans to significantly expand capacity. The roots of the company go back to the early 1980s when Ferring invented the purification process for 5-ASA, also known as mesalazine. This is the active ingredient of Pentasa, launched in 1986 as a treatment for inflammatory bowel diseases. A process was later developed for synthesising the drug, and Syntese is now one of the world's biggest manufacturers of mesalazine. Demand has continued to grow, and annual output is planned to increase to 900,000 tonnes by 2024.

In early 2023, the Ferring Group acquired the Massone Group, our former third party supplier based in Argentina, which produces the active pharmaceutical ingredients (APIs) for Menopur and Chorapur/Novarel. All manufacturing operations at Massone are being integrated into the TechOps network. This acquisition will strengthen our manufacturing capabilities in reproductive medicine and enable us to better serve the needs of patients.

Purpose, People, Planet:
Our commitment to sustainability

At Ferring, we recognise that a company's success is no longer measured by financial performance alone. In a world facing multiple challenges from climate change, pandemics, conflict and inequality, businesses must increasingly help to drive positive change, strengthen society, and protect the planet. This is especially true for Ferring, as we aim to be the world's most trusted healthcare company in reproductive medicine and maternal health. Millions of babies have been born to families using our fertility products, so we have a responsibility to do everything possible to create a better future for them.

We are committed to achieving our mission as a responsible business, creating value for society, and minimising our environmental impact. In 2021, we conducted a materiality assessment to identify Ferring's effect on the environment and on the communities in which we operate, and our major sustainability risks. The principle of 'double materiality' was applied – that is, we examined both the impact of our operations on people and the environment, and the financial impact of these sustainability issues on the company. This approach has been integrated into European and Swiss legislation and is reflected in the forthcoming E.U. Corporate Sustainability Reporting Directive (CSRD). We are members of the UN Global Compact, which demonstrates our commitment to setting ambitious and measurable targets that are aligned to the UN's Sustainable Development Goals.

In 2022, we made further progress towards improving our reporting capabilities with the publication of our first environmental, social and governance (ESG) report. This required the development of data management and systems to enable accurate reporting of our progress. We also began establishing baseline data in all material impact areas to help define goals and key performance indicators. This will enable us to demonstrate progress to stakeholders, improving our ESG performance and leading to better business outcomes and sustainable growth.

Our ESG strategy is guided by the Ferring Philosophy, which places people at the heart of our business in a culture based on respect, integrity and doing the right thing. The materiality assessment focused on three pillars, namely Purpose, People and Planet, and identified seven priority areas for Ferring: Human rights, bioethics, product quality and safety, access and affordability of medicines, diversity and inclusion, employee engagement, and greenhouse gas emissions and energy. These are summarised here, and are described in more detail in Purpose People Planet, our ESG Report 2021.[1]

1. *Available at: http://bitly.ws/Af8s*

Purpose

Ensuring responsible and ethical business governance to advance our mission of building families and helping people live better lives.

Ferring's ambition is to ensure our products are developed, sourced, produced and distributed in an ethical and sustainable way. We have a duty to respect human rights, and to mitigate any adverse impact on the people and communities we work with. In 2022, we conducted an independent Human Rights Risk Assessment to identify any areas of potential concern and assess their impact. Based on this, we are developing a governance framework to hold ourselves and others accountable, and establishing a mechanism for third parties to report any infringements so these can be remedied.

We expect our partners and suppliers to meet the same standards of professional behaviour, respect for human and labour rights, and care for the environment. Considerable progress has been made by introducing sustainability into our Supplier Selection Matrix and Supplier Conduct Principles. We have also developed a self-assessment questionnaire for key suppliers, to assess their commitment to sustainability.

Another priority relates to bioethics, or the philosophical, social and legal issues arising from medicine and the life sciences. Advances in science and technology have given rise to increasingly complex ethical questions. We have a responsibility to consider bioethics in all our processes, policies and principles, and to conduct our business in an ethical way.

As a company with a strong heritage based on our core values, Ferring has always placed ethical considerations at the heart of our business. In 2022, we formalised this approach by appointing a senior director to lead the development of a bioethics governance structure and strategic plan. This will define priorities, resources and goals in areas such as reproductive medicine and maternal health, clinical study design, and laboratory animal welfare. As a first step in developing this structure, we published a new Global Biosamples Policy in 2022.

The materiality assessment identified product quality and safety as another key ESG priority. Patient safety is fundamental to everything we do, and we are committed to continuously improving the quality and safety of our products. This helps to improve patient outcomes, build stakeholder trust, and avoid reputational damage. In 2022, we continued developing our Quality Risk Register as a tool for proactively identifying and preventing risk. We also seek to maintain a quality culture with systems and processes in place to ensure evidence-based decision-making and drive appropriate behaviour.

People

Creating value for society by positively impacting the communities in which we operate, and protecting the health and wellbeing of our patients and employees.

Ferring is behind a series of initiatives to provide affordable access to our medicines, focusing on our core area of reproductive medicine and maternal health, and taking account of differing levels of economic development and healthcare needs. Perhaps the most important is Project Family: Safe Birth, a long-term public-private partnership with WHO and MSD for Mothers to provide heat-stable Carbetocin Ferring for the prevention of postpartum haemorrhage (PPH) at a sustainable access price in low- and lower middle-income countries.

In addition, in 2022 we announced the winners of a global grants programme to support research projects addressing inequalities within reproductive medicine and maternal health. Another initiative called #ProjectFamily Commitment promotes a worldwide conversation about the need to improve access to quality healthcare, and to provide better support for people on their family-building journey. This helps to ensure the patient voice is heard as we research, develop and launch our therapies *(for more on these initiatives, see "Building families – from conception to birth" on page 28)*.

We have also partnered with GreenLamp, an organisation dedicated to empowering women and girls, to make childbirth safer in Ethiopia, a country with some of the highest rates of maternal and infant mortality in the world. There is a demand for nurses, midwives and health workers, and we are working with GreenLamp on a five-year programme to provide primary maternal health infrastructure and community outreach. This includes training and mentoring midwives, increasing ante- and post-natal check-ups, and improving health centre facilities. GreenLamp has also provided 240 Solar Suitcases, which use solar power to supply lighting and power for mobile communication and medical equipment used in emergency obstetric care.

Another key ESG priority for Ferring is to foster diversity and inclusion (D&I) in the workplace – in other words, creating a culture in which people feel they belong, are valued, and are able to achieve their ambitions regardless of gender, ethnic background or sexual orientation. This results in greater creativity and a broader talent pool, and helps us meet the needs of diverse patient groups.

Our approach seeks to integrate D&I into the fabric of the organisation and recognises our responsibility to eliminate discrimination and inequality at work and in our communities. We are seeking to embed D&I into our recruitment, talent and people development processes, and are identifying performance indicators to demonstrate progress.

In 2022, we launched a comprehensive and inclusive package called 'Building Families at Ferring' which supports all our employees who wish to build a family. To help families in the first months of parenthood, our employees can benefit from 26 weeks' leave for both parents, ensuring equal opportunities and making no assumptions about parental roles and responsibilities. In 2022, Ferring was ranked as the most adoption-friendly employer in the U.S.,[1] and we are proud to lead by example as a fertility and family friendly organisation.

Our employees can benefit from

26 weeks' leave for both parents

ensuring equal opportunities and making no assumptions about parental roles and responsibilities

Employee engagement is crucial for Ferring as we rely on highly skilled employees to research, develop and commercialise our products and engage with stakeholders. Developing the workforce and maintaining motivation are key to fostering innovation, improving patient outcomes, and enhancing company value. We conduct an annual survey and a shorter mid-year pulse check to track employee engagement and identify areas for action. In 2022, this achieved a 91% response rate against a goal of 70%, with an overall engagement score of 4.18 out of 5, compared to 4.09 in 2021.

1. *Dave Thomas Foundation for Adoption: News release. Available at: https://www.davethomasfoundation.org/new-company-tops-dave-thomas-foundation-for-adoptions-2022-best-adoption-friendly-workplaces-list/. Last accessed January 31, 2023.*

As the world emerged from the COVID-19 pandemic, we maintained our commitment to flexible working practices that support our employees and help us attract and retain the best talent. In 2022, management teams in each country began developing their own working policies based on global guidelines, ensuring business continuity and compliance with local environmental health and safety (EHS), legal and fiscal requirements.

In 2022, we supported people in Ukraine who are impacted by war and the resulting humanitarian crisis. We donated significant funds to four emergency relief agencies: UNHCR to help families forced to leave Ukraine in search of safety, UNICEF to protect children at risk of being separated from their families, UNFPA to support maternity services and newborn care, and Project HOPE to provide essential medical supplies in Ukraine and surrounding countries. We also donated medicines such as Pabal for the prevention of postpartum haemorrhage, and supported a fertility preservation service for Ukrainian soldiers which offers to freeze sperm before they are deployed, providing hope for their partners in the event of injury or death.

Planet

Protecting the environment by minimising our negative impacts to contribute to a better future.

Ferring operates energy-intensive facilities across our operations and supply chain, and as with every business worldwide we have a responsibility to reduce our environmental impact, including greenhouse gas (GHG) emissions. This also presents an opportunity for the company, as improving energy efficiency and switching to renewable sources should reduce our costs and exposure to future environmental financial impacts.

Reducing CO_2 emissions is a key priority and we are adopting a rigorous approach to minimising our global impact, while also preparing to meet future regulatory reporting requirements. This means taking a more comprehensive approach to analysing our global carbon emissions, rather than focusing on production and manufacturing sites as before.

In 2022, we invested in an extensive data collection project to establish our 2021 baseline of global Scope 1 and 2 carbon emissions, as well as exploring how best to calculate and reduce our Scope 3 emissions. This will ensure our future efforts are focused on areas that have the greatest impact, and enable us to report on progress to the standards required by stakeholders and regulators.

Once the baseline assessment is complete, we will set our mid- to long-term carbon reduction targets with a methodology that meets the requirements of the Greenhouse Gas Protocol. This is a significant step towards being able to commit to a robust reduction strategy and demonstrate progress.

In the meantime, we are seeking opportunities to reduce carbon emissions from the manufacturing, packaging, transportation and delivery of our products and raw materials. For example, we reduced CO_2 by 20% by switching from a diesel lorry to one powered by liquefied natural gas when transporting materials between Switzerland and Germany. The new energy centre at our R&D and production site in Kiel will significantly reduce CO_2 emissions by around 2,400 tonnes per year. By changing airlines to shorten journey times when transporting products to Saudi Arabia, we reduced the need for refrigerated (or 'thermo') pallets which have a larger CO_2 footprint than normal ones.

Additionally, we are working to reduce our environmental footprint in terms of employee travel. In 2022, we continued our efforts by implementing a Green Hotel Strategy, which encourages employees to select hotels based on their sustainability. We also encouraged local green car policies to promote the use of electric or hybrid company cars. For example, at the Swiss headquarters 33% of company cars are now electric or hybrid, while biofuel represents 90% of the fuel used in company cars in Brazil.

Our leadership

Board of Directors

The Board of Directors and Executive Committee of Ferring collaborate to bring life-changing innovation to address key unmet needs.

Lars Rebien Sørensen
Chairman

Mr. Sørensen was appointed Chairman of Ferring's Board of Directors in July 2021. He has more than 30 years' management experience in the pharmaceutical industry, and was President and CEO of Novo Nordisk A/S from 2000 until 2016. He is Chair of the Board of the Novo Nordisk Foundation and Novo Holdings A/S, a Board member of Thermo Fischer Scientific Inc. (U.S.), Essity AB (Sweden) and Jungbunzlauer Suisse AG (Switzerland), and Chair of the Advisory Board of Axcel Management A/S (Denmark). Mr. Sørensen serves as a Post-doctoral Lecturer in the Faculty of Science at the University of Copenhagen, and in the Center for Corporate Governance at Copenhagen Business School in Denmark.

Frederik Paulsen
Chairman Emeritus of the Ferring Group

Dr. Paulsen was Chairman of Ferring's Board of Directors from 1988 to June 2021, and was named Honorary Chairman in July 2021. He joined the company in 1976 and became Managing Director of Ferring AB, Sweden, in 1983. He studied chemistry at the Christian-Albrecht University in Kiel, Germany, and business administration at the University of Lund, Sweden, and holds a Ph.D. from the École des Hautes Études en Sciences Sociales in Paris, France.

Jeffrey D. Hobbs
Vice Chairman

Mr. Hobbs was appointed Group Director in 1994 and is presently Vice Chairman and Executive Director. He was instrumental in establishing Ferring's U.K. operations in 1975, after working with the healthcare businesses of Guinness plc for six years. He received his degree from the London School of Economics and Political Science in the U.K.

Alexandra, Countess of Frederiksborg
Chairman of Ethics and Compliance Committee

Alexandra, Countess of Frederiksborg (formerly Princess Alexandra of Denmark) has a professional background in marketing, and has been the Poling Chair of Business and Government at the Kelley School of Business in Indiana, U.S. She is also involved in philanthropic pursuits and is Patron of the Danish Parkinson Association. She has also been Patron of UNICEF in Denmark, and of the Danish Society for the Blind.

Jean-Frédéric Paulsen
Member of the Board of Directors

Mr. Paulsen joined the Ferring Board of Directors in 2021 and has been Chairman of Ferring Ventures SA since 2020. He is Chairman of the International School of Economics at Tbilisi State University, and previously served as Senior Advisor to four Ministers of Economy and Sustainable Development in Georgia. Mr. Paulsen has also worked at Mars Inc., Coca-Cola and Credit Suisse. He received a Master's degree in Finance from the London School of Economics and Political Science, and is a Fellow of the Chartered Institute of Management Accountants in the U.K.

Jan Lundberg
Chairman of the Research and Development Committee

Jan Lundberg joined the Board of Ferring in January 2021 as a non-executive director and Chairman of the Research and Development Committee. Dr. Lundberg has 18 years' leadership experience with global organisations such as AstraZeneca and Eli Lilly, and supervised the development of more than 200 drug candidates and 25 approved products across multiple therapeutic areas. He has also served on the boards of several biotechnology companies and on governmental committees in the E.U. and U.S. Dr. Lundberg has both a medical and scientific background, and before joining industry was Professor of Pharmacology at the Karolinska Institutet in Sweden.

Hélène Ploix
Chairman of the Audit and Finance Committee

Mrs. Ploix was a partner of Pechel Industries Partenaires, a private equity fund which she created in 2004, until the end of 2021. She was also Deputy Chief Executive Officer of the Caisse des Dépôts et Consignations, and in this capacity, Chairman of CDC participants. She formerly held positions as Executive Director of the International Monetary Fund and World Bank, Special Adviser to the French Prime Minister Laurent Fabius, and Chairman of the Banque Industrielle et Mobilière Privée (BIMP). Mrs. Ploix was Chairman of Fidelity Emerging Markets Fund Ltd., Chairman of Sogama Crédit Associatif, Director and Chairman of the Audit Committee of SES-imagotag, and Director of Thermcross. She holds an M.B.A. from INSEAD, a Master's degree from the University of California at Berkeley, U.S., and a Diploma from the Institute of Political Studies in Paris, France.

Luzi von Bidder
Chairman of the Remuneration and Nomination Committee

Mr. von Bidder joined the Ferring Board of Directors in 2013. He was formerly Chairman of the Swiss listed company Acino Holding AG and is on the board of several other private healthcare companies. He also joined the Board of Directors of Ferring Ventures SA in 2021. Prior to joining Ferring, Mr. von Bidder was President and CEO of Novartis Ophthalmics, and was a member of the Novartis Pharma Executive Board. He received a Master's degree from the University of St. Gallen, Switzerland, in 1979.

Executive Committee

Per Falk
President

Per joined Ferring Pharmaceuticals in 2015 and was appointed President in 2019. He previously held executive and senior leadership positions in research, medical and clinical development at Novo Nordisk and AstraZeneca. Before joining industry, he held the position of Associate Professor at the Karolinska Institutet, Sweden, and Washington University School of Medicine, U.S. Per has an M.D. degree and a Ph.D. in Biochemistry and Clinical Chemistry from Gothenburg University, Sweden.

Christelle Beneteau
Senior Vice President and Chief Human Resources Officer

Christelle joined Ferring in April 2021 as Chief Human Resources Officer responsible for delivering all aspects of Ferring's human capital strategy. She joined Ferring from Implenia, where she led the HR organisation and was a member of the Executive Committee. Before that she held similar positions with global companies in multiple business sectors. Christelle trained as a biochemist at the École Supérieure de Chimie in Lille, France, and also holds a Master's degree in Biochemistry from Heriot-Watt University in Scotland.

Alessandro Gilio
Executive Vice President and Chief Technical Operations Officer

Alessandro was appointed Chief Technical Operations Officer in April 2022, with responsibility for Ferring's global manufacturing and supply network. He also continues in his role as Chairman of the Board of Ferring India. Alessandro joined Ferring in 2019 as Head of Global Supply Network Operations, after working for Merck KGaA in various global leadership positions. He previously held a range of operational roles at L'Oréal, before moving to McKinsey. Alessandro gained a Master's degree in Industrial Chemistry from Genoa University in Italy and has an Executive M.B.A. from Hult Ashridge in the U.K.

Aaron Graff
Executive Vice President and Chief Commercial Officer

Aaron joined Ferring in 2002 and has operational responsibility for commercial activities worldwide, including Global Marketing and Business Development. Before joining Ferring, he worked at Bristol Myers Squibb for more than 17 years in a variety of sales, marketing and management positions in both the U.S. and Europe. He holds an M.B.A. in Marketing from New York University and a Bachelor of Business Administration degree in Finance from the University of Michigan in the U.S.

Curt McDaniel
Secretary to the Board of Directors, Secretary to the Executive Committee and Chief Legal Officer

Curt joined Ferring in 2006 and oversees Legal, Intellectual Property, Compliance, and Privacy activities worldwide. He has over 30 years' experience in the pharmaceutical industry, spanning various aspects of the business and many different countries and cultures. Prior to joining Ferring, Curt worked at Eli Lilly for over 16 years. He holds a Juris Doctor degree and M.B.A. from Indiana University and a B.A. from Purdue University in the U.S.

Armin Metzger
Executive Vice President, Chief Science Officer

Armin was appointed Chief Science Officer in April 2022, having previously held the post of Executive Vice President, Head of Global Technical Operations and Chief Production Officer since 2019. He joined Ferring in 2016 as Senior Vice President, Head of Global Pharmaceutical R&D. Armin has more than 20 years' experience in the pharmaceutical industry, and before joining Ferring he spent 17 years with Merck and Merck Serono in various global leadership positions. Armin holds a Ph.D. in Biochemistry from the University of Bayreuth, Germany.

Mirjam Mol-Arts
Executive Vice President, Chief Medical Officer

Mirjam joined Ferring Pharmaceuticals as Senior Vice President for Global Development in 2018 and became Chief Science and Medical Officer in 2020. She announced her retirement in March 2022, but continued to hold the title of Chief Medical Officer until the end of 2022. Pierre-Yves Berclaz took over this position in January 2023. Mirjam has over 30 years' global experience across research, medical, clinical development and portfolio management, and previously held senior leadership positions at MSD, Schering-Plough and Organon. She graduated as a medical doctor from Utrecht University in the Netherlands.

Dominic Moorhead
Executive Vice President and Chief Financial Officer

Dominic joined Ferring in 2017 as Chief Financial Officer, and is responsible for Finance, IT, Procurement and Internal Audit. He is also executive sponsor of the Business Process Re-engineering and Enterprise Resource Planning (ERP) programmes, as well as Environmental, Social, and Governance (ESG). Dominic has over 30 years' finance and business experience in the life sciences industry. Previously, he worked as Global Financial Controller at Takeda Pharmaceuticals, and as Chief Financial Officer of the international business following the acquisition of Nycomed. Prior to this he worked for Hoffmann-La Roche, where he was CFO of the Pharma Division for nine years. Earlier in his career he worked for Price Waterhouse in Manchester, U.K. Dominic is a Fellow of the Institute of Chartered Accountants in England and Wales, and has a B.Sc. in Chemistry from the University of Nottingham, U.K.

Ferring products

Reproductive Medicine and Maternal Health

Carbetocin Ferring
Choragon (Chorapur/Novarel/Brevactid)
Decapeptyl Daily[1] (Gonapeptyl Daily)
Endometrin
Follitrin
Gestone
Lutinus (Endometrin)
Lutrelef (LutrePulse)
Menogon (Repronex)
Menopur (Meropur/Merapur/Menogon HP/
Menotrophin Ferring/HMG injection Menotropin)
Menopur Pen
Norprolac
Pabal (Duratocin/Lonactene/Duratobal)
Propess (Cervidil)
Rekovelle
Tractocile

Gastroenterology and Microbiome

Clenpiq
Cortiment MMX[2]
Glypressin/Remestyp
Klyx
Pentasa
Picoprep (Pico-salax/Picolax/Prepopik)
Rebyota

Urology and Uro-Oncology

Adstiladrin
Ddavp (Desmotabs/Desmospray/Adiuretin)
Firmagon (Gonax)
Gonapeptyl Depot/Decapeptyl Depot[1]
Minirin (Minirin Melt/Desmomelt/Ddavp Melt/
Minurin/Minrin Melt)
Nocdurna (Nokdirna/Noqdirna/Noqturina)
Octim (Octostim)

Endocrinology

Decapeptyl Depot[1]
Zomacton

Orthopaedics

Euflexxa

1. In certain markets, the Decapeptyl trademark is owned by third parties.
2. MMX is a trademark of Cosmo Pharmaceuticals SA.

Ferring group

Consolidated financial statements 2022

To the General Meeting of Ferring Holding SA, Saint-Prex

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ferring Holding SA (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in shareholder's equity and consolidated statement of cash flows as at 31 December 2022 and for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (presented on pages 54 to 135) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, the International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Audit Approach

Summary
Key audit matters: We identified and addressed the following key audit matters:

- Revenue recognition in respect of estimated gross to net adjustments in the U.S.; and
- Assessment of the recoverability of Carrying Value of Intangible Assets (licences and goodwill) and recognition of related contingent consideration liabilities

Materiality
Based on our professional judgement we determined materiality for the Group Consolidated Financial Statements as a whole to be €14 million.

Scoping
We structured our approach to the audit to reflect the organisation of the Group as well as to ensure that our audit was both effective and risk focused. Further details are provided on page 51.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in respect of estimated gross to net adjustments in the U.S.

Key audit matter
The Group sells its products to customers in the U.S. under a variety of commercial and government mandated contracts that include various rebates, chargebacks, discounts and right of return for certain pharmaceutical products. Revenue recognition reflects the accrual for these returns and rebates, which are net-off against the gross revenue as it is recognised.

These accruals are known as the gross-to-net adjustments ("GTN adjustments") and are a source of significant estimation uncertainty, which could have a material impact on reported revenue. For the year ended 31 December 2022 the total revenues included €790 million of GTN adjustments made in the U.S., of which €104 million were estimates accrued at year end.

Management performs monthly estimates of the GTN adjustments. The main causes of significant estimation uncertainty are:

- Estimating the number of units sold that are subject to the chargeback/rebate. This assumption is the most challenging of the key assumptions used to derive the accrual given that it is influenced by market demand and other factors outside the control of the Group;
- Estimating the time lag between the point of sale and the point at which exact rebate amounts are known to the Group upon receipt of a claim. Those payer channels or buying groups with the longest time lag result in a greater accrued period, and therefore, a greater level of estimation uncertainty in estimating the period end accrual; and
- Estimating the amount of rebate per product.

We consider the GTN adjustments to be a key audit matter because of the significant level of estimation uncertainty in the calculations.

GTN adjustments are disclosed as a critical accounting assumption and judgement in Note 2 of the Group consolidated financial statements with further disclosures provided in Note 29.

How the scope of our audit responded to the key audit matter
Our audit work during the year included the following procedures on the GTN adjustments:

- We obtained an understanding of, and tested operating effectiveness of the key controls over the estimation of the GTN adjustments and related accruals, including the quarter end accrual review controls.
- We assessed the historical accuracy of management's estimates against actual outcomes to support our assessment of the current year accrual.
- We tested the completeness and accuracy of the data used by management to estimate the GTN adjustments, such as units not eligible for rebate, average chargeback rate per unit, amount of rebates paid out, and rebate lag.
- We obtained, on a sample basis, third party reports to test the year end inventory on-hand levels at distributors and chargeback processed reports to test inventory lag and compared with management's assumptions.
- We developed an expectation for the percentage of units sold and recalculated the average chargeback rate per unit using third party invoices to determine that the assumptions were consistent with the assumptions determined by management.
- We evaluated management's calculations as well as developed an independent expectation of the GTN adjustment for each of the key products, based on audited historical claims received adjusted to reflect market changes in the period including an assessment of the time lag between the initial point of sale and the claim receipt. We then compared this independent expectation to those of management to evaluate the appropriateness of management's GTN adjustment calculation.
- We assessed the adequacy of the related disclosures in the consolidated financial statements.

Based on the audit procedures performed above, we obtained sufficient audit evidence to address the risk of inappropriate Revenue Recognition in respect of estimated gross to net adjustments in the U.S.

Assessment of the recoverability of Carrying Value of Intangible Assets (licences and goodwill) and recognition of related contingent consideration liabilities

Key audit matter
The Group's balance sheet includes €731.6 million of intangible assets (licenses and goodwill arising from the purchases of licenses and/or businesses with licenses), which represent 23% of total Group assets and €111.3 million of contingent consideration liabilities.

These balances are allocated to cash generating units (CGUs), the goodwill is tested at least annually for impairment, and the licenses are assessed for indicators of impairment at each reporting period. Discounted cash flow models are used by management to estimate the recoverable value of each CGU. If the recoverable value is lower than the carrying value an impairment charge is recorded. We consider the valuation of the intangible assets (licenses and goodwill) and the recognition of contingent consideration liabilities to be a key audit matter because the determination of the recoverable value is a source of significant estimation uncertainty as it requires management to make assumptions that involve forward looking information, which are highly judgemental and are inherently uncertain since they are affected by future market and economic conditions.

The assumptions used in the determination of the recoverable value include future sales growth rates, profit margin levels, operating cash flows and discount rates. Additionally, the assessment of impairment indicators at each reporting period requires management judgements.

The estimated impairment of goodwill and intangible assets and contingent consideration liabilities are disclosed as a critical accounting estimate in note 2 of the Group consolidated financial statements with further disclosures provided in Notes 7, 8, 14 and 27.

How the scope of our audit responded to the key audit matter

Our audit work included the following procedures on the carrying value of intangible assets (licences and goodwill):

- We obtained an understanding of the key controls over the valuation of intangible assets (licences and goodwill), including the identification of impairment indicators and cash flow forecast review controls.
- We examined and assessed management's process for identifying indicators of impairment, critically assessed the principal assumptions in management's impairment indicator reviews and focused on the key subjective judgements.
- We challenged cash flow forecasts by performing retrospective reviews and obtaining market data for the drugs not commercialised yet.
- We worked with Deloitte valuation specialists who assisted us in benchmarking assumptions to external data including terminal growth rate assumptions and discount rates. They also assisted us to assess the reasonableness of the valuation methodology used to estimate the recoverable amount of the CGUs and tested the mathematical accuracy, mechanics and integrity of the cash flow models.
- We independently recalculated discount rates and performed sensitivity analyses to understand the impact on impairment outcomes of changes to key assumptions.
- We recalculated the value in use using Deloitte's assumptions and compared the carrying value of associated assets and liabilities to the calculated value in use for each CGU.
- We assessed and challenged the completeness of the related contingent consideration liabilities and ensured they were appropriately considered in the carrying value of the CGUs.
- We assessed the adequacy of the related disclosures in the consolidated financial statements.

Based on the audit procedures performed, we obtained sufficient audit evidence to address the risk over recoverability of Carrying Value of Intangible Assets (licences and goodwill) and recognition of related Contingent consideration liabilities.

Our Application of Materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

In determining our benchmark for materiality, we considered the metrics used by investors and other readers of the financial statements. In particular, we considered profit before tax, revenue cash flows from operating activities and net assets. Using our professional judgement, we have determined materiality for the consolidated financial statements as a whole to be €14 million (2021: €13.9 million).

Given the importance of the above metrics used by investors and other readers of the financial statements, we concluded profit before tax to be the primary benchmark with revenue cash flow from operating activities and net assets as supporting benchmarks.

The materiality allocated to the in-scope components ranged between €2.2 million to €7.3 million (2021: €2.4 million to €7.2 million) depending on the scale of the component's operations, the component's significance to the Group and our assessment of risks specific to each location.

Group materiality is shown as a percentage of the metrics we considered in the table below.

Metric	2022	2021
Profit before tax	6.7%	3.9%
Revenue	0.7%	0.6%
Net cash flow from operating activities	4.3%	3%
Net assets	0.9%	1%

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the consolidated financial statements as a whole. Group performance materiality was set at 80% (2021: 80%) of Group materiality for the 2022 audit. In determining performance materiality, we considered factors including:

- Our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and
- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

We agreed with the Audit Committee that we would report to them all audit differences in excess of €700 thousand (2021: €695 thousand), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An Overview of the Scope of our Audit

Our group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on 19 (2021: 20) locations. Thirteen (2021: 14) of these were subject to a full audit, whilst the remaining six (2021: six) were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the group's operations at those locations. These 19 locations represent the principal business units and account for approximately 78% (2021: 80%) of the Group's revenue, 79% (2021: 81%) of the Group's assets and 71% (2021: 72%) of the Group's net profit. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above .

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team visited certain key component audit teams and key operating locations in person for the 2022 audit and in addition continued to follow a program of planned oversight, direction and review of all component auditors. Remote oversight was maintained throughout the audit for all components using a number of measures, as appropriate to each component, including frequent dialogue and use of audio and video conferencing, as well as screen-sharing facilities.

The Group audit team held regular communications with the component auditors in planning for, and throughout, the year-end audit process. This oversight included attending internal planning and status meetings, attending meetings held with local management, review of relevant audit documentation in component auditor files, assessment of audit conclusions, and, where necessary, direction of component teams to perform additional testing to meet the objectives of the Group audit. Component audit partners were included in planning briefings and close meetings where we discussed their risk assessment, procedures performed and audit results and conclusions.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISA and SA-CH 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial can be found on the EXPERTsuisse website: *https://www.expertsuisse.ch/en/audit-report*. This description forms an integral part of our report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Robert Purdy
Licensed Audit Expert
Auditor in Charge

Aurélie Darrigade
Licensed Audit Expert

Lausanne, March 7, 2023

Consolidated statement of income

for the year ended 31 December 2022

Continuing operations	*Notes*	2022	2021
Sales of goods		2,213,897	2,104,144
Royalty income		14,024	18,875
Other income		48,945	39,052
Total revenues	*5*	**2,276,866**	**2,162,071**
Cost of sales		(779,446)	(692,158)
Gross profit		**1,497,420**	**1,469,913**
Distribution expenses		(35,139)	(30,643)
Sales and marketing expenses		(523,810)	(453,164)
Research and development expenses		(349,553)	(314,380)
General and administrative expenses		(240,361)	(197,621)
Other operating expenses	*7*	(117,458)	(116,308)
Operating profit	*8*	**231,099**	**357,797**
Finance income	*9*	87,986	45,599
Finance expense	*9*	(120,951)	(45,374)
Finance income and expense	*9*	**(32,965)**	**225**
Income before taxes		**198,134**	**358,022**
Income tax expense	*12*	(22,373)	(68,116)
Net income from continuing operations		**175,761**	**289,906**
Discontinued operations			
Net income from discontinued operations	*10*	-	23
Net income		**175,761**	**289,929**
Attributable to the owners of the Company	*11*	175,761	289,929
Non-controlling interests		-	-
Earnings per share			
Basic and diluted earnings per registered share of CHF 10 *(in Euros)*	*11*	7.03	11.60
Basic and diluted earnings per registered share of CHF 20 *(in Euros)*	*11*	14.06	23.20

(Amounts expressed in thousands of Euros, except for earnings per share, expressed in Euros)

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022	2021
Net income		**175,761**	**289,929**
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	*12,24*	23,299	51,924
Total		23,299	51,924
Items that may be subsequently reclassified to profit or loss			
Reclassification to P&L on disposal of discontinued operations	*10*	-	(32)
Reclassification to P&L on disposal of foreign operations		(1,894)	(2,659)
Reclassification adjustments relating to financial assets disposed of in the year		-	115
Fair value change of hedging instruments	*12,32*	6,492	688
Fair value change of listed securities	*16,32*	789	(88)
Currency translation differences		(3,780)	26,137
Total		1,607	24,161
Total other comprehensive income for the year, net of tax	*12*	24,906	76,085
Total comprehensive income for the year		200,667	366,014
Attributable to the owners of the Company		200,667	366,014
Non-controlling interests		-	-
Total comprehensive income for the year attributable to the owners of the Company arises from			
Continuing operations		200,667	366,023
Discontinued operations		-	(9)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 12.

(Amounts expressed in thousands of Euros)

Consolidated balance sheet

as at 31 December 2022 (before appropriation of available earnings)

Assets	*Notes*	2022	2021
Non-current assets			
Property, plant and equipment	*13*	625,843	564,932
Intangible assets	*14*	731,552	674,689
Right-of-use assets	*15*	272,248	42,928
Receivables	*17*	17,319	15,296
Deferred tax assets	*12*	166,898	137,332
Derivative financial instruments	*31,32*	27,791	6,474
Investments in financial assets	*16,32*	23,144	26,716
Total non-current assets		1,864,795	1,468,367
Current assets			
Inventories	*18*	424,987	375,979
Receivables and prepayments	*19*	483,392	466,165
Current income tax assets		21,925	19,622
Investments in financial assets	*16,32*	7,893	5,799
Derivative financial instruments	*31,32*	1,473	177
Cash and cash equivalents	*20,32*	349,714	657,296
Total current assets without disposal group		**1,289,384**	**1,525,038**
Total current assets		**1,289,384**	**1,525,038**
Total assets	*31*	3,154,179	2,993,405

(Amounts expressed in thousands of Euros)

Equity and liabilities	*Notes*	2022	2021
Equity attributable to owners of the Company		1,558,927	1,418,260
Non-controlling interests		-	-
Total equity	*22,31*	1,558,927	1,418,260
Non-current liabilities			
Borrowings	*23,32*	274,362	303,221
Deferred tax liabilities	*12*	29,414	38,007
Pension liabilities	*24*	36,646	56,732
Provisions	*25*	43,867	39,612
Deferred income	*26*	31,349	54,236
Lease liabilities	*15*	243,286	24,249
Other financial liabilities	*28*	48,762	30,572
Contingent consideration liabilities	*27*	81,379	181,314
Other liabilities		1,296	2,136
Total non-current liabilities		790,361	730,079
Current liabilities			
Borrowings	*23,32*	351	10,281
Trade accounts payable		162,052	133,090
Current income taxes liabilities		34,271	56,175
Other taxes and social security liabilities		37,721	46,177
Provisions	*25*	37,060	38,121
Deferred income	*26*	8,093	11,073
Lease liabilities	*15*	33,064	22,359
Other financial liabilities	*28*	17,830	-
Contingent consideration liabilities	*27*	29,936	119,266
Derivative financial instruments	*28,32*	5,066	4,959
Accruals and other liabilities	*29*	439,447	403,565
Total current liabilities		**804,891**	**845,066**
Total liabilities		**1,595,252**	**1,575,145**
Total shareholder's equity and liabilities		3,154,179	2,993,405

(Amounts expressed in thousands of Euros)

Consolidated statement of changes in shareholder's equity

for the year ended 31 December 2022

	Share capital	Retained earnings	Legal reserves
Balance at 1 January 2021	**164,355**	**906,987**	**59,223**
Comprehensive income			
Net income	-	289,929	-
Other comprehensive income, net of tax			
Reclassification to P&L of financial assets disposed of in the year	-	-	-
Reclassification to P&L on disposal of discontinued operations	-	-	-
Reclassification to P&L on disposal of foreign operations	-	-	-
Remeasurements of post-employment benefit obligations	-	51,924	-
Fair value change of hedging instruments	-	-	-
Fair value change on listed securities	-	-	-
Currency translation differences	-	-	-
Total other comprehensive income, net of tax	-	**51,924**	-
Total comprehensive income	-	**341,853**	-
Transfer to retained earnings	-	(137)	137
Transactions with Shareholder			
Dividend payment relating to 2020	-	(30,000)	-
Balance at 31 December 2021	**164,355**	**1,218,703**	**59,360**
Comprehensive income			
Net income	-	175,761	-
Other comprehensive income, net of tax			
Reclassification to P&L on disposal of foreign operations	-	-	-
Remeasurements of post-employment benefit obligations	-	23,299	-
Fair value change of hedging instruments	-	-	-
Fair value change on listed securities	-	-	-
Currency translation differences	-	-	-
Total other comprehensive income, net of tax	-	**23,299**	-
Total comprehensive income	-	**199,060**	-
Transfer to retained earnings	-	(3)	3
Transactions with Shareholder			
Dividend payment relating to 2021	-	(60,000)	-
Balance at 31 December 2022	164,355	1,357,760	59,363

(Amounts expressed in thousands of Euros)

Foreign exchange translation reserve	Cash flow hedging reserve	Financial assets at FVOCI	Equity attributable to owners of the Company	Non-controlling interests	Total equity
(44,523)	**(3,796)**	-	**1,082,246**	-	**1,082,246**
-	-	-	289,929	-	289,929
-	115	-	115	-	115
(32)	-	-	(32)	-	(32)
(2,659)	-	-	(2,659)	-	(2,659)
-	-	-	51,924	-	51,924
-	688	-	688	-	688
-	-	(88)	(88)	-	(88)
26,137	-	-	26,137	-	26,137
23,446	**803**	**(88)**	**76,085**	-	**76,085**
23,448	**803**	**(88)**	**366,014**	-	**366,014**
-	-	-	-	-	-
-	-	-	(30,000)	-	(30,000)
(21,075)	**(2,993)**	**(88)**	**1,418,260**	-	**1,418,260**
-	-	-	175,761	-	175,761
(1,894)	-	-	(1,894)	-	(1,894)
-	-	-	23,299	-	23,299
-	6,492	-	6,492	-	6,492
-	-	789	789	-	789
(3,780)	-	-	(3,780)	-	(3,780)
(5,674)	**6,492**	**789**	**24,906**	-	**24,906**
(5,674)	**6,492**	**789**	**200,667**	-	**200,667**
-	-	-	-	-	-
-	-	-	(60,000)	-	(60,000)
(26,749)	3,499	701	1,558,927	-	1,558,927

Consolidated statement of cash flows

as at 31 December 2022

	Notes	2022	2021
Net income from continuing operations		**175,761**	**289,906**
Net income from discontinued operations		-	**23**
Adjustments reconciling cash generated by operating activities	*37*	178,197	240,944
Interest received		8,014	6,023
Interest paid		(13,473)	(13,881)
Income tax paid		(97,126)	(73,383)
Net cash generated by operating activities		251,373	449,632
Cash flows from investing activities			
Purchase of property, plant and equipment		(130,966)	(95,631)
Purchase of intangible assets		(136,266)	(139,620)
Proceeds of loans to key management and others		(1,775)	-
Repayment of loans to key management and others		3,135	7,199
Repayment of loans to related parties		-	68,094
Proceeds from sale of non-current assets		1,605	5,052
Cash received from investments in financial assets	*16*	-	2,105
Net cash outflow on acquisition of subsidiary in 2018	*27*	(121,354)	-
Net cash outflow on acquisition of subsidiary in 2022	*36*	(4,077)	-
Net cash inflow on disposal of subsidiary	*10*	-	885
Net cash used in investing activities		(389,698)	(151,916)
Cash flows from financing activities			
Repayment of lease liabilities	*15*	(31,538)	(22,354)
Repayment of borrowings		(209)	(154,846)
Proceeds from business collaboration financing	*28*	-	244
Repayment of business collaboration financing	*28*	(21,790)	-
Repayment of loans from related parties		(52,000)	(60,000)
Dividends paid		(60,000)	(30,000)
Net cash used in financing activities	*30*	**(165,537)**	**(266,956)**
Effect of foreign exchange rate changes on cash and cash equivalents		(3,723)	6,983
Net increase in cash and cash equivalents		**(307,585)**	**37,743**
Balance of cash and cash equivalents less bank overdrafts at the beginning of the year	*20*	657,295	619,552
Balance of cash and cash equivalents less bank overdrafts at the end of the year	*20*	349,710	657,295

1. General information

The principal activities of Ferring Holding SA, Saint-Prex (Switzerland) ('the Company') and its subsidiaries ('Ferring Group' or 'the Group') are the research, development, production, distribution and sale of prescription pharmaceuticals in the areas of reproductive medicine and maternal health, urology and uro-oncology, gastroenterology and microbiome, orthopaedics and endocrinology. Ferring Holding SA was incorporated on 15 December 2000 in Switzerland. It is ultimately owned by the Dr. Frederik Paulsen Foundation, a trust subject to the laws of Bermuda.

Ferring Holding SA directly owns Ferring International Center SA and Ferring BV. The Group develops, produces and markets its pharmaceuticals worldwide through subsidiaries located in North America, Europe, Latin America, the Middle East, the Far East, Australia and also through an extensive network of agents and distributors.

These consolidated financial statements have been approved for issue by the Board of Directors on 7 March 2023.

2. Basis of preparation and presentation

The Ferring Group consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRSs'). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The Group has changed the presentation of prior year numbers where appropriate to ensure consistent presentation with this year's financial statements.

Critical accounting estimates, assumptions and judgements

In preparing the financial statements, management is required to make judgements about when or how items should be recognised in the financial statements and estimates and assumptions that affect the amounts of assets, liabilities, revenue and expenses reported in the financial statements. Actual amounts and results could differ from those estimates. The following are considered to be the critical accounting judgements and key sources of estimation uncertainty.

- **Revenue**
  Estimates

Gross sales are reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangement. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience. The group has recognised revenue with a corresponding provision against revenue for estimated returns, which are deemed to be immaterial. Because the amounts are estimated they may not fully reflect the outcome, and the amounts are subject to change dependent upon, amongst other things, the types of product sales mix. The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions (Note 5).

- **Pension liability**
  Estimates

The costs of providing pensions and other post-employment benefits are assessed on the basis of assumptions selected by management. These assumptions related to the defined benefit obligation calculation include future earnings, pension increases, and discount rates (Note 24).

- **Income taxes**
  Estimates

Management judgement is required in determining the worldwide provision for income taxes.

The Group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with relevant Tax Authority. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. The Group recognises liabilities for anticipated tax audit issues based on estimates for potential additional taxes, which are deemed to be immaterial (Note 12).

- **Contingent consideration liabilities**
  Estimates

Any contingent consideration included in the consideration payable for a business combination is recorded at fair value at the date of acquisition. These contingent considerations result, in most business combinations, from sales and product development milestones. These fair values are reviewed on a regular basis, at least annually, and any changes are reflected in the income statement (Note 27).

Contingent milestone liabilities (other than those arising from business combinations) are recognised when the contingent event becomes probable which involves management judgement about future uncertain events. Contingent milestone liabilities that do not meet the probability threshold are disclosed as contingent liabilities (Note 27).

- **Legal provision**
  Estimates

Management makes a judgement of whether there is sufficient information to be able to make a reliable estimate of the likely outcome of the dispute and the legal and other expenses arising from claims against the Group. If insufficient information is available, no provision is made and disclosure of the claim is given. The estimated provisions take into account the specific circumstances of each dispute and relevant external advice, are inherently judgemental and could change substantially over time as each dispute progresses and new facts emerge, which are deemed to be immaterial (Note 25).

The company's Directors, having taken legal advice, have established provisions after taking into account the relevant facts and circumstances of each matter and in accordance with accounting requirements. Legal risks include potential products liability claims or lawsuits, and a provision is made when there is sufficient information to make a reliable estimate.

The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations. The position could change over time and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Group's financial statements by a material amount.

- **Lease terms**
  Judgement

Management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the financial year ended, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options. There are no expectations from management changes due to the extension on lease terms/extension options. Where the rate implicit in a lease is not readily determinable, Management estimates a discount rate that estimates the Group's specific incremental borrowing rate, which represents the rate that the Group would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security, in a similar economic environment. Regarding the commencement date, management considers all facts available to determine the date when lease obligation an right begins, including lease start date, date when rent becomes payable, date when possession/occupancy is granted and move-in date. Management tends to prevail the date when majority of those criteria is reached.

- **Impairment of goodwill and other fixed assets Estimates**

Management made estimates on the discounted future cash flows using models to estimate recoverable amounts. Actual cash flows could vary significantly from forecasted cash flows (impact of impairment is disclosed in Notes 7 and 14).

Application of new and revised International Financial Reporting Standards (IFRSs)

Standards, amendments and interpretations adopted in 2022
(No impacts in the financial statements were identified)

- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16 Property, Plant and Equipment)

IAS 16 Property, Plant and Equipment was amended in order to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Instead, an entity would recognise those sales proceeds in profit or loss. The Amendments shall be applied retrospectively for annual periods beginning on or after 1 January 2022.

- Annual Improvements to IFRS Standards 2018 - 2020

IASB issued Annual Improvements to IFRS Standards 2018-2020 containing mainly the following amendments to IFRSs: (a) permit an entity that is a subsidiary, associate or joint venture, who becomes a first-time adopter later than its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure the cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS; (b) clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf (IFRS 9);

(c) remove the potential confusion regarding the treatment of lease incentives applying IFRS 16 Leases as was illustrated in Illustrative Example 13 accompanying IFRS 16; The Amendments shall be applied for annual periods beginning on or after 1 January 2022.

- Reference to the Conceptual Framework (Amendments to IFRS 3)

IFRS 3 Business Combinations was updated by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Amendments shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Onerous Contracts – Cost of Fulfilling a Contract

IASB issued Onerous Contracts – Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets aiming to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Amendments shall be applied for annual periods beginning on or after 1 January 2022.

Standards, amendments and interpretations issued but not effective
(No material impacts in the financial statements or results are expected)

The following new standards, interpretations and amendments to published standards are issued but are not effective for the financial year beginning 1 January 2022 and have not been adopted by the Group.

- Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 – Presentation of Financial Statements)

Amendment clarifies how to classify debt and other liabilities as current and non-current. This amendment is effective for periods starting on **1 January 2023**.

- Disclosure of Accounting policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)

IASB issued amendments to IAS 1: i) requiring companies to disclose their material accounting policies rather than their significant accounting policies; ii) clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not to be disclosed; and iii) clarifying that not all accounting policies that relate to material transactions, are themselves material to a company's financial statements. The amendments are effective from **1 January 2023 but may be early adopted**.

- Amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after **1 January 2023, with earlier application permitted**.

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective for periods beginning on or after **1 January 2023, with earlier application permitted**, and will apply prospectively.

- IFRS 17 – Insurance Contracts

IFRS 17 superseded IFRS 4 and introduces significant changes to the way in which the performance of insurance contracts is measured and presented with various impacts also at the level of the financial position. The standard expected to be effective for annual periods beginning on or after **1 January 2023**.

Climate change and ESG

Ferring Group understands and embraces the challenges of climate change as well as ESG policies and reporting. Management continuously assesses manufacturing and distribution operations and their impact and efficiency carbon footprint. The Group is also evolving in its future climate-related disclosures, as well as governance policies to keep converging to best in class acting and reporting policies. Thus, the Group is reassessing the risks and opportunities, prioritising physical and transitional risks and opportunities according to the likelihood and the magnitude of the potential impact to climate and impact in Ferring Group's manufacturing and distribution operations and staff. It is an ongoing process that until now did not result in increased costs of production or significant investments, and the impact on financial statements and future performance is not deemed material.

Presentation of financial statements

The consolidated financial statements are presented in Euros because the largest part of the Group's transactions are denominated in Euros.

3. Significant accounting policies

Scope of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is equal to the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent consideration liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in the statement of income or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of income.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the Group's principal subsidiaries is provided in Note 39 Principal subsidiary companies and associates.

Foreign currency transactions and translation

Assets and liabilities of foreign entities are translated into Euros at the closing exchange rate on the balance sheet date. The statement of income is translated into Euros at the average exchange rates for the year. Exchange rate differences arising from the translation of the financial statements of foreign entities are recorded in the cumulative translation differences in shareholder's equity. On disposal of a foreign entity, such translation differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

The Company and Group subsidiaries record all transactions using the currency of the primary economic environment in which the subsidiaries operate (the functional currency). Foreign currency transactions in the subsidiaries are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Goodwill and fair value adjustments arising from an acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to allocate the cost of each asset over its estimated useful life as follows:

Land: nil
Buildings: 40 years
Machinery and equipment: 7 – 10 years
Vehicles: 4 – 5 years
Furniture and fixtures: 5 – 7 years
IT equipment: 3 – 4 years
Leasehold improvements: remaining lease term or useful life if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are based on their carrying amounts and are included in operating expenses in the consolidated statement of income. At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, analysis is performed to assess whether the carrying amount of property, plant and equipment is fully recoverable. A write-down is made if the carrying amounts exceed the recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Leases

The Group as a lessee assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using Group's implicit rate in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

During the current financial year, there was no material financial effect of making any such adjustments.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient and is then accounting for each lease component and any associated non-lease components as a single lease component.

Intangible assets

Expenditure on acquired intellectual property and licences is capitalised and amortised using the straight-line method over their useful lives (between 4 and 10 years or useful life if longer). Amortisation of these licence intangible assets is included in other operating expenses.

Intangible assets under development and not available for use are tested annually for impairment and other intangible assets are tested when there is an indication of impairment loss or reversal. Where testing is required, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss or reversal. The carrying value of licence intangible asset is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Impairment of licence intangible asset is included in other operating expenses.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Costs associated with developing pharmaceutical products are recognised as an intangible asset as from the day that the criteria for their recognition are met. These criteria are deemed to be met when filing for regulatory approval takes place, but a risk assessment on the probability of obtaining the regulatory approval may delay the recognition as an intangible asset until reasonable assurance about obtaining the approval. These intangible assets are amortised using the straight-line method over their useful lives (from day of first regulatory approval until end of patent period). Amortisation of these intangible fixed assets is included in other operating expenses.

Contingent milestone payments are recognised at the point that the contingent event becomes probable.

Any development costs incurred by the Group and associated with acquired licences, patents, know-how or marketing rights are written off to the income statement when incurred, unless the criteria for recognition of an internally-generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will generate probable future economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised using the straight-line method over their useful lives (between 4 or the term of the lease if shorter and 7 years).

At each balance sheet date the Group assesses whether there is any indication of impairment of other intangible assets. If such indication exists, analysis is performed to assess whether the carrying amount of the intangible assets is fully recoverable. A writedown is made if the carrying amounts exceed the recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent consideration liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries is included in intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Impairment of goodwill is included in other operating expenses. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Financial assets

The Group recognizes a financial asset on the trade date at which it becomes a party to the contractual obligations of the instrument. The Group measures financial assets at either amortized cost, fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVTOCI).

The Group has the following categories of financial assets:

- Financial assets measured at amortised cost.
  A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model with an objective to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

- Financial assets measured at fair value through profit or loss.
  Financial assets other than those classified as measured at amortised cost are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

- Financial assets measured at fair value through OCI.
  For investments in equity instruments that are not held for trading, the Group elected at initial recognition to present gains and losses in other comprehensive income.

The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value.

If there is subsequent evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off. Expected credit losses are recognised in the income statement on financial assets measured at amortised cost and at fair value through other comprehensive income apart from equity investments. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

These could be general trends and changes in the economy, such as inflation/growth rates, unemployment rates, interest rates or FX rates. In addition, there could be further industry- or geography-specific indicators that might have a significant impact on inferring future default levels.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. In the case of financial instruments for which there is no active market, fair value is determined using valuation techniques such as recent arm's length market transactions, the current market value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on de-recognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, and interest rate swaps. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. The interest rate swap contract and cross currency swap for Swiss bond qualify for hedge accounting.

The Group chooses to apply the treatment in IFRS 9:6.5.15 to the foreign currency basis spread and forward elements of the cross-currency swap; consequently, the change in the fair value movement excluded from the hedge relationship is recognised in other comprehensive income (OCI) to the extent it relates to the hedged item and is then amortised to the profit or loss on a rational basis.

There is a close economic relationship between the hedged item (bond) and hedging instrument-Cross Currency Swap (CCS). The foreign exchange risk of the proceeds and future interest payments plus the principal at maturity are fully offset by the CCS. The nature of the CCS is to reduce the FX risk on the proceeds from issuing the CHF nominated bond; the future interest payments and the principal at the maturity of the bond.

The Group entered in 2020 into a cross currency interest rate swaps (CCIRS) with two banks to hedge the CHF 270 million of CHF principal and interest to EUR. The total CHF 270 million bonds are settled on an annual basis. Both Euro and CHF rates are fixed. The Group settles the difference between the Euro and CHF rates. The CCIRS designated as cash flow hedges, thereby reflecting the EUR interest rate paid in the P&L with FX movements reflected Other Comprehensive Income.

The Group received CHF proceeds on the starting day of the bond and the same day exchanged those into EUR, the functional currency. During the lifetime of the bond yearly interest payments to investors are being paid in CHF and those payments are offset 1 to 1 with the hedge.

At maturity of the bond the full principal in CHF will be repaid and that is also offset 1 to 1 in the hedge instrument.

The hedge ratio is 100% as Ferring has fully hedged 100% of the proceeds; future interest payments and final principal at maturity of the bond as described previously.

As the CHF interest and principal payments of the bond match the CHF payments to be received from the CCS, we do not expect any hedge ineffectiveness.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether this derivative is highly effective. The effective portion is recognised in other comprehensive income. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statement of income over the period to maturity. The interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument based are not altered as a result of interest rate benchmark reform phase 2.

The fair values of various financial instruments used for hedging purposes are disclosed in Note 31 and Note 32.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct cost and related production overheads. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expense.

Trade receivables

Trade receivables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. The Group applies the IFRS 9 simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for trade receivables. When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Held for sale assets

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost using the effective interest method: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Bonus and incentive plans

The Group recognises a liability and an expense for bonuses and incentives, based on the achievement of certain key performance indicators. It recognises a provision where contractually obliged or when a constructive obligation exists. In addition to short-term bonuses and incentives, the Group has established a discretionary long-term incentive plan for Senior Management and other key executives. Liabilities recognised in respect of short-term bonus and incentives are measured at the undiscounted amount of the benefits expected to be paid.

Liabilities recognised in respect of long-term incentive plan are measured at the present value of the estimated future cash outflows. The current plans are based on the achievement of certain key performance objectives including revenues, Economic Value Added (EVA), operating earnings over future periods, and free cash flow generation.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of income.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefit liabilities

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Provisions are measured at the present value representing the time value of money and the risks specific to the obligation. The Group does not have onerous contract.

Accruals, other taxes and social security liabilities and other liabilities

Accruals, other taxes and social security liabilities and other liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events. These liabilities are measured at the present value representing the time value of money based on contractual arrangements and goods or services consumed, but not yet invoiced.

These liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade accounts payable

Trade accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Deferred income

Income from government grants and collaboration agreements are deferred and recognised in the statement of income over the period necessary to match them with the related costs for which they are intended to compensate. Licensing and royalty income is deferred and recognised in the statement of income over the licensing term in the relevant agreement.

Revenue recognition

The Group recognises revenue from the following major sources:

- Sales of goods, drugs and medical devices
- Revenue/royalty from licenses
- Revenue from manufacturing services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control of a product or service to a customer.

Sales of goods, drugs and medical devices are recognised at a point in time when goods are transferred physically to the customer based on Incoterms or handover, net of sales taxes and discounts, and after eliminating sales within the Group. The sales of drugs with medical devices is considered as one performance obligation with no further unbundling required.

Provisions for product returns are recognised in the same period as the related sales are recorded as a reduction of sale of goods, based on the contract terms and historical experience.

Royalty, licensing income and collaboration agreements are recognised in accordance with the economic substance set out in the relevant agreement. The appropriate timing of revenue recognition will be determined based on the right to access the entity's intellectual property as it exists throughout the licence period or the right to use the entity's intellectual property as it exists at the point in time at which the licence is granted.

To a limited extend, the Group sells manufacturing and development services to other companies. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividends

Dividends are recognised in the period in which they are approved at the Company's Shareholders' Annual General Meeting.

Distribution expenses

All costs associated with the distribution of the Group's products sold during the year are expensed in the financial period during which they are incurred.

Marketing expenses

All costs associated with advertising and promoting products are expensed in the financial period during which they are incurred.

Research and development expenditures

Research costs are charged against income as incurred, with the exception of buildings and major items of equipment and material used for development activities, which are capitalised and depreciated. Development costs are also charged against income as incurred unless the criteria for their capitalisation is met. In this case the costs are capitalised and amortised using the straight-line method over their useful lives (from day of first regulatory approval until end of patent period).

Other operating expenses

Other operating expenses are charged to net income as incurred except for amortisation of intangible assets, which follows the straight-line method. These expenses include charges for litigation, restructuring, reorganisation, impairment, amortisation of patents, trademarks and other intangible fixed assets, the effects of adjustments of the probabilities of contingent consideration milestone liabilities and negative goodwill recognised on acquisition.

4. Operating segments

The businesses of the Ferring Group are divided operationally on a worldwide basis into two identified reporting segments: Base business and Nadofaragene firadenovec (rAd-IFN/Syn3), now officially called Adstiladrin®. Reporting segments are presented in a manner consistent with the internal reporting to the chief operating decision-maker, which is the Executive Committee of the Ferring Group. The reporting segments are managed separately because of the different governance structure for Adstiladrin® with a separate Executive Committee as well as the involvement of related party entities. For the Base business, the Executive Committee (EC) of the Ferring Group is responsible for allocating resources and assessing the performance of this segment. The operating result and the cash flows are the main indicators used by the EC to measure the performance of the segments.

The reporting segments are as follows:

Base business

The base business consists of the Group's established brands in reproductive medicine and maternal health, uro-oncology and gastroenterology as well as novel development in the microbiome field for products in gastroenterology.

Adstiladrin® business

The Adstiladrin® business is focused on the development of a treatment for non-muscle invasive bladder cancer through gene mediated immunotherapy. Regulatory approval of the product in the United States was obtained in December 2022. The Group increased its investment in Adstiladrin® during 2021 in order to progress on the pathway towards Biologics License Application (BLA) approval following FDA feedback received in 2020. The Group took on a broader role and additional responsibilities in the manufacturing process that had previously been the responsibility of Trizell Ltd. (a related party) and its subsidiaries. This resulted in additions to intangible assets in 2021 of €199,018 in exchange for a reduction of the future royalty and sales milestone obligations to Trizell Ltd. (see Note 14 and Note 35 for more information on the changes in 2021).

In 2022 Ferring and Blackstone Life Sciences ("Blackstone") restructured their 2019 collaboration arrangement to provide Ferring full control over Adstiladrin® and grant Blackstone an option to make a passive investment in Adstiladrin®. Refer to Note 28 for further details on the termination of the agreement and impact on the financial statements.

	Base business		Adstiladrin® business		Ferring Group	
	2022	2021	2022	2021	2022	2021
The following is an analysis of the Group's revenue and results by reportable segment						
Total revenues	2,276,866	2,162,071	-	-	2,276,866	2,162,071
Operating result	309,868	370,940	(78,769)	(13,143)	231,099	357,797
Finance income	82,242	36,423	5,744	9,176	87,986	45,599
Finance expense	(108,429)	(33,153)	(12,522)	(12,221)	(120,951)	(45,374)
Income tax expenses	(33,780)	(71,229)	11,407	3,113	(22,373)	(68,116)
Net income from continuing operations	**249,901**	**302,981**	**(74,140)**	**(13,075)**	**175,761**	**289,906**

The operating result includes part of the fee from restructuring of the collaboration agreement with Blackstone Life Sciences.

Included in the result from operating activities						
Depreciation	(79,116)	(69,549)	-	-	(79,116)	(69,549)
Amortisation	(38,029)	(33,589)	-	-	(38,029)	(33,589)
Impairment charges on fixed assets	(23,064)	(21,654)	-	-	(23,064)	(21,654)

The following is an analysis of the Group's statement of financial positions by reportable segment						
Total assets	2,759,726	2,631,125	394,453	362,280	3,154,179	2,993,405
Total liabilities	1,018,731	1,103,995	576,521	471,150	1,595,252	1,575,145

Major investing activities in non-current assets						
Additions to property, plant and equipment	115,706	111,939	15,222	4,838	130,928	116,777
Additions to intangible assets	86,488	50,365	-	199,018	86,488	249,383
Additions to loans to related parties	-	-	-	25,000	-	25,000

The CMC funding of €25,000 previously recognised in other intangible assets was reclassified into non-current financial assets at fair value in 2021. The repayment of this receivable is triggered by the receipt of the BLA approval and will be repaid in tranches over a 5 year period. The first payment will occur in December 2023.

The following is an analysis of the Group's cash flows by reportable segment						
Cash flows from operating activities	278,150	475,969	(26,777)	(26,337)	251,373	449,632
Cash flow from investing activities	(326,477)	(94,431)	(63,221)	(57,485)	(389,698)	(151,916)
Cash flow from financing activities	(143,747)	(267,200)	(21,790)	244	(165,537)	(266,956)

(Amounts expressed in thousands of Euros)

The Adstiladrin® business investing cash out-flows are mainly made of transactions with Related Parties (loans and payments of contingent consideration liabilities connected to milestones) and the financing cash out-flows represent the partial reimbursement of the funding liability to Blackstone Life Sciences through the restructuring of the collaboration agreement.

Geographical and therapeutic area information

The net sales of goods from external customers by management geography are broken down below:

	2022	2021	Performance growth
United States	920,377	811,292	0.8%
Europe, Canada and Latin America	753,600	766,790	-4.0%
Asia Pacific, Middle East, Turkey and Africa	530,367	515,140	1.2%
Other	9,553	10,922	-21.0%
Total sales of goods	2,213,897	2,104,144	-1.0%

The split of net sales of goods is reflecting the commercial management organisation, which is largely driven by location of customers. The Others category represents a small group of customers in different locations without commercial management responsibility. The Ferring Group has a large number of customers. There is no single customer who accounts for more than 10% of the total sales.

The split by geography of other items included in the Group revenue and non-current assets is not used nor relevant for the management reporting therefore the information is not available and the cost to develop it would be excessive.

The net sales of goods from external customers by therapeutic areas are broken down below:

	2022	2021	Performance growth
Reproductive Medicine and Maternal Health	1,211,424	1,144,031	-2.2%
Gastroenterology/Endocrinology	563,321	549,575	-0.1%
Urology/Uro-Onconlogy	290,640	294,307	-3.5%
Orthopaedics	140,645	106,804	17.0%
Other	7,867	9,427	-22.5%
Total sales of goods	2,213,897	2,104,144	-1.0%

The performance growth percentage reflects the growth versus last year excluding the effect of exchange rates.

(Amounts expressed in thousands of Euros)

5. Revenues

	2022	2021
Sales of goods	2,213,897	2,104,144
Royalty income	14,024	18,875
Other income	48,945	39,052
Total revenues	2,276,866	2,162,071

The 10 main products contributing to the net sales of goods are:

	2022	2021	Performance growth
Menopur	771,314	752,638	-6.2%
Pentasa	341,940	332,396	1.8%
Minirin	182,821	182,758	-0.3%
Euflexxa	138,601	104,993	17.1%
Propess	111,722	107,998	-5.0%
Firmagon	107,313	106,235	-4.7%
Endometrin/Lutinus	82,346	71,043	8.9%
Picoprep	69,294	56,761	12.5%
Fyremadel	61,996	52,883	8.1%
Decapeptyl depot	53,463	50,145	-1.1%
Total top 10 products	1,920,810	1,817,850	
% of total net sales of goods	86.8%	86.4%	

The performance growth percentage reflects the growth versus last year excluding the exchange rate effect.

The Group recognises the revenue from sales of goods at the point in time when the control over the goods is passed to the customer, which can vary according to Incoterms or specific arrangements, but mostly occurs upon delivery to the customer.

Revenues recognised in the year are presented net of a charge of **€3,838** (2021: €3,239) arising from changes from prior year estimates of returns provision (Note 25).

Royalty income arises principally from sales under licenses held in North America and Japan.

Other income mainly consists of income from out-licencing arrangements, co-promotion agreements, manufacturing services and development services. In 2022 Other Income includes **€14,390** as a result of the early termination agreement with Astellas (Note 26).

(Amounts expressed in thousands of Euros)

6. Staff costs

	Notes	2022	2021
Wages and salaries		646,259	566,375
Social security costs		77,638	71,980
Termination benefits		4,589	6,614
Relocation		5,554	4,360
Restructuring	*7*	328	17,851
Pension costs: defined contribution plans		23,671	17,980
Pension costs: defined benefit plans	*24*	21,965	20,192
Capitalised in intangible assets related to the OneERP program	*14*	(9,848)	(4,851)
Total		770,156	700,501

The staff costs are split as below in the consolidated statement of income:

	2022	2021
Cost of sales	201,076	169,963
Sales and marketing expenses	244,119	220,753
Research and development expenses	164,579	153,097
General and administration expenses	148,181	128,044
Other operating expenses	12,201	28,644
Total	770,156	700,501

7. Other operating expenses

		2022	2021
Restructuring of collaboration expenses and litigation, net of insurance cover		61,960	3,148
Impairment charges		23,064	21,654
Amortisation of intangible assets	*14*	17,706	20,999
Restructuring expenses	*6*	328	17,851
Reorganisation expenses and projects		24,609	18,542
Contingent consideration adjustments, net	*27*	(20,375)	21,312
Other projects		10,165	12,802
Total		117,458	116,308

(Amounts expressed in thousands of Euros)

The impairment charges arise from:	*Notes*		
Assessment of the carrying value of machinery & equipment	*13*	22,174	2,822
Assessment of the carrying value of intangible assets	*14*	503	18,832
Assessment of the carrying value of right of use of leased assets	*15*	387	-
Total		23,064	21,654

Restructuring of collaboration expenses and litigation, net of insurance cover

In 2022 Ferring and Blackstone Life Sciences ("Blackstone") restructured their 2019 collaboration arrangement to provide Ferring full control over Adstiladrin®, to provide that Ferring pay Blackstone a fixed fee and to provide Blackstone an option to make a passive investment in Adstiladrin®. As a result, Ferring booked a loss under **€61,231** representing the allocation of the fee to the collaboration element included in the 2019 agreement. This expense consists of the payments in cash made in 2022 and the next 4 years (**€56,166**) as well as the fair value of an option granted to Blackstone (**€5,065**) (Note 28).

Also recognised in Litigation expenses in 2022 are **€703** of legal fees incurred in dealing with disputes arising from the new Soundport Building leased by FERRING.

The litigation expenses recognised in 2021 were mainly related to legal fees and recall expenses paid to settle the 2020 litigation regarding the Desmopressin supply disruption.

Management judgment is required in estimating the liabilities and expenses with regards to litigations that are not well advanced.

Impairment charges

In 2022, Ferring recognised an impairment loss on its Russian production plant resulting in a charge of **€10,152**. Also in 2022, Ferring recognised an impairment loss of **€8,884** for machinery and equipment in India, for which currently insufficient capacity can be utilised (see Note 13).

In 2021, the assessment of the carrying value of the goodwill and of the intangible assets has resulted in impairment charges on licences of **€18,832** (Note 14):

In 2021, due to a quality issue with the injector device, the Group decided to discontinue ZomaJet® pens worldwide leading to a full impairment of the acquired licence and customer relationship with JCR Pharmaceutical Company Ltd. in Japan for a total amount of **€7,907** (Note 14). Following a Desmopressin quality issue in 2020 and a significant decrease in forecasted sales, the Group has decided to partially impair the Ddavp licence in the United States by €5,300 (Note 14). The termination for convenience of the contract with INVO Bioscience Inc related to the distribution rights of INVOcell® has resulted in an impairment of the full asset of €4,132 (Note 14).

Additional impairment tests on intangible assets showing a potential indicator for impairment have been carried out in 2021 and have resulted in a total amount impaired of €1,493.

The annual impairment tests carried out on the book value of goodwill are detailed in Note 14. They resulted in no impairment charge in 2022 and 2021.

Restructuring expenses

In 2017 the Executive Board started a company-wide initiative with the goal of transforming the Group structures, processes and resources to create efficiency improvements to drive future growth. In 2019 a global business process re-engineering initiative was launched outsourcing certain activities and in 2020 the program was extended as part of the strategic decision to optimise the Group's organisational structures. In 2021 the Swiss headquarters were included in the program. The staff costs of terminating contracts connected to those initiatives amounted to €328 (2021: €17,851) (Note 6).

(Amounts expressed in thousands of Euros)

Reorganisation expenses and projects

The reorganisation expenses are mostly related to projects containing personnel costs and consulting services rendered. The main projects include the OneERP program (willing to unify the ERP systems accross Group), business process re-engineering program and several manufacturing projects ongoing, of which the manufacturing scale-up in Rebiotix (Rebyota™) is the largest.

Contingent consideration adjustments, net

In 2022 the contingent consideration adjustments relate mainly to renegotiation of scheduled payments related to the Rebiotix acquisition agreement, that resulted in an overall decrease in liability of **€17,727**.

The remaining gain of **€2,648** arises from the INVO Bioscience Inc contingent liability which was released after related milestone not being achieved (Note 27).

In 2021 the contingent consideration adjustments reflected the increase of probabilities of paying additional milestones in relation to the Rebiotix acquisition of €21,312.

Other projects

The other projects mainly represent the Group's sponsorships to scientific programs and institutions as well as charity donations, and donations to various museums and cultural activities.

8. Operating profit

Operating profit has been arrived at after charging/(crediting):	*Notes*	2022	2021
Employee costs	*6*	770,156	700,501
Depreciation of property, plant and equipment	*13*	49,168	44,158
Impairment of property, plant and equipment	*13*	22,174	2,822
Depreciation of right of use assets	*15*	29,948	25,391
Impairment of right of use assets	*15*	387	-
Amortisation of intangible assets	*14*	38,029	33,589
Impairment of intangible assets	*14*	503	18,832

Inventories			
Cost of inventory included in cost of sales	*18*	604,084	540,698
Write-down of inventories	*18*	42,781	26,554
Short-term lease charge	*15*	1,444	1,812
Low-value lease charge	*15*	97	121
Variable lease payments	*15*	3,383	2,626

(Amounts expressed in thousands of Euros)

9. Finance income and expenses

Income	Notes	2022	2021
Interest income		7,978	4,822
Foreign exchange gains		77,960	31,409
Other financial income		2,048	9,375
Total income		**87,986**	**45,599**
Expense			
Interest expenses		(24,917)	(20,900)
Foreign exchange losses		(90,518)	(21,848)
Other financial expenses		(5,516)	(2,626)
Total expense		**(120,951)**	**(45,374)**
Total		**(32,965)**	**225**

The net interest result consists of:

Net interest result			
Interest income on bank deposits and swaps		7,978	4,822
Interest expense on borrowings and others		(16,722)	(11,187)
Interest expense on lease liabilities	*15*	(4,545)	(973)
Interest expense on defined benefit obligation	*24*	(475)	(482)
Unwinding of discount and changes in discount rates on contingent consideration liabilities	*27*	3,921	(850)
Unwinding of discount on financial liabilities	*28*	(7,096)	(7,408)
Total		**(16,939)**	**(16,078)**

The net foreign exchange result consists of:

Net foreign exchange result		
Revaluation of balance sheet items denominated in foreign currencies	2,028	15,199
Results from hedging activity	(14,586)	(5,645)
Total	**(12,558)**	**9,554**

The net other financial income and expenses finance result consists of:

Net other financial income and expenses		
Remeasurement of financial liabilities	-	9,177
Bank charges and other finance charges	(3,468)	(2,428)
Total	**(3,468)**	**6,749**

(Amounts expressed in thousands of Euros)

10. Discontinued operations

There were no disposals of subsidiaries made in 2022.

During 2021 the Group disposed of Bazell Pharma AG (FGAL) and Kuopio Center for Gene and Cell Therapy Oy (KCT) to related party companies, Amzell BV and Ferring Ventures SA respectively.

The assets and liabilities that were derecognised in 2021 were presented in 2021 as follows:

	Notes	FGAL	KCT	Total
Property, plant and equipment	*13*	321	1,061	**1,382**
Intangible assets	*14*	3	75	**78**
Right-of-use assets	*15*	-	1,469	**1,469**
Deferred tax assets		221	-	**221**
Receivables and prepayments		84	-	**84**
Total non-current assets		629	2,605	3,234
Trade debtors		311	-	**311**
Prepayments and accrued income		951	1,113	**2,064**
Cash and cash equivalents		-	675	**675**
Total current assets		1,262	1,788	3,050
Total assets		1,891	4,393	6,284
Pension liabilities		1,183	-	**1,183**
Non-current lease liabilities		-	1,303	**1,303**
Total non-current liabilities		1,183	1,303	2,486
Trade accounts payable		4	358	**362**
Current lease liabilities		-	226	**226**
Other taxes and social security liabilities		138	-	**138**
Accruals and other liabilities		362	1,147	**1,509**
Total current liabilities		504	1,731	2,235
Total liabilities		1,687	3,034	4,721
Net assets disposed of		204	1,359	1,563

(Amounts expressed in thousands of Euros)

	FGAL	KCT	Total
Gain/(loss) on sales before reclassification of foreign currency translation reserve	(6)	3	**(3)**
Reclassification of foreign currency translation reserve	32	-	**32**
Gain on sales after reclassification of foreign currency translation reserve	26	3	29

The Group did not incur transaction costs for those sales.

The net cash inflows that arose from the disposals were:

Consideration received in cash and cash equivalents	198	1,362	**1,560**
Cash and cash equivalents balances disposed of	-	(675)	**(675)**
Net cash inflow on disposal	198	687	885

For KCT, the financial performance information presented was for the six months ended 30 June 2021.

	2021
Sales of goods	-
Other income	2,281
Total revenues	2,281
Research and development expenses	(2,231)
Operating profit	50
Finance expense	(25)
Income before taxes	25
Income tax expenses	(5)
Gain/(loss) on sale of the subsidiary	3
Net income from discontinued operations	23

During 2021 KCT contributed to **€437** to the Group's net operating cash flows, paid **€14** in respect of investing activities and paid **€123** in respect of financing activities.

(Amounts expressed in thousands of Euros)

11. Earnings per share

		2022	2021
Net income from continuing and discontinued operations attributable to the owner of the Company	*In thousand Euros*	175,761	289,929
Weighted average number of CHF 10 shares outstanding		20,625,000	20,625,000
Weighted average number of CHF 20 shares outstanding		2,187,500	2,187,500
Total weighted average number of shares outstanding		22,812,500	22,812,500

Basic and diluted earnings per registered share of CHF 10	*In Euros*	7.03	11.60
Basic and diluted earnings per registered share of CHF 20	*In Euros*	14.06	23.20

Basic and diluted earnings per share are identical because the Company had no dilutive potential ordinary shares.

Net income from continuing operations attributable to the owner of the Company	*In thousand Euros*	175,761	289,906
Weighted average number of CHF 10 shares outstanding		20,625,000	20,625,000
Weighted average number of CHF 20 shares outstanding		2,187,500	2,187,500
Total weighted average number of shares outstanding		22,812,500	22,812,500

Basic and diluted earnings per registered share of CHF 10	*In Euros*	7.03	11.60
Basic and diluted earnings per registered share of CHF 20	*In Euros*	14.06	23.20

Basic and diluted earnings per share are identical because the Company had no dilutive potential ordinary shares.

(Amounts expressed in thousands of Euros)

12. Income taxes

	2022	2021
Income before taxes from continuing operations	198,134	358,022
Current income tax expense	62,123	63,515
Deferred tax (benefits) expense	(39,750)	4,601
Total income tax expense	22,373	68,116
Effective tax rate	**11.3%**	**19.0%**

The main elements contributing to the difference between the Group's overall expected tax rate (which can change each year since it is calculated as the weighted average tax rate based on pre-tax income of each subsidiary) and the effective tax rate are:

Income before taxes	198,134	358,022
Taxes calculated at weighted average tax rate	31,921	55,286
Non-deductible expenses, tax credit and other permanent differences	2,079	3,760
Movement in unrecognised deferred tax assets	7,801	(1,160)
Revisions to prior year taxes	(4,430)	(476)
Effect of unsold inventories	(18,868)	8,716
Effect of tax rate change	416	1,311
Tax risk provision adjustment	3,454	679
Income tax expenses	22,373	68,116

The taxes calculated at the weighted average tax rate are stable compared to last year at approximately 16% of the income before taxes. Despite operating and selling predominantly in high tax rate jurisdictions, Ferring maintains relatively moderate taxes at weighted average rate considering the significant investments made in the U.S. with regards to Rebiotix Inc.

In 2022, significant impairments and provisions were made in India, Russia and Denmark, which yield tax losses that are deemed non-recoverable in the foreseeable future. Accordingly, no deferred tax asset was recognised and significant movements in unrecognised tax carry forward losses were recorded (i.e., tax expenses of €7,801). The most material revision to prior year taxes is the release of excess tax accruals in Switzerland further to final taxation decisions (€4,428) whereas other revision movements balance out.

The effect of unsold inventories represents the distortion effect between income before taxes and the income taxes from the inventory investments caused by the deferred taxes on inventory of the commercial entities and the current taxes of the supplying entities.

Deferred taxes are calculated on temporary differences under the liability method using the principal tax rate of the applicable jurisdiction.

(Amounts expressed in thousands of Euros)

Gross movement on the deferred income tax	2022	2021
Opening net deferred tax assets	99,325	105,627
Charded/(credited) to the statement of income	39,750	(4,601)
Charged to other comprehensive income	(4,796)	(7,016)
Exchange rate (loss)/gain	3,822	5,864
Utilisation of deferred tax asset not recognised in the statement of income	(617)	(549)
Closing net deferred tax assets	137,484	99,325

Deferred tax assets as presented on the balance sheet	166,898	137,332
Deferred tax liabilities as presented on the balance sheet	(29,414)	(38,007)
Net deferred tax assets	137,484	99,325

Movement in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction) during the period is as follows:

Deferred tax liabilities	Accelerated tax depreciation	Temporary differences on inventory	Recognised in business combination	Other temporary differences	Total
Opening net book value	**30,962**	**6,034**	**23,884**	**9,406**	**70,286**
Charged to the P&L	(1,943)	(4,767)	-	(4,930)	**(11,640)**
Exchange differences loss	172	388	2,050	2,497	**5,107**
At 31 December 2021	29,191	1,655	25,934	6,973	63,753
Charged to the P&L	(5,587)	(850)	(158)	11,935	**5,340**
Exchange differences loss	672	147	660	223	**1,702**
At 31 December 2022	24,276	952	26,436	19,131	70,795

In 2018, deferred tax liabilities were recognised in relation to the intangible assets acquired in the Rebiotix Inc. business combination. The amortisation of the intangible assets started in 2022 further to the Rebyota™ BLA approval received in December 2022 from the FDA. No deferred tax liability has been recognised on temporary differences of €20,093 relating to the unremitted earnings of overseas subsidiaries (excluding the U.S.) as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

(Amounts expressed in thousands of Euros)

Deferred tax assets	Stock profit elimination	Provisions for returns	Retirement benefit obligation	Price adjustment	Net operating losses	Other temporary differences	Total
Opening net book value	**72,072**	**5,899**	**13,765**	**2,823**	**23,075**	**58,279**	**175,913**
Credited to the P&L	(15,111)	220	(275)	501	6,444	(8,020)	**(16,241)**
Credited to OCI	-	-	(7,016)	-	-	-	**(7,016)**
DTA utilised & not recognised in the P&L	-	-	-	-	(549)	-	**(549)**
Exchange differences gain	4,826	456	21	242	958	4,468	**10,971**
At 31 December 2021	61,787	6,575	6,495	3,566	29,928	54,727	163,079
Credited to the P&L	36,529	245	-	381	6,239	1,697	**45,090**
Credited to OCI	-	-	(3,679)	-	-	(1,117)	**(4,796)**
DTA utilised & not recognised in the P&L	-	-	-	-	(617)	-	**(617)**
Exchange differences gain	2,811	342	963	221	803	383	**5,523**
At 31 December 2022	101,126	7,162	3,779	4,168	36,353	55,690	208,279

Deferred tax assets are recognised for losses available to carry forward to the extent that the realisation of the related tax benefit is probable. We have recognised an accumulated deferred tax asset of **€36,353** (€29,928 in 2021) for the net operating losses of FerGene Inc. and Rebiotix Inc. With regards to Rebiotix Inc., the deferred tax asset has been recognised for State tax purposes only since its losses for Federal tax purposes were set off against profits of other U.S. legal entities that are part of the same consolidated tax return. Both Adstiladrin® and Rebyota™ received approval from the FDA in the fourth quarter of 2022 and hence the utilisation of the deferred tax asset depends on the evolution of the future taxable profits being available against which the net operating losses will offset.

The deferred tax assets related to the other temporary differences, **€55,691** in 2022 (€54,727 in 2021), are mainly made up of provisions, accruals and inventory valuation. In most of the jurisdictions the costs related to the provisions and accruals are only tax-deductible upon payment.

Total unrecognised tax losses carried forward amounted to **€80,884** and €43,517 for the years ended 31 December 2022 and 2021, respectively. Unrecognised tax losses were incurred by a certain number of affiliates in various jurisdictions. The increase of €37,367 is mainly explained by significant impairments and provisions made in India (30% of the increase), Russia (28% of the increase) and Denmark (24% of the increase) deemed non-recoverable from a tax standpoint in the foreseeable future.

(Amounts expressed in thousands of Euros)

The tax charge relating to components of other comprehensive income is as follows:

	2021		
	Before tax	**Tax credit/ (charge)**	**After tax**
Remeasurements of post employment benefit obligations	58,940	(7,016)	**51,294**
Reclassification to P&L on disposal of discontinued operations	(32)	-	**(32)**
Reclassification to P&L on disposal of foreign operations	(2,659)	-	**(2,659)**
Reclassification to P&L on disposal of financial assets	115	-	**115**
Fair value change of hedging instruments	688	-	**688**
Fair value change on listed securities	(88)	-	**(88)**
Currency translation differences	26,137	-	**26,137**
Other comprehensive income	83,101	(7,016)	76,085

Current tax	-
Deferred tax	(7,016)

	2022		
	Before tax	**Tax credit/ (charge)**	**After tax**
Remeasurements of post employment benefit obligations	26,978	(3,679)	**23,299**
Reclassification to P&L on disposal of foreign operations	(1,894)	-	**(1,894)**
Fair value change of hedging instruments	7,496	(1,004)	**6,492**
Fair value change of listed securities	902	(113)	**789**
Currency translation differences	(3,780)	-	**(3,780)**
Other comprehensive income	29,702	(4,796)	24,906

Current tax	-
Deferred tax	(4,796)

(Amounts expressed in thousands of Euros)

13. Property, plant and equipment

Year ended 31 December 2021	*Notes*	Land and buildings	Machinery and equipment	Furniture fixtures and other	Assets under construction	Total
Opening net book value		237,060	154,508	14,754	68,619	**474,941**
Additions	*4*	21,142	15,495	5,884	74,256	**116,777**
Disposals		(965)	(598)	(1,607)	(52)	**(3,222)**
Sale of a subsidiary	*10*	-	(1,324)	(58)	-	**(1,382)**
Impairment	*7*	(675)	(1,884)	-	(263)	**(2,822)**
Transfers		12,954	17,062	2,049	(31,870)	**195**
Depreciation		(12,101)	(26,673)	(5,384)	-	**(44,158)**
Exchange rate differences		14,409	7,212	533	2,449	**24,603**
Closing net book value		271,824	163,798	16,171	113,139	564,932
At 31 December 2021						
Cost		430,111	455,106	70,619	113,139	**1,068,975**
Accumulated depreciation and impairment		(158,287)	(291,308)	(54,448)	-	**(504,043)**
Net book value		271,824	163,798	16,171	113,139	564,932

Year ended 31 December 2022	*Notes*	Land and buildings	Machinery and equipment	Furniture fixtures and other	Assets under construction	Total
Opening net book value		271,824	163,798	16,171	113,139	**564,932**
Additions	*4*	6,029	10,598	6,122	108,179	**130,928**
Acquisition of a subsidiary	*36*	821	5	83	-	**909**
Disposals		(759)	(392)	98	(733)	**(1,786)**
Impairment	*7*	(2,007)	(8,769)	(73)	(11,325)	**(22,174)**
Transfers		(3,904)	25,075	2,138	(23,309)	-
Depreciation		(13,824)	(29,733)	(5,611)	-	**(49,168)**
Exchange rate differences		2,059	(1,125)	(328)	1,596	**2,202**
Closing net book value		260,239	159,457	18,600	187,547	625,843
At 31 December 2022						
Cost		430,410	474,606	76,427	187,547	**1,168,990**
Accumulated depreciation and impairment		(170,171)	(315,149)	(57,827)	-	**(543,147)**
Net book value		260,239	159,457	18,600	187,547	625,843

(Amounts expressed in thousands of Euros)

Depreciation of **€49,168** (2021: €44,158) has been charged to the following income statement captions: cost of sales **€34,553** (2021: €30,693); research and development expenses for **€9,154** (2021: €7,420); sales and marketing expenses **€2,301** (2021: €2,355) and general and administration expenses **€3,160** (2021: €3,690).

During 2022 and 2021, no borrowing costs were capitalised.

As of 31 December 2022, property, plant and equipment have been pledged as security against loans with a value of **€347** (2021: €556).

In December 2022, the Group acquired a new subsidiary, QualTech Laboratories, Inc. ("Qualtech"), including PPE with a value of **€88**. In addition, the Group acquired the Qualtech building for **€821**. There were no disposals of subsidiaries made in 2022.

During 2021 the Group disposed of Bazell Pharma AG (FGAL) and Kuopio Center for Gene and Cell Therapy Oy (KCT) to related parties, Amzell BV and Ferring Ventures SA respectively (Note 10).

The additions are mainly related to the equipment purchased for use in R&D projects in the Soundport building in Denmark (Note 15) and to a mix of R&D and manufacturing projects in Germany, United States, Switzerland and Scotland.

The assets under construction include the ongoing construction of a production line for Adstiladrin® in the United States and investments in laboratories in Soundport building in Denmark.

In 2022, the impairment loss in Assets under construction is mainly related to Russia Manufacturing site where some projects have been put on hold, that results in a loss of **€10,152**. Also in 2022, Ferring recognised an impairment loss of **€8,884** for machinery in India, for which currently insufficient capacity can be utilised.

14. Intangible assets

Year ended 31 December 2021	*Notes*	Licences	Goodwill	Capitalised development cost	Software and other intangibles	Total
Opening net book value		341,841	58,249	7,685	82,505	**490,280**
Additions	*4*	213,631	-	2,439	33,313	**249,383**
Disposals		(28)	-	-	(135)	**(163)**
Sale of subsidiary		-	-	-	(78)	**(78)**
Impairment	*7*	(17,566)	-	(517)	(749)	**(18,832)**
Transfers		-	-	-	(25,023)	**(25,023)**
Amortisation	*7*	(19,987)	-	(1,012)	(12,590)	**(33,589)**
Exchange rate differences		7,530	4,559	(1)	623	**12,711**
Closing net book value		525,421	62,808	8,594	77,866	674,689
At 31 December 2021						
Cost		896,145	132,832	17,383	186,831	**1,233,191**
Accumulated amortisation and impairment		(370,724)	(70,024)	(8,789)	(108,965)	**(558,502)**
Net book value		525,421	62,808	8,594	77,866	674,689

(Amounts expressed in thousands of Euros)

Year ended 31 December 2022	*Notes*	Licences	Goodwill	Capitalised development cost	Software and other intangibles	Total
Opening net book value		525,421	62,808	8,594	77,866	**674,689**
Additions		20,128	-	15,378	50,982	**86,488**
Acquisition of subsidiary	*36*	-	2,743	-	-	**2,743**
Disposals		-	-	-	(178)	**(178)**
Impairment	*7*	-	-	-	(503)	**(503)**
Transfers		-	-	-	15	**15**
Amortisation	*7*	(16,627)	-	(1,079)	(20,323)	**(38,029)**
Exchange rate differences		5,754	1,219	(422)	(224)	**6,327**
Closing net book value		534,676	66,770	22,471	107,635	731,552
At 31 December 2022						
Cost		790,038	136,795	31,820	232,145	**1,190,797**
Accumulated amortisation and impairment		(255,362)	(70,025)	(9,349)	(124,510)	**(459,245)**
Net book value		534,676	66,770	22,471	107,635	731,552

Critical accounting estimates, assumptions and judgements

Management assesses the Group's intangible assets annually for impairment, testing the recoverable value of goodwill, assets under development and any asset for which identifies impairment indicators against the carrying value. These tests require management to apply assumptions and estimates.

The gross margins used in the impairment tests are based on an average of the last reporting period and the next budget period for Cash Generating Units (CGUs) which are already generating sales, and a projected margin taking into consideration anticipated future sales and raw materials cost assumptions for CGUs covering a product in development. For this second group of CGUs whose products are under development, sales projections are built based on market research, number of potential future patients, level of acceptance and price level at which Group anticipated that products will be sold. Projections are mostly received from the respective controllers of each CGU and critically assessed and challenged by management to ensure their accuracy and business strategy.

The discount rates used are based on Group's specific circumstances and its operating segments, and are derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity.

The cost of equity is derived from the expected return on investment by the Group's investor. The cost of debt is based on the projected interest-bearing borrowings the Group is obliged to service. CGU-specific risk is incorporated by applying an individual risk premium dependent on each CGU.

The projection period of the cash flows is based on financial forecasts and depends on the specific nature of each product and its stage in market (pre-launch, recently released or mature in the market) and are approved by management. As a principle, tends to be 5 years, but this period may be extended as a result of the mentioned stage in market. Specifically, for CGUs whose products are being sold at a stable/ consistent pace, 5 years period is used; for CGUs whose products are under development or are just reaching the selling stage, the projections cover between 10 and 15 years depending on specifics of each product/

(Amounts expressed in thousands of Euros)

market and current stage of development, provided that management has enough information to build reliable projections. Also, management found that the use of a forecast period greater than five years was appropriate due to the life cycle of products from development to commercialisation. Group can accurately project 5 (and in some cases more) years from the date of first sales but when that date of first sales is a few years away, Ferring is also able to accurately project the development costs before first sales, then extending the period to cover the first 5 years of sales. All significant assets capitalised as of December 2022 are expected to last for a minimum period of 10 years. Management is able to make reliable estimates over the period of the licences which usually exceeds 5 years. Depending on the asset, a finite terminal value is also applied and uses a terminal growth rate.

These assumptions and estimates are critically reviewed and diligently assessed by the management. They are also subject to sensitivity analysis to measure the impact of changing these assumptions on the recoverable amount of the CGUs.

Licences

The Licences mostly include the assets related to Adstiladrin® (2022: **€306,966**, 2021: €306,966), Rebyota™ (2022: **€101,448**, 2021: €96,051), Condoliase® (2022: **€69,248**, 2021: €69,248) and Propess® (2022: **10,953€**, 2021: €17,090).

Additions in 2022
In 2022, the Group entered in a new agreement with I-MAB Biopharma acquiring exclusivity rights and licenses to perform clinical studies and develop a new drug “Olamkicept” for trans-signalling inhibition in patients with active inflammatory bowel disease. This new agreement includes several milestones and resulted in additions of **€5,239**. The Group also acquired from Sun Pharmaceutical Industries Ltd. exclusive rights to distribute, market and sell Ganirelix products in several countries in Europe, Asia, Africa and Latin America. The agreement includes several payments contingent on meeting certain milestones. As a result of such milestones, the Group recognised assets of **€4,370**. Subsequent to the agreement signed in 2007 with Cosmo Technologies Ltd., sales milestones of **€9,000** have been recognised.

Additions in 2021
During 2021, the development of Adstiladrin® has continued on the pathway towards BLA approval. This followed the complete response letter received from the FDA in early 2020 as a result of the site inspection at the manufacturer in Finland (a related party of Trizell Ltd.). This delay has led to a change in strategy whereby the Group has agreed to take on a broader role and additional responsibilities in the process. In addition, the Group and Trizell Ltd. have signed an amendment to the existing agreement to reflect the operational changes in the responsibilities of the Group and Trizell Ltd. The Group has agreed to invest more in the asset on completion of defined milestones in exchange for a reduction of the future royalty and sales milestone obligations to Trizell Ltd.

This has resulted in the recognition of contingent consideration milestone liabilities of €199,018 (Note 27) in 2021, with an equal and opposite value capitalised in intangible assets.

The Group signed an agreement with Sun Pharmaceutical Industries Ltd. in May 2021 for the development and commercialisation in the world (excluding India and China) of Cetrorelix, a GnRH antagonist for ovulation suppression, for an amount of €9,778.

Impairment test
Impairment tests are performed based on materiality and impairment assessment. Due to their significant carrying values and the fact that products associated are under development, impairment assessments were carried out on the CGUs associated with the following licences.

Adstiladrin®
In December 2014 the Ferring Group and Trizell Ltd., formerly FinVector Vision Therapies Ltd., reached an agreement on the in-licensing of an in-development project to develop nadofaragene firadenovec (rAd-IFN/Syn3) for the treatment of non-muscle invasive bladder cancer through gene mediated immunotherapy therapy. The CGU has been defined as the development, manufacturing, marketing and sales operations of the Adstiladrin® products and mostly comprises acquired licenses of **€306,966** and associated contingent consideration liabilities. The impairment test is based on sales and cost projections for one approved formulation and other in-development formulation using a blended

U.S. and Europe tax rate. The sales are expected to significantly grow in the years following the launch in 2023. The projection period covers 15 years, and finite terminal value calculation uses a rate of -10.0% and a period of 2 years beyond forecast. The discount rate used in the impairment test is 17.50% (2021: 17.2%). The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€850,502**. The license is not impaired.

The sensitivity analysis performed over the discount rate showed that, other things equal, an increase of **2.0%** of the discount rate and a decrease in growth rate in terminal value of **2.0%** would decrease the recoverable amount of **€188,564** and would not result in an impairment of the CGU's assets.

Condoliase
In August 2016 Ferring and Seikagaku Corporation (a Japanese company) signed an agreement whereby the Ferring Group has acquired licenses to IP and trademarks to develop and commercialize Condoliase, a product to treat radicular "lower" leg pain in patients with a lumbar disc herniation.

The CGU has been defined as the development, manufacturing, marketing and sales operations of the Condoliase products and mostly comprises a acquired license of **€69,248**. The impairment test is based on sales and cost projections for one in-development formulation based on blended U.S. and Europe tax rate.

The sales are planned to begin in 2025 and grow significantly the following years. Finite terminal value calculation uses a growth rate of **-2.0%** and a period of 4 years beyond forecast.

The discount rate used in the impairment test is **21.2%** (2021: 20.2%). The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€351,569**. The license is not impaired.

The sensitivity analysis performed over the discount rate showed that, other things equal, an increase of **2.0%** of the discount rate and a decrease in growth rate in terminal value of **2%** would decrease the recoverable amount of **€71,959** and would not result in an impairment of the CGU's assets.

Goodwill

Goodwill balances relate to the following cash generating units:

	Acquisition	31 December 2022	31 December 2021
Rebiotix (including Rebyota™)	2018	41,038	38,638
Cytokine (Propess®)	2011	20,075	21,169
Syntese (manufacturing of semi-finished goods for Pentasa®)	2004	3,000	3,000
Qualtech as part of Menopur® business	2022	2,657	-
Closing net book value		66,770	62,808

Annual impairment tests have been carried out and have not resulted in an impairment. The main assumptions and details are as follows:

Goodwill recognised on the acquisition of Rebiotix (2018)
With the acquisition of Rebiotix Inc. in 2018 the Group acquired in-development assets and goodwill related to microbiome technology.

Therapies targeted towards the microbiome have the potential to transform healthcare. The CGU has been defined as the development, manufacturing, marketing and sales operations of the Rebiotix products in gastroenterology and mostly comprises goodwill of **€41,038**, licences of **€101,448** and development expenses capitalized of **€10,138**.

The impairment test is based on sales and cost

projections for one approved formulation using a U.S. tax rate and sales in U.S. only. The sales are expected to grow significantly in the years following the launch in 2023. The finite terminal value calculation uses a growth rate of **-2.0%** and a period of 5 years beyond forecast representing the strong potential of the microbiome technology. The discount rate used in the impairment test is **15.1%** (2021:17.1%), reflecting changes to the risk profile during 2022 including receipt of FDA approval received in 2022, but higher cost of capital resulting from increased interest rates. The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€338,955** (2021: €157,864). The goodwill is not impaired.

The sensitivity analysis performed over the WACC showed that, other things equal, an increase of **1.0%** of the WACC would decrease the recoverable amount of **€23,992** and would not result in an impairment of the CGU's assets. A decrease in sales price by **10%**, all other things remaining would reduce the recoverable amount to **€245,507**, still not resulting in an impairment of the CGU's net assets. The sensitivity analysis performed on the Terminal Value growth rate showed that a decrease up to **3.0%** would not result in an impairment.

Goodwill recognised on the acquisition of Cytokine (2011)
The CGU is the Propess® business, covering the manufacturing (at the manufacturing site in Scotland) and sales and marketing of Propess®, and mostly comprises a goodwill of **€20,075** and licences of **€10,953**. The impairment test is based on compound annual sales growth of 0.8% per year (2021: 1%), and a flat cost structure, over a valuation period of 5 years. The tax rate is based on a blended rate of **14.1%** (2021: 14.3%). The discount rate used on the cash flows in the impairment test is **11.2%** (2021: 10.2%), reflecting a low to moderate risk since Propess® is already on the market and performing well. The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€447,450** (2021: €414,943). The goodwill is not impaired.

The sensitivity analysis performed over the discount rate and the Terminal Value growth rate showed that, other things equal, an increase of **2.0%** in the discount rate, a decrease in **1.0%** of the Terminal Value growth rate and a decrease of 10% of sales price, would decrease the recoverable amount by **€35,428** and would not result in an impairment of the CGU's assets which are covered by a high recoverable amount.

Goodwill recognised on the acquisition of Syntese (2004)
The CGU is the local manufacturing facility producing semi-finished goods for Pentasa® and comprises a goodwill of **€3,000**.

The impairment test is based on steady raw material costs while compound annual sales growth rate decreases by **-3.63%** over the valuation period of 5 years. The local tax rate used is **22%** (2021: 22%). The discount rate used on the cash flows in the impairment test is **11.2%** (2021: 10.1%), reflecting a low to moderate risk since the Pentasa® business is mature and performing well. The recoverable amount for the cash-generating unit, based on the value in use, is estimated to be **€30,289** (2021: €31,877). The goodwill is not impaired.

The sensitivity analysis performed over the discount rate and the Terminal Value growth rate showed that, other things equal, an increase of **2.0%** of the discount rate would decrease the recoverable amount to €26,624, a decrease up to **1.0%** of the average sales growth in terminal value would decrease the recoverable amount to €28,376. In both scenarios, no impairment would be identified.

Capitalised development costs

In 2022, the total capitalised amount is **€15,378**. It comprises mainly Rebyota® (€10,081) and Rekovelle® (€4,689).

In 2021, capitalised costs amount to **€2,439** of which the main assets are **€822** for Rekovelle® in Japan and **€498** for Nocdurna®.

Software and other intangibles

Software and other intangibles category include software (2022: **€104,566**; 2021: €74,662) and other intangibles (2022: **€3,069**; 2021: €3,206).

In 2022 and 2021, the additions of software and other intangible assets are explained by software (2022: €54,253;

2021: €33,313). These mainly include capitalised costs and software licences incurred by One ERP, the global project to implement SAP and business process re-engineering aiming at the generation of efficiencies.

Main transfers in 2021
The transfers mostly relate to the reclassification to financial assets of the initial CMC funding of €25,000 to Trizell Ltd. (Note 16).

Main impairments in 2022
There are no material impairments recognised in 2022, and none was related to goodwill, licenses and capitalised development: only software was partialy impaired.

Main impairments in 2021
Due to a quality issue with the injector device, the Group has decided to discontinue ZomaJet® pens worldwide leading to a full impairment of the acquired licence and customer relationship with JCR Pharmaceutical Company Ltd. in Japan for a total amount of **€7,907** (Note 7).

Following a desmopressin quality issue in 2020 and a significant decrease in forecasted sales, the Group has decided to partially impair the Ddavp licence in the United States by **€5,300** (Note 7).

The termination for convenience of the contract with INVO Bioscience Inc related to the distribution rights of INVOcell® has resulted in an impairment of the full asset of **€4,132** (Note 7).

No past impairments, either from 2021 or before, have been reversed in 2021 and 2022.

Amortisation

Amortisation expense of **€38,029** (2021: €33,589) has been charged to the following income statement captions: cost of sales **€3,472** (2021: €2,757); sales and marketing expenses **€712** (2021: €592); research and development expenses **€2,176** (2021: €985); general and administrative expenses **€13,963** (2021: €8,256); and other operating expenses **€17,706** (2021: €20,999).

15. Right-of-use assets and lease liabilities

Year ended 31 December 2021	*Notes*	Land and buildings	Machinery and equipment	Furniture fixtures and other PPE	Total
Opening net book value		**29,326**	**15,175**	**2,716**	**47,217**
Additions		14,814	6,877	(404)	**21,287**
Disposals		-	(63)	-	**(63)**
Sale of a subsidiary	*10*	-	-	(1,469)	**(1,469)**
Depreciation		(16,097)	(8,875)	(419)	**(25,391)**
Exchange rate differences		885	477	(15)	**1,347**
Closing net book value		28,928	13,591	409	42,928
At 31 December 2021					
Cost		50,750	31,812	1,233	**83,794**
Accumulated depreciation and impairment		(21,822)	(18,221)	(823)	**(40,866)**
Net book value		28,928	13,591	409	42,928

(Amounts expressed in thousands of Euros)

Year ended 31 December 2022	*Notes*	Land and buildings	Machinery and equipment	Furniture fixtures and other PPE	Total
Opening net book value		**28,928**	**13,591**	**409**	**42,928**
Additions		239,166	20,693	154	**260,013**
Disposals		(237)	(46)	13	**(270)**
Impairment		(387)	-	-	**(387)**
Depreciation		(18,927)	(10,720)	(301)	**(29,948)**
Exchange rate differences		21	(110)	1	**(88)**
Closing net book value		248,564	23,408	276	272,248
At 31 December 2022					
Cost		281,351	45,271	1,140	**327,762**
Accumulated depreciation and impairment		(32,787)	(21,863)	(864)	**(55,514)**
Net book value		248,564	23,408	276	272,248

In 2022, the depreciation expense of **€29,948** (2021: €25,391) has been charged in cost of sales **€3,055** (2021: €2,032) in sales and marketing expenses **€14,045** (2021: €12,714), in research and development expenses **€9,338** (2021: €7,890), in general and administration expenses **€3,425** (2021: €2,713), and in other operating expenses **€85** (2021: €42).

The additions are mainly related to the lease commencement for the Soundport building in May 2022 with a lease duration of 25 years (Note 35). This building replaced the previous building leased by Ferring Pharmaceuticals A/S in Denmark.

Lease liabilities	*Notes*	31 December 2022	31 December 2021
Current lease liabilities	*30*	33,064	22,359
Non-current lease liabilities	*30*	243,286	24,249
Total		276,350	46,608

The large increase in lease liabilities in 2022 is linked to the new Soundport lease (Note 35), these lease assets and liabilities were recognised in May 2022.

Amounts recognised in the statement of income	*Notes*	2022	2021
Depreciation expense on right-of use assets	*8*	**(29,948)**	**(25,391)**
Interest expense on lease liabilities	*9*	**(4,545)**	**(973)**
Expense relating to short-term leases	*8*	**(1,444)**	**(1,812)**
Expense relating to leases of low-value assets	*8*	**(97)**	**(121)**
Expense relating to variable lease payments not included in lease liabilities	*8*	**(3,383)**	**(2,626)**

The total cash outflow for leases in 2022 was **€31,538** (2021: €22,354).

(Amounts expressed in thousands of Euros)

16. Investments in financial assets

		2022		2021	
	Notes	Non-current	Current	Non-current	Current
Financial assets designated as at FVTOCI					
Shares in VectivBio Holding AG		1,910	-	1,009	-
Shares in Axon Therapeutics Inc.		1,246	-	-	-
Total Financial assets measured as at FVTOCI		**3,156**	-	**1,009**	-
Financial assets measured as at FVTPL					
Securities – Germany in EUR		317	-	707	-
Loans to related party entities	*35*	17,795	4,845	25,000	-
Loans to other entities		-	3,048	-	2,899
Total Financial assets measured as at FVTPL		**18,112**	**7,893**	**25,707**	**2,899**
Financial assets measured at amortised cost					
Loans to third parties		1,876	-	-	-
Loans to former key management and other loans		-	-	-	2,900
Total Financial assets measured at amortised cost		**1,876**	-	-	2,900
Total investments in financial assets		**23,144**	**7,893**	**26,716**	**5,799**

VectivBio Holding AG is listed on the NASDAQ exchange and the fair value of the shares has increased as a result of changes in the share price and changes in foreign exchange rate. In 2022 Ferring entered in a new agreement with Axon Therapeutics Inc. to out-license the right to develop, manufacture and sell a first in class injectable fast acting selective and potent agent for the treatment of acute episodic migraine for the worldwide territory. As part of the agreement, Ferring received 692.304 Axon shares, equivalent to 5% of its share equity, valued at **€1,246**.

In 2021 the Group signed an amendment to the existing contract with Trizell Ltd., a related party with regards to Adstiladrin® resulting in reclassifying the CMC funding of €25,000 previously recognised in other intangible assets into non-current financial assets at fair value. The repayment of this receivable is triggered by receipt of the BLA approval and will be repaid in tranches over a 5 year period. The BLA approvall was obtained in December 2022. As a consequence, the first repayment of **€5,000** is due in December 2023.

In 2021, the investments in financial assets measured at amortised cost included loans to former key management of the Group, which have been settled in 2022. Expected credit losses are deemed to be immaterial and no such loss has been experienced during 2022 and 2021.

None of these financial assets is either past due or impaired.

(Amounts expressed in thousands of Euros)

17. Non-current receivables

	2022	2021
Non-current deposits	9,663	11,475
Other non-current receivables	7,656	3,821
Total	17,319	15,296

Non-current receivables mainly consist of deposits made in connection with long-term leases and real estate agreements. The deposits are financial assets repayable to the Group at the end of the lease terms and recognised at amortized cost (Note 32).

In 2022, Laboratórios Ferring Ltda. recognised **€5,108** of VAT (ICMS in Brazil) related to the increase in purchase and sale operations and the delay in the return of these amounts by the Brazilian Tax Authority.

18. Inventories

	2022	2021
Raw and auxiliary materials	147,488	139,974
Semi-finished goods	102,760	99,632
Finished goods	174,739	136,373
Total	424,987	375,979

The Group has recognised an expense of **€42,781** (2021: €26,554) as a result of a write-down of inventory, which is included in the cost of sales in the statement of income.

The cost of inventories recognised as expenses and included in cost of sales amounted to **€604,084** (2021: €540,698).

(Amounts expressed in thousands of Euros)

19. Receivables and prepayments

	2022	2021
Trade receivables	338,797	332,145
Allowance for expected credit losses	(10,836)	(11,692)
Trade receivables, net	**327,961**	**320,453**
Prepayments and accrued income	70,786	69,312
Other receivables	61,005	64,072
Other receivables from related parties	23,640	12,328
Total	483,392	466,165

The credit quality of the net trade receivables that are not past due can be assessed by reference to historical information about counterparty default rates:

Net trade receivables not past due		
New customers (less than 6 months)	942	3,573
Existing customers, no defaults in the past	278,527	272,966
Existing customers, some defaults in the past	17,613	20,155
Total	297,082	296,694

The credit quality of the net trade receivables that are past due can be assessed by reference to historical information about counterparty default rates:

Net trade receivables past due		
New customers (less than 6 months)	69	1,712
Existing customers, no defaults in the past	26,619	21,639
Existing customers, some defaults in the past	4,191	408
Total	30,879	23,759

The movement in the loss allowance for expected credit losses in the year is as follows:

(Amounts expressed in thousands of Euros)

Balance at the beginning of the year	11,692	11,097
Additions	5,843	2,581
Unused amounts reversed	(5,870)	(1,930)
Charged to statement of income	**(27)**	**651**
Utilised during the year	(1,039)	(197)
Exchange rates difference	210	141
Balance at the end of the year	10,836	11,692

The allowance for expected credit losses amounting to **€10,836** (2021: €11,692) relates mainly to receivables in Europe, South America and North America.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. In determining the expected credit loss, the Group consider past experience and relevant forward-looking information such as an overall economic and political situation in a region where its customers operate, the relationship with a customer, its liquidity and credibility to predict their payment attitudes in the future.

		Trade receivables – months past due			
At 31 December 2022	Not past due	Up to 3	3 to 6	Over 6	Total
Expected credit losses (ECL) rate	*0.1%*	*13.3%*	*50.4%*	*65.6%*	-
Estimated total gross carrying amount at default	297,312	31,045	2,345	8,095	**338,797**
Lifetime ECL	(230)	(4,117)	(1,182)	(5,307)	**(10,836)**
	297,082	26,928	1,163	2,788	327,961

		Trade receivables – months past due			
At 31 December 2021	Not past due	Up to 3	3 to 6	Over 6	Total
Expected credit losses (ECL) rate	*0.2%*	*7.8%*	*75.5%*	*100%*	-
Estimated total gross carrying amount at default	297,186	25,173	2,263	7,523	**332,145**
Lifetime ECL	(492)	(1,968)	(1,709)	(7,523)	**(11,692)**
	296,694	23,205	554	-	320,453

In 2022, an expense of **€27** (2021: an expense of €651) for changes in the allowance for expected credit losses has been recognised in the consolidated statement of income, including an expense of **€7** (2021: €614) under sales and marketing expenses, and a credit of **€20** (2021: an expense of €37) under general and administrative expenses.

Necessary allowances related to the trade receivables are made for expected credit losses. Expected credit losses related to other categories are deemed to be immaterial and no such loss has been experienced during 2022.

(Amounts expressed in thousands of Euros)

20. Cash and cash equivalents

	2022	2021
Cash at bank and in hand	316,509	446,834
Short-term bank deposits	33,205	210,462
Total	349,714	657,296

Bank deposits as of 31 December 2022 all have a maturity of under 90 days and are denominated in the following currencies:

	2022	% of total bank deposits	Interest rate
U.S. Dollar	18,871	56.83%	5.09%
Indian Rupee	11,933	35.94%	3.81%
Israelian Shekel	2,301	6.93%	0.78%
Swiss Franc	76	0.23%	0.00%
Argentine Peso	24	0.07%	73.21%
Total	33,205	100.00%	

For the purpose of the consolidated statement of cash flows, the balance of cash and cash equivalents less bank overdrafts comprise the following:

	2022	2021
Cash and cash equivalents	349,714	657,296
Bank overdrafts (Note 23)	(4)	(1)
Total	349,710	657,295

The Group operates a cash pooling arrangement and cash concentrations are with banks with an investment grade as shown in the table below. In many of the Group's operating locations smaller amounts are held with local banks.

	2022	2021
AA	19,235	106,315
AA-	227	-
A+	270,438	497,329
A	15,106	23,801
A-	15,774	13,394
BBB+	2,847	2,084
BBB	945	342
BBB-	625	1,005
Less than BBB-	24,517	13,026
Total	349,714	657,296

The rating of the Group's main cash management bank is A+, and is considered to have a low credit risk.

(Amounts expressed in thousands of Euros)

21. Disposals

There is no intention in 2022 to dispose of a group of assets nor a subsidiary consequently there are no disposal groups held for sale at 31 December 2022 or 2021. There was no disposal of a group of assets nor a subsidiary in 2021.

22. Shareholder's equity

Issued share capital

Ferring Holding SA was incorporated on 15 December 2000 with an issued and paid-in share capital of CHF 250 million comprising 20,625,000 registered shares of CHF 10 each and 2,187,500 registered shares of CHF 20 each. Each share entitles the holder to a single vote at shareholder meetings and to a share in any dividends which may be declared and to any liquidation proceeds in proportion to the nominal value of the share.

At 31 December 2022 the Company had no authorised or conditional share capital outstanding.

Reserves

Amounts legally available for dividend distribution are derived from the single company financial statements of the Company.

Dividends may only be distributed from retained earnings and other reserves established for this purpose. The Swiss Code of Obligations requires holding companies to allocate annually 5% of their net income to the general legal reserve until the balance amounts to 20% of the paid-in share capital. Furthermore, proceeds from the issue of shares in excess of their nominal value are required to be credited to the general legal reserve.

The legal reserve at 31 December 2022 amounts to **€43,844** (2021: €43,844).

For other Swiss-incorporated companies, as long as the general legal reserve amounts to less than one half of the nominal share capital it may not be distributed and can only be utilised to offset against an accumulated deficit. It is generally held that the shareholders may subsequently resolve to transfer a part of the reserve to retained earnings to the extent that it exceeds one half of the share capital. Certain other countries in which the Group operates apply similar laws.

The distribution from reserves is restricted by non-distributable legal reserves of subsidiary companies for **€16,294** (2021: €16,177).

Significant shareholders

At 31 December 2022 the entire share capital of the Company was held by Ferring Foundation BV. The Group is ultimately owned by the Dr. Frederik Paulsen Foundation, established by the late Dr. Frederik Paulsen, the founder of the Ferring Group.

23. Borrowings

Current:	*Notes*	2022	2021
Bank overdraft	*20*	4	1
Short-term borrowings from related parties	*35*	-	10,000
Short-term borrowings from third party		347	280
Total		351	10,281

Non-current:			
Long-term borrowings from third party		-	276
Long-term borrowings from related party	*35*	-	42,000
Bonds		274,362	260,945
Total		274,362	303,221

The fair value of the long-term borrowings as of 31 December 2022 is **€265,610** (€310,268 as of 31 December 2021). In July 2020, the Group issued bonds on the SIX Swiss Exchange for €252,500 (CHF 270,000) at a fixed rate of 1.05% that have a 5 year maturity. The fair value of those bonds as of 31 December 2022 is **€265,610** (2021: €267,991).

Loans outstanding at the end of 2022 and 2021 were denominated in the following currencies (short and long-term):

	Share		Average nominal interest rates	
	2022	2021	2022	2021
Euro	0%	17%	n/a	0.50%
Swiss Franc	100%	83%	1.05%	1.05%
Danish Krone	0%	0%	n/a	1.27%

Maturities of non-current borrowings are as follows:

	2022	2021
Between 2 and 5 years	274,362	303,221
Total	274,362	303,221

As of 31 December 2022 borrowings of **€347** (€556 at 31 December 2021) were secured by property, plant and equipment.

The Group's revolving credit facility agreement contain financial covenants such as maintenance of a certain debt/EBITDA ratio. The Group was compliant with all financial covenants at 31 December, 2022.

Credit facilities

The Group had **€313,755** of unused lines of credit at 31 December 2022 (€313,282 at 31 December 2021).

(Amounts expressed in thousands of Euros)

24. Pensions

The Group has established a number of pension plans, including both defined benefit and defined contribution plans, which cover substantially all employees. The Group's plans provide pension and lump sum payments on retirement which are typically based on pensionable remuneration and length of service. The Group also provides certain employees with lump sum payments on leaving service, also linked to length of service. The Group's major defined benefit pension plans are located in Switzerland. The Group's defined benefit plans are valued by independent actuaries using the projected unit credit method. The latest actuarial valuations were carried out as at 31 December 2022.

The Group's Swiss pension benefits are based on employer and employee contributions (defined as a percentage of salary) with the level of benefits varying according to category of employment. Contributions accumulate with interest credits and are converted into pensions at retirement.

The benefits provided by the pension plan are higher than the legal minimum. If an employee leaves the Group before retirement, the employee's account balance is transferred to the new employer's pension arrangement or to a personal arrangement.

The Group finances its Swiss pension benefits through collective foundations (multi-employer pension plans) of non-associated companies that pool financing and other risks between participating employers. In case of underfunding, participating employers can be required to pay deficit financing contributions under certain circumstances. The Group has a designated pension committee consisting of employees and company representatives that monitor the operation and performance of the pension solutions.

The duration of the defined benefit obligation is 14 years. The consolidated disclosures include 37 plans as at 31 December 2022. 39 plans were in scope at 31 December 2021.

Components of the pension benefit obligations

	2022			2021		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Present value of funded obligations	258,816	11,721	**270,537**	296,821	14,217	**311,038**
Fair value of plan assets	(237,692)	(11,873)	**(249,565)**	(256,871)	(13,653)	**(270,524)**
(Surplus)/deficit of funded plans	**21,124**	**(152)**	**20,972**	**39,950**	**564**	**40,514**
Present value of unfunded obligations	-	15,674	**15,674**	-	16,218	**16,218**
Liability in the balance sheet	**21,124**	**15,522**	**36,646**	**39,950**	**16,782**	**56,732**
Experience gains/(losses) on plan liabilities	(12,135)	(777)	**(12,912)**	4,735	(784)	**3,951**
Experience gains/(losses) on plan assets	(31,818)	(512)	**(32,330)**	31,634	576	**32,210**

(Amounts expressed in thousands of Euros)

Amounts recognised as net periodic pension cost in the consolidated statement of income

	2022			2021		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Current service cost	19,071	2,519	**21,590**	22,577	2,501	**25,078**
Net interest expense/(income)	86	389	**475**	164	318	**482**
Past service cost/(credit) recognised	-	(34)	**(34)**	(5,449)	(85)	**(5,534)**
Termination benefits	-	98	**98**	-	172	**172**
Administration expenses	-	5	**5**	-	4	**4**
Actuarial (gain)/loss and other items recognised	-	(169)	**(169)**	-	(10)	**(10)**
Net periodic pension cost (Note 6)	19,157	2,808	21,965	17,292	2,900	20,192

In 2022, the **€34** past service credit mostly relates to curtailment impact following restructuring events in Mexico.

In 2021 most of the past service credit was related to a curtailment impact of €5,449 following restructuring event and plan amendments in Switzerland.

(Amounts expressed in thousands of Euros)

Movements in the present value of the defined benefit obligation

	2022			2021		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Defined benefit obligation at the beginning of the year	**296,821**	**30,435**	**327,256**	**294,933**	**29,762**	**324,695**
Current service cost (employer part)	19,071	2,519	**21,590**	22,577	2,501	**25,078**
Plan participant contributions	8,883	-	**8,883**	8,493	-	**8,493**
Interest on benefit obligations	882	690	**1,572**	604	558	**1,162**
Actuarial losses/(gains) due to changes in financial assumptions	(68,554)	(3,490)	**(72,044)**	(5,062)	(450)	**(5,512)**
Actuarial losses/(gains) due to changes in demographic assumptions	-	(325)	**(325)**	(17,655)	-	**(17,655)**
Experience losses/(gains) on liabilities	12,135	777	**12,912**	(4,735)	784	**(3,951)**
Liabilities extinguished on settlements/termination benefits	-	98	**98**	-	172	**172**
Past service cost/(credit)	-	(34)	**(34)**	(5,449)	(85)	**(5,534)**
Benefits paid from the plan (less transfers in)	(25,738)	(1,873)	**(27,611)**	(11,812)	(1,344)	**(13,156)**
Benefits paid direct by employer	-	(727)	**(727)**	-	(2,901)	**(2,901)**
Other adjustments	(2)	39	**37**	-	-	-
Exchange rate differences	15,318	(714)	**14,604**	14,927	1,438	**16,365**
Defined benefit obligation at the end of the year	**258,816**	**27,395**	**286,211**	**296,821**	**30,435**	**327,256**
of which:						
Present value of funded obligations	258,816	11,721	**270,537**	296,821	14,217	**311,038**
Present value of unfunded obligations	-	15,674	**15,674**	-	16,218	**16,218**

(Amounts expressed in thousands of Euros)

Movements in the fair value of plan assets of the year

	2022			2021		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Fair value of plan assets at the beginning of the year	**256,871**	**13,653**	**270,524**	**202,363**	**11,784**	**214,147**
Interest income on plan assets	796	301	**1,097**	440	240	**680**
Actual return on plan assets less interest income on plan assets	(31,818)	(512)	**(32,330)**	31,634	576	**32,210**
Plan participant contributions	8,883	-	**8,883**	8,493	-	**8,493**
Employer contributions	15,500	1,615	**17,115**	15,487	4,181	**19,668**
Benefits paid from the plan (less transfers in)	(25,738)	(1,873)	**(27,611)**	(11,812)	(1,344)	**(13,156)**
Benefits paid direct by employer	-	(727)	**(727)**	-	(2,901)	**(2,901)**
Administrative expenses	-	(5)	**(5)**	-	(4)	**(4)**
Other adjustments	-	-	**-**	-	4	**4**
Exchange rate differences	13,198	(579)	**12,619**	10,266	1,117	**11,383**
Fair value of plan assets at the end of the year	**237,692**	**11,873**	**249,565**	**256,871**	**13,653**	**270,524**

Net actuarial (gain)/loss recognised immediately in other comprehensive income

	2022			2021		
	Switzerland	Other	**Total**	Switzerland	Other	**Total**
Changes in financial assumptions	(68,554)	(3,301)	**(71,855)**	(5,062)	(408)	**(5,470)**
Changes in demographic assumptions	-	(325)	**(325)**	(17,655)	-	**(17,655)**
Experience adjustments on benefit obligations	12,135	757	**12,892**	(4,735)	751	**(3,984)**
Actual return on plan assets less interest on plan assets	31,818	512	**32,330**	(31,634)	(576)	**(32,210)**
Other adjustments	22	(42)	**(20)**	402	(23)	**379**
Total (gain)/loss recognised in OCI	(24,579)	(2,399)	(26,978)	(58,684)	(256)	(58,940)

In 2022, the gain on financial assumptions is mainly due to an increase in the discount rate in Switzerland (offset by a loss relating to the increase of the interest credit rate) and in other territories. The negative return on plan assets in Switzerland is driven by the decrease of the collective pension funds' statutory funding (triggered by negative assets return of the collective pension funds' investments).

In 2021, the positive return on assets in Switzerland corresponded to the inclusion in the plan assets of a proportionate share of the collective pension funds' statutory funding. The gain on demographic assumptions in Switzerland was due to the update of the actuarial tables from BVG 2015 to BVG 2020 (most recent published tables in Switzerland) that include assumptions on mortality, turnover, disability and other assumptions relevant for an actuarial valuation. The gain on financial assumptions was mainly due to an increase in the discount rate in Switzerland.

(Amounts expressed in thousands of Euros)

The deferred tax asset recognised on the OCI movement is disclosed in Note 12.

Recognition of the changes in the net liabilities

	2022			2021		
	Switzerland	Other	Total	Switzerland	Other	**Total**
Net liability at the beginning of the year	**39,950**	**16,782**	**56,732**	**92,570**	**17,978**	**110,548**
Amounts recognised in the statement of income	19,157	2,808	**21,965**	17,292	2,900	**20,192**
Employer contributions	(15,500)	(1,615)	**(17,115)**	(15,487)	(4,181)	**(19,668)**
Amounts recognised in other comprehensive income	(24,579)	(2,399)	**(26,978)**	(58,684)	(256)	**(58,940)**
Exchange differences	2,120	(135)	**1,985**	4,661	321	**4,982**
Other adjustments	(24)	81	**57**	(402)	20	**(382)**
Net liability at the end of the year	**21,124**	**15,522**	**36,646**	**39,950**	**16,782**	**56,732**

Principal actuarial assumptions used at the end of the reporting period

	2022			2021		
	Switzerland	Other	**Total (weighted average)**	Switzerland	Other	**Total (weighted average)**
Discount rate	2.3%	4.2%	**2.5%**	0.3%	2.3%	**0.5%**
Inflation rate	0.7%	2.7%	**0.8%**	0.7%	2.7%	**0.8%**
Interest credit rate assumption	2.0%	n/a	**2.0%**	0.8%	n/a	**0.8%**
Compensation growth rate	1.5%	2.8%	**1.6%**	1.5%	2.6%	**1.6%**
Pension growth rate	0.0%	1.9%	**0.2%**	0.0%	2.2%	**0.2%**

Assumptions at the end of the reporting period are used to determine expense over the subsequent period.

These assumptions translate into an average life expectancy in years for a pensioner retiring at the age of 65:

	2022		2021	
	Switzerland	Other	Switzerland	Other
Retiring at the end of reporting period:				
- Male	21.7	20.7	21.7	21.0
- Female	23.5	22.6	23.4	22.9
Retiring 20 years after the end of the reporting period:				
- Male	23.4	21.7	23.3	23.0
- Female	25.1	23.6	25.0	24.8

(Amounts expressed in thousands of Euros)

Standard base mortality tables have been use in Switzerland with longevity improvements being projected using the CMI 2018 with a long term rate of 1.25%. Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation and interest credit rates, compensation and pension growth rates as well as life expectancy. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding other assumptions constant.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is as follows:

Impact on defined benefit obligation

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.2%	Increase by 3.4%
Inflation assumption	0.25%	Increase by 0.1%	Decrease by 0.1%
Interest credit rate	0.25%	Increase by 1.2%	Decrease by 1.2%
Compensation growth rate	0.25%	Increase by 1.0%	Decrease by 0.9%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy		Increase by 1.3%	Decrease by 1.3%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Composition of plan assets

	2022				2021			
	Switzerland	Other	**Total**	% of Total	Switzerland	Other	**Total**	% of Total
Equities	84,283	94	**84,377**	34%	97,113	111	**97,224**	36%
Bonds	72,262	627	**72,889**	29%	81,176	720	**81,896**	30%
Real estate	65,269	116	**65,385**	26%	59,844	137	**59,981**	22%
Cash	6,431	38	**6,469**	3%	10,343	34	**10,377**	4%
Alternative investments	9,447	-	**9,447**	4%	8,395	-	**8,395**	3%
Insurance policies	-	7,780	**7,780**	3%	-	9,785	**9,785**	4%
Others	-	3,218	**3,218**	1%	-	2,866	**2,866**	1%
Total	237,692	11,873	249,565	100%	256,871	13,653	270,524	100%

With the exception of insurance contracts in Israel, all assets have a quoted price in an active market.
Cash outflows expected for contributions in 2023 is **€18,080**.

(Amounts expressed in thousands of Euros)

Actuarial risks

- Defined benefit plans expose the Group to a range of risks including longevity, currency, interest rate and market/investment risk.

- The Group finances its Swiss pension benefits through collective foundations (multi-employer pension plans) of non-associated companies that pool financing and other risks between participating employers.

In case of underfunding, participating employers can be required to pay deficit financing contributions under certain circumstances.

- Mortality: the Group makes allowance for future anticipated improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, pensions would be paid for longer and consequently the plan's IFRS liabilities would increase.

- Investment: under IFRS, liabilities are measured as cashflows discounted at a rate based on corporate bond yields. If bond yields fall, liabilities increase.

25. Provisions

	Litigation	Returns	Restructuring	Incentive plan	Other	Total
At 1 January 2022	**10,037**	**25,508**	**10,690**	**30,173**	**1,325**	**77,733**
Additional provisions	68	4,050	729	13,391	882	**19,120**
Unused amounts reversed	(297)	(212)	(547)	(1,799)	-	**(2,855)**
Charged/(credited) to statement of income	**(229)**	**3,838**	**182**	**11,592**	**882**	**16,265**
Utilised during year	(4)	(2,444)	(7,903)	(4,462)	(778)	**(15,591)**
Exchange rate difference	51	1,368	5	1,097	(1)	**2,520**
At 31 December 2022	9,855	28,270	2,974	38,400	1,428	80,927
of which:						
- Non-current	179	17,993	-	24,947	748	**43,867**
- Current	9,676	10,277	2,974	13,453	680	**37,060**

The litigation provisions mainly relate to a case with the Italian health authorities regarding Menopur®: **€9,289** both in 2022 and 2021. Settlement date is still uncertain.

The returns provision mostly relates to future product returns. The calculation is based on historical product return patterns and inventory level. The expected timing of any resulting outflows of economic benefits of the non-current portion is between 1 and 3 years. The Group booked return provisions mainly related to Euflexxa®, Menopur®, Clenpiq® and Cervidil®.

In 2018, the Group started a company-wide initiative with the goal of transforming the Group structures, processes and resources to create efficiency improvements to drive future growth. As a result the Group has started building restructuring provisions. In 2019, the first groups of impacted employees have been offered restructuring proposals resulting in additional provision. In 2020, this process has continued and has further been extended and accelerated as part of the strategic decision to optimise the Group's organisational structures, mainly through outsourcing, clusterization and digitalisation.

(Amounts expressed in thousands of Euros)

In 2021, transformation process has been extented to the Swiss headquarters. During 2022 these provisions began to be settled and used through restructuring payments, with main impact in Switzerland, France and Italy.

The long-term incentive plan relates to the Group's Senior Management additional bonus scheme based on the Group's performance throughout a defined period.

Provisions are not discounted as the impact is considered immaterial for the Group.

26. Deferred income

	2022	2021
Opening book value	65,309	68,816
New deferred income	10,315	12,285
Credited to statement of income	(32,077)	(13,934)
Netted in asset under construction	(1,269)	(867)
Exchange rate differences	(2,835)	(991)
Closing book value	39,442	65,309

The split of deferred income over non-current and current is as follows:		
Non-current	31,349	54,236
Current	8,093	11,073
Total	39,442	65,309

The non-current deferred income relates to:		
Co-promotion, distribution and out-licensing	31,349	39,510
Income related to future supply	-	14,726
Total	31,349	54,236

The current deferred income relates to:		
Co-promotion and distribution	6,328	6,463
Government grants	-	1,261
Income related to future supply	-	1,853
Deferred discount on purchased material	-	94
Sales of goods	1,765	1,402
Total	8,093	11,073

The income credited to the statement of income is presented in revenues under sales of goods (2022: **€9,865**; 2021: €5,678), other income (2022: **€21,482**; 2021: €7,810) and cost of sales (2022: **€730**; 2021: €762).

The Group signed a distribution agreement with Cipla Australia Pty Ltd. starting as from January 2021.

(Amounts expressed in thousands of Euros)

The recognised deferred income of €2,739 comprised an upfront payment of €1,613 and a sales milestones of €1,126. In 2022, this agreement resulted in recognising other income in 2022 of **€411** (2021: €399).

In January 2020, the Group signed an extension of the existing distributor contract with Kissei Pharmaceuticals related to the copromotion and distribution of MIRIN MELT® in Japan and received an upfront payment of €50,064 booked as deferred income and recognised in the income statement over the contract duration following the Group's obligations under the agreement. The agreement resulted in recognising other income in 2022 of **€4,837** (2021: €5,111).

In October 2020, the Group signed an out-licensing agreement with Antares related to the distribution of Nocdurna® in the United States.

The recognised deferred income of €6,358 comprised an upfront payment of €4,258 and a one-year anniversary milestone of €2,100. The agreement resulted in recognising other income in 2022 of **€730** (2021: €636).

In 2017, a lump-sum payment of €22,000 has been received from Astellas Pharma Inc. and is related to the Group's supply of Gonax® 3 months formulation.

Through this agreement the Group committed to develop the Kiel manufacturing site for supply and to supply the product during the remaining contract period. This agreement resulted in recognising other income in 2021 of **€1,553**. In October 2022, Ferring and Astellas agreed to terminate the former set of agreements and as a result Ferring recognised the remaining amount of **€14,390** in the statement of income under other income, since no repayment obligation exists.

27. Contingent consideration liabilities

The consideration for certain acquisitions of intangible assets includes amounts contingent on future events such as development milestones and sales performance. Those amounts are expected to be paid over several years hence they are discounted to their present values.

		Adstiladrin®	Rebiotix	Condoliase	Other	Total
At 1 January 2021	*Notes*	**39,777**	**92,287**	**56,934**	**4,362**	**193,360**
Remeasurement through income statement		-	21,312	-	-	21,312
Unwinding of discount and changes in discount rates	*9*	980	1,140	(1,590)	320	850
Recognition of milestone liabilities during the year	*14*	199,018	-	-	14,619	213,637
Milestone settlements		(140,000)	-	-	-	(140,000)
Cash payments: investing activities		-	-	-	(3,277)	(3,277)
Exchange rate differences		-	8,922	4,734	1,042	14,698
At 31 December 2021		**99,775**	**123,661**	**60,078**	**17,066**	**300,580**

(Amounts expressed in thousands of Euros)

		Adstiladrin®	Rebiotix	Condoliase	Other	Total
At 31 December 2021	*Notes*	**99,775**	**123,661**	**60,078**	**17,066**	**300,580**
Unwinding of discount and changes in discount rates	*9*	(1,953)	2,564	(3,474)	(1,058)	(3,921)
Recognition of milestone liabilities during the year	*14*	-	-	-	20,127	20,127
Derecognition of milestone liabilities during the year	*7*	-	(17,727)	-	(2,648)	(20,375)
Cash payments: investing activities		(48,000)	(121,354)	-	(21,427)	(190,781)
Transfers		(12,000)	-	-	-	(12,000)
Exchange rate differences		-	12,856	3,760	827	17,443
Business combinations	*36*	-	-	-	242	242
At 31 December 2022		37,822	-	60,364	13,129	111,315
The split between current and non current is as follows:						
Non-current		18,096	-	55,728	7,555	81,379
Current		19,726	-	4,636	5,574	29,936
At 31 December 2022		37,822	-	60,364	13,129	111,315

Adstiladrin®

In 2022, subsequent to the successful completion of 5 important milestones related to Adstiladrin®, an amount of **€48,000** has been paid, and another **€12,000** was reclassified to trade accounts payable, after BLA approval was reached.

In 2021, following the amendment to the agreement with Trizell Ltd. as described in Note 14, milestone liabilities of €199,018 were recognised. Out of the €140,000 milestone settlement €94,369 was paid in cash and the remainder was settled by offsetting against loans, receivables and prepayments due from the Ferring Ventures Group.

Rebiotix

In 2022 the Group renegotiated scheduled payments related to the **Rebiotix** acquisition agreement, that resulted in a payment of €121,354 and decrease in the liability of **€17,727** (Note 7) and obtaining the regulatory approval of the enema formulation in the United States for **Rebyota**™ all the remaining contingent payables are settled.

Other

The main contingent consideration liabilities recognised in 2022 are connected to:

- Cortiment by **€9,000** resulting from the cumulative sales, from which €8,000 was paid in 2022;
- The in-licensing rights of Olamkicept to I-Mab by **€5,239**, paid in 2022;
- The upfront payment to SUN pharma related to Ganirelix rights in several countries, that resulted in the recognition of an upfront payment of **€4,370**, from which €2,241 was settled;
- Cetrorelix by €1,518 subsequent to achieving additional milestones for the Chinese market. €5,861 was paid in 2022 as a result of several milestones met.

In 2022 the derecognition of the milestone liability relates to **INVO Bioscience**, Inc. as the 5 day label enhancement milestone was not achieved. The connected intangible assets were fully impaired in 2021 following the termination for convenience of the contract.

The contingent consideration liabilities are discounted using a risk free rate depending on the currency of the underlying debt. Contingent consideration milestones that are not recognised on the balance sheet are disclosed as contingent liabilities in Note 33.

(Amounts expressed in thousands of Euros)

28. Other financial liabilities

Other financial liabilities consist of amounts payable to Blackstone Life Sciences ("Blackstone") as a result of the agreement that both entities entered into in 2019 and restructured in 2022, related to the partnership about the funding, development and commercialisation of Adstiladrin® in the United States of America.

As at 1 January 2021	*Notes*	**29,495**
Remeasurement through the income statement		(9,177)
Unwinding of discount	*9*	7,408
Cash received: financing activities	*30*	244
Exchange rate differences		2,602
As at 31 December 2021		**30,572**
Unwinding of discount	*9*	6,551
Exchange rate differences		5,249
Liability as at derecognition date		**42,372**
Derecognition of the financial liability		(42,372)
Recognition of new financial liability		98,538
Cash paid: operating activities		(4,958)
Cash paid: financing activities	*30*	(21,790)
Unwinding of discount	*9*	545
Exchange rate differences		(5,743)
As at 31 December 2022		66,592
Non-current		48,762
Current		17,830
		66,592

The Adstiladrin® business is focused on the development of a treatment for non-muscle invasive bladder cancer through gene mediated immunotherapy. Regulatory approval of the product in the United States was obtained in December 2022. In 2022 Ferring and Blackstone restructured their 2019 collaboration arrangement to provide Ferring full control over Adstiladrin® and grant Blackstone an option to make a passive investment in Adstiladrin®. The restructuring altered the parties' obligations under the 2019 agreement, to provide Ferring with full and sole control over Adstiladrin®. The restructured agreement provides that Ferring will pay Blackstone a fee of 105 million U.S. Dollars discounted to **€98,538**, payable over four years, and also provides Blackstone with the option to make a passive investment in the product in exchange for a revenue sharing interest. The Group's estimate of the fair value of this option upon initial recognition is **€5,065**. The financial liability of **€42,372** at the date of agreement relating to the initial tranches of funding from the 2019 agreement was derecognised as part of this agreement.

The Group has proportionally allocated the cost of restructuring the 2019 agreement between financing and operational components by estimating the relative fair values of these components of the 2019 agreement at inception. The cost of the financing component was offset against the derecognition of the existing financial liability resulting in a net financing cost of **€0** and a charge to operating expenses of **€61,231** (Note 7). The option granted to Blackstone may be exercised at its sole discretion under specific terms but no later than December 31, 2024. If Blackstone elect to exercise the option, it must pay 165 million U.S. Dollars and will receive a future return based on an agreed percentage of sales.

(Amounts expressed in thousands of Euros)

29. Accruals and other liabilities

	2022	2021
Accrued personnel costs	125,747	130,252
Accrued royalties, discounts and commissions	141,994	126,874
Accrued marketing and sales costs	22,306	17,868
Accrued inventory purchases	53,426	37,582
Accrued clinical trials, research and development costs	23,332	27,451
Accrued legal and professional fees	18,213	15,597
Accrued distribution costs	5,519	4,774
Accrued other	45,436	39,618
Non-trade accounts payable	3,474	3,549
Total	439,447	403,565

30. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	1 January 2022	Cash flows	Foreign exchange movements	Transfer	Other changes	31 December 2022
Long-term borrowings	276	-	-	(276)	-	-
Short-term borrowings	280	(209)	-	276	-	347
Bonds	260,945	-	13,417	-	-	274,362
Non-Current loan related parties	42,000	-	-	(42,000)	-	-
Current loan related parties	10,000	(52,000)	-	42,000	-	-
Non-current lease liabilities	24,249	(2,153)	93	(37,685)	258,783	243,286
Current lease liabilities	22,359	(29,385)	(181)	37,685	2,586	33,064
Non-current liabilities	30,572	-	5,249	(40,621)	4,800	-
Current liabilities	-	(21,790)	(991)	40,621	(4,811)	13,029
Total	390,681	(105,537)	17,587	-	261,358	564,088

(Amounts expressed in thousands of Euros)

		Non-cash changes				
	1 January 2021	Cash flows	Foreign exchange movements	Transfer	Other changes	31 December 2021
Long-term borrowings	53,422	(55,108)	2,241	(279)	-	276
Short-term borrowings	90,595	(99,738)	9,144	279	-	280
Bonds	249,055	-	11,890	-	-	260,945
Non-Current loan related parties	52,000	-	-	(10,000)	-	42,000
Current loan related parties	60,000	(60,000)	-	10,000	-	10,000
Non-current lease liabilities	26,668	(445)	685	(20,258)	17,599	24,249
Current lease liabilities	22,468	(21,909)	541	20,258	1,001	22,359
Non-current liabilities	29,495	244	2,602	-	(1,769)	30,572
Total	583,703	(236,956)	27,103	-	16,831	390,681

The amount presented as Other changes for current and non-current lease liabilities include mostly new additions in the year of **€257,567** (2021: €16,836). The significant increase in 2022 is mainly explained by the new building leased in Soundport (Note 15).

31. Financial risk management

Financial risk management objectives

In line with requirements of Swiss law, the Group's internal risk assessment process consists of reporting to the Board of Directors and the Audit Committee on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by specific corporate functions as well as by the operational units of the Group.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program seeks to minimise potential adverse effects on the Group's financial performance from financial market volatility. The Group uses derivatives to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors.

Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and use of derivatives and investment of excess liquidity.

(a) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivatives to manage its exposure to foreign currency risk and interest rate risk.

(Amounts expressed in thousands of Euros)

(i) Foreign currency risk management

As a consequence of the global nature of the business, cash flows and operational results of the Group are exposed to risks associated with fluctuations in the exchange rates of the currencies in which we operate. The primary purpose of the Group's currency risk management is to reduce the effect of currency fluctuations on cash flows.

Foreign currency sensitivity analysis

The Group is exposed to currency risk on revenues and expenses that are generated in currencies other than the Euro.

The Group has a substantial portion of its production, research and development, general and administrative expenses denominated in Danish Krone, U.S. Dollar and Swiss Francs. U.S. Dollar represent the largest foreign currency revenue exposure.

The gross carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities for its largest cash flow exposures at the end of the reporting period are as follows. The figures reported include the notional value of currency hedges.

	Assets		Liabilities	
€ '000	2022	2021	2022	2021
USD	681,804	557,841	86,069	586,018
DKK	91,097	61,691	347	12,049
CHF	282,999	362,795	328,944	396,929

Hereunder a sensitivity analysis is presented for the major currencies: U.S. Dollar, Danish Krone and Swiss Franc. The table details the Group's sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The calculations are based on the net exposures for transaction risks in these currencies that are on the balance sheets of entities that are not denominated in these currencies. The foreign exchange rate is based on the corresponding year end Group balance sheet rates.

	Currency U.S. Dollar impact		Currency Danish Krone impact		Currency Swiss Franc impact	
€ '000	2022	2021	2022	2021	2022	2021
P&L impact EUR weaken 10%	51,572	(2,439)	7,856	4,297	(3,977)	(2,955)
P&L impact EUR strengthen 10%	(51,572)	2,439	(7,856)	(4,297)	3,977	2,955

Group Treasury typically enters into foreign exchange contracts for periods up to one year to hedge a portion of Group's anticipated cash flows for its significant foreign currency exposures. Such contracts are not qualified as cash flow hedges and are, therefore, not accounted for using hedge accounting principles, and gains and losses on these transactions are recognised directly in the income statement.

The equity impact for foreign exchange sensitivity related to derivatives is immaterial.

As at 31 December 2022 the Group had entered into forward exchange contracts with a nominal face value of **€164,612** (2021: €309,062) and the fair value of all open currency contracts amounted to a gain of **€1,473** (2021: a loss of €4,760).

(Amounts expressed in thousands of Euros)

(ii) Interest rate risk management

The Group's principal interest rate risk arises from borrowings. The Group has an outstanding total debt balance of **€274,362** (2020: €313,501). Almost the entire amount has a fixed interest rate until July 2025.

The Group has entered into the following derivatives to manage interest rate and currency risk on its borrowings: cross currency interest rate swaps to convert CHF 270,000 of borrowings with a fixed interest rate of 1.05% to €254,000 of principal with a fixed interest rate of 1.32% maturing July 9, 2025.

At 31 December 2022, if interest rates on borrowings had been 0.25% lower/higher with all other variables held constant, post–tax profit would have been **€97** (2021: €271) higher/lower. The total fair value of the above swaps is **€27,791** (2021: (€6,474)). The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(iii) Interest rate swap contracts and hedge accounting

The Group enters into derivatives to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The interest rate swap contracts as mentioned in Note 32 qualifies for hedge accounting- cash flow hedge.

For this derivative the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether this derivative is highly effective. The effective portion is recognised in other comprehensive income. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statement of income over the period to maturity. The fair values of various financial instruments used for hedging purposes are disclosed in Note 32.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

Interest rate hedge

	Average contracted fixed interest rate		Notional principal value		Fair value assets (liabilities)	
	2022	2021	2022	2021	2022	2021
Less than 1 year	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
2-5 years	1.32%	1.32%	253,770	253,770	27,791	6,474
5 years+	-	-	-	-	-	-
Total	-	-	253,770	253,770	27,791	6,474

(Amounts expressed in thousands of Euros)

The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The Group entered into cross currency interest rate swaps (CCIRS) with two banks to hedge CHF 270,000 (the CHF principal) and interest to EUR. The total CHF 270,000 bonds are settled on the maturity date. Both Euro and CHF rates are fixed. The Group settles the difference between the Euro and CHF rates. The CCIRS are designated as cash flow hedges, thereby reflecting the EUR interest rate paid in the P&L with FX movements reflected in Other Comprehensive Income. The costs of hedging are immaterial.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk on commercial customers is managed on an entity basis (Note 19).

Credit risks arising from cash, derivatives and deposits with banks are managed by Group Treasury. As per 31 December 2022 the Group's most significant concentration risk equated to around 44% of cash and cash equivalents with a single A+ rated counterparty.

Approximately **93%** of cash is held with banks with an external credit rating of BBB+ or higher (i.e., investment grade).

(c) Liquidity risk management

Group liquidity management is centralised in Group Treasury. In order to maintain sufficient liquidity to meet financial obligations, funds are typically held in overnight or short-term deposits. Maturities are aligned with expected liquidity needs of the Group. The Group also maintains an adequate amount of committed and uncommitted credit facilities. The Group had **€313,755** of unused credit lines at 31 December 2022 (€313,282 at 31 December 2021).

Liquidity and interest risk tables

The following tables detail the Group's main non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Non-derivative financial liabilities

At 31 December 2022	Average weighted rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Lease liability	1.6%	2,420	6,353	24,291	62,868	180,418	**276,350**	276,350
Variable interest rate borrowings	2.3%	347	-	-	-	-	**347**	347
Fixed interest rate borrowings	1.05%	-	720	2,161	278,683	-	**281,564**	274,362
Trade and other payables and liabilities	-	-	167,986	-	-	-	**167,986**	167,986
Other financial liabilities	-	-	-	17,830	48,762	-	**66,592**	66,592
Total		2,767	175,059	44,282	390,313	180,418	792,840	785,638

(Amounts expressed in thousands of Euros)

At 31 December 2021	Average weighted rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Lease liability	1.9%	1,697	3,235	17,427	22,465	1,784	**46,608**	46,608
Variable interest rate borrowings	0.5%	10,000	125	374	42,457	-	**52,956**	52,556
Fixed interest rate borrowings	1.1%	-	685	2,055	267,795	-	**270,535**	260,945
Trade and other payables and liabilities	-	-	139,037	-	-	-	**139,037**	139,037
Other financial liabilities	-	-	-	-	30,572	-	**30,572**	30,572
Contingent consideration in a business combination	-	-	-	43,286	54,291	26,084	**123,661**	123,661
Total		11,697	143,082	63,142	417,580	27,868	663,369	653,379

Derivative CCIRS

At 31 December 2022	Average weighted rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Cross currency IRS (receiving CHF) – fixed interest rates	1.05%	-	-	2,790	271,287	-	**274,077**
Cross currency IRS (paying EUR) – fixed interest rates	1.32%	-	-	(3,346)	(260,463)	-	**(263,809)**

At 31 December 2021							
Cross currency IRS (receiving CHF) – fixed interest rates	1.05%	-	-	2,740	269,165	-	**271,905**
Cross currency IRS (paying EUR) – fixed interest rates	1.32%	-	-	(3,346)	(263,809)	-	**(267,155)**

(Amounts expressed in thousands of Euros)

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the equity ratio. This ratio is calculated as shareholders equity divided by total assets.

During 2022 the Group's strategy, which was unchanged from 2021, was to maintain the equity ratio within a 35% to 60% range. This range comfortably exceeds the minimum equity covenant applicable to some of Ferring's credit facilities.

The equity ratios at 31 December 2022 and 2021 were:

	2022	2021
Total shareholder's equity	1,558,927	1,418,260
Total assets	3,154,179	2,993,405
Equity ratio	49%	47%

32. Financial instruments by category

Year ended 31 December 2022

Assets per balance sheet	*Notes*	Assets at AC*	Assets at FVTPL*	Assets at FVTOCI*	Total
Long-term receivables		14,910	445	-	**15,355**
Investments in financial assets	*16*	1,876	26,005	3,156	**31,037**
Trade and other receivables		360,086	-	-	**360,086**
Cash and cash equivalents	*20*	349,714	-	-	**349,714**
Derivative financial instruments	*31*	-	1,473	27,791	**29,264**
Total		726,586	27,923	30,947	785,456

Liabilities per balance sheet		Liabilities at AC*	Liabilities at FVTPL*	Liabilities at FVTOCI*	Total
Borrowings	*23*	274,713	-	-	**274,713**
Trade and other payables and liabilities		167,986	-	-	**167,986**
Other financial liabilities	*28*	66,592	-	-	**66,592**
Derivative financial instruments		-	5,066	-	**5,066**
Total		509,291	5,066	-	514,357

(Amounts expressed in thousands of Euros)

Year ended 31 December 2021

Assets per balance sheet		Assets at AC*	Assets at FVTPL*	Assets at FVTOCI*	Total
Long-term receivables		11,475	485	-	**11,960**
Investments in financial assets	*16*	2,900	28,606	1,009	**32,515**
Trade and other receivables		336,143	-	-	**336,143**
Cash and cash equivalents	*20*	657,296	-	-	**657,296**
Derivative financial instruments		-	177	6,474	**6,651**
Total		1,007,814	29,268	7,483	1,044,565

Liabilities per balance sheet	*Notes*	Liabilities at AC*	Liabilities at FVTPL*	Liabilities at FVTOCI*	Total
Borrowings	*23*	313,502	-	-	**313,502**
Trade and other payables and liabilities		139,037	-	-	**139,037**
Contingent consideration in a business combination	*27*	-	123,661	-	**123,661**
Other financial liabilities	*28*	30,572	-	-	**30,572**
Derivative financial instruments		-	4,959	-	**4,959**
Total		483,111	128,620	-	611,731

** AC: Amortised cost*
** FVTPL: Fair Value Through Profit and Loss Statement*
** FVTOCI: Fair Value Through Other Comprehensive Income*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December:

	2022			2021		
Assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Investments in financial assets						
- Equity securities designated as at FVTOCI	1,910	1,246	-	1,009	-	-
- Financial assets measured as a FVTPL	317	3,048	-	707	2,899	-
Financial assets at fair value through statement of income						
- Outstanding forwards	-	1,473	-	-	177	-
- Loans to related party entities	-	22,640	-	-	25,000	-
Derivatives used for economic hedging outstanding forwards						
- Forward-starting interest rate swap	-	27,791	-	-	6,474	-
Life insurance	-	445	-	-	485	-
Total	2,227	56,643	-	1,716	35,035	-

(Amounts expressed in thousands of Euros)

	2022			2021		
Liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities at fair value through statement of income						
- Other liabilities	-	-	-	-	-	123,661
- Trading derivatives	-	1	-	-	22	-
- Outstanding forwards	-	-	-	-	4,937	-
Derivatives used for economic hedging outstanding forwards						
Other derivatives						
- Call option with third party	-	-	5,065	-	-	-
Total	-	1	5,065	-	4,959	123,661

Fair value estimation

The fair value of financial instruments that are not quoted in an active market is determined by using various valuation techniques. In most cases quoted market prices or dealer quotes for similar instruments are used for long-term debt and forward foreign exchange instruments.

The option valued at €5,065 relates to the option granted to Blackstone to be able to invest 165 million USD in Adstiladrin® and to get a return based on an agreed percentage of sales. The fair value of the option has been assessed by discounting the returns with a rate of 17.50% as used in the impairment test of Adstiladrin® asset (Note 14).

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their face values.

Level 1
Quoted prices/unadjusted in active markets for identical assets or liabilities.

Level 2
Inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).

Level 3
Inputs for the asset or liability that are not based on observable market data.

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The following tables present the changes in Level 3 instruments:

Liabilities per balance sheet	2022	2021
Opening balance	123,661	92,287
Payments made during the year	(121,354)	-
(Gains)/losses recognised in the statement of income	(10,098)	22,452
(Gains)/losses recognised in other comprehensive income	12,856	8,922
Closing balance	5,065	123,661

Total (gains)/losses for the period included in the statement of income; which consists of:	(10,098)	22,452
Other financial income and expenses	2,564	1,140
Other operating expenses	(12,662)	21,312

(Amounts expressed in thousands of Euros)

Sensitivity analysis of Level 3 contingent consideration

The table below shows on an indicative basis the financial sensitivity to reasonably possible changes in key inputs to the valuations of the Level 3 instruments.

Year ended 31 December 2022

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
1) Option with third party that commits Ferring €5,065 (Level 3)	Discounted cash flow method was used to capture the present value of the Group arising from the option liability	Risk adjusted discount rates; future sales	The lower the discount rate, the higher the fair value. If the discount rate was 3% lower while all other variables were held constant, the carrying amount would increase by €36,118
2) Option with third party that commits Ferring €5,065 (Level 3)	Discounted cash flow method was used to capture the present value of the Group arising from the option liability	Foreign currency rate of USD with EUR at 1.01895	If there is a appreciation of U.S. Dollar by 50 basis points while all other variables were held constant, the carrying amount would increase by €249; if U.S. Dollar depreciates 50 basis points while all other variables were held constant, the carrying amount would decrease by €249

Financial assets/ financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Year ended 31 December 2021			
1) Contingent consideration in a business combination €123,661 (Level 3)	Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration	Risk free rates	The higher the discount rate, the lower the fair value. If the discount rate was 1 point higher while all other variables were held constant, the carrying amount would decrease by €4,615; if the discount rate was 1 point lower while all other variables were held constant, the carrying amount would increase by €4,728
2) Contingent consideration in a business combination €123,661 (Level 3)	Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration	Foreign currency rate of USD with EUR at 0.88316	If 10% appreciation of USD while all other variables were held constant, the carrying amount would increase by €12,366; if 10% depreciation of USD while all other variables were held constant, the carrying amount would decrease by €12,366

(Amounts expressed in thousands of Euros)

33. Contingent liabilities

Through the normal course of the business the Group is involved in legal disputes. Settlement may involve costs to the Group. Provisions for these costs are made where an adverse outcome is probable and associated costs can be reliably estimated. Other significant contingent liabilities are described below.

Litigations

The Group is in dispute with the Danish tax authorities on the valuation of assets transferred from Denmark to Switzerland before the end of 2003. The Group has assessed the risk and has recorded a provision. The assessment of the Danish tax authorities is significantly higher. In April 2012, the Group 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 Group recorded an incremental liability in local books 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 significanfly higher than the experts' opinion. The Group 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 Group until December 2022.

In December 2021 the Group has taken the initiative to file a complaint at the District Court of Delaware (United States) seeking a declaratory judgment that the claims of certain third party patents are invalid and not infringed. Should the Court judge negatively this could potentially lead to a financial compensation to the patent owners. Trial is scheduled in May 2024 with a decision expected by the end of 2024. It is expected that the decision will be appealed with an appeal decision likely early 2026. The Group believes that this litigation will not lead to a negative outcome.

Other contingent liabilities

In the past years the Group has acquired several assets with additional consideration payable contingent on meeting specific development, commercialisation or sales milestones. The milestone payments with a probability below 50% as per 31 December 2022 have not been recognised as a liability on the balance sheet and amount to the undiscounted value of **€61,449** (€30,338 at 31 December 2021). In addition there are incremental unrecognised contingent milestones upon reaching certain sales levels for products still in development.

In 2018 the Group acquired 100% of the shares of Rebiotix Inc. In line with IFRS 3 the Group has recognised the discounted value of a portion of the contingent consideration following an assessment of the probability of occurrence as the date of acquisition. In 2022 the Group has signed an agreement with the former shareholders of Rebiotix Inc. adjusting the milestone conditions and timing. With the approval for RBX 2660 obtained in 2022 all the contingent consideration has been paid in 2022. There are no further contingent liabilities (€47,294 at 31 December 2021) with regards to the Rebiotix Inc. acquisition.

There are no other significant contingent liabilities.

34. Commitments

Leases not recorded under IFRS 16

	2022	2021
Not later than 1 year	3,838	4,498
Later than 1 year and not later than 5 years	2,520	2,009
After 5 years	-	112
Total	6,358	6,619

The leases not recorded under IFRS16 include short-term and low-value leases.

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements amounted to **€118,385** at 31 December 2022 and €62,686 at 31 December 2021.The increase is mainly related to a mix of R&D and manufacturing projects.

Other commitments

At 31 December 2022 and 2021 the Group had the following other commitments arising in the ordinary course of business not recognised as liabilities:

	2022	2021
Not later than 1 year	193,705	239,298
Later than 1 year and not later than 5 years	123,353	113,891
After 5 years	50,103	155,694
Total	367,160	508,883

In 2021, the other commitments mostly include the future payment obligations related to the leasing contract of Soundport. In May 2022, the contract has been signed, therefore the amounts are now included in lease liabilities (Note 15).

(Amounts expressed in thousands of Euros)

35. Related party transactions

The Group is ultimately owned by the Dr. Frederik Paulsen Foundation, established by the late Dr. Frederik Paulsen, the founder of the Ferring Group. Related party transactions refer to transactions with key management and with companies controlled directly or indirectly by common directors with Ferring Holding SA.

(I) Sales of goods, services and other

Sales of goods	2022	2021
Sever Group	1,663	1,629
Draupnir U.K.	1,252	1,174
Other	-	3
Total	2,915	2,806

The sales of goods is related to Desmopressin and Biolon for which the marketing and distribution agreements have been transferred from the Group to Sever Group and Draupnir U.K. respectively.

Sales of product intangibles

In 2021, the Group transferred the distribution agreement connected to Biolon to Draupnir U.K. for an amount of €300.

Sales of services	2022	2021
Ferring Ventures Group	10,458	10,192
Insula Group	9,747	10,938
Draupnir U.K.	1,619	-
Other	192	624
Total	22,016	21,754

The amount reported under Ferring Ventures Group mainly represents the recharge of the BLA costs connected to the approval of Adstiladrin® in the U.S. market to Trizell Ltd. The amount reported under Insula Group mainly represents the sale of R&D services to Bazell Pharma AG, which was sold by the Group in 2021 (Note 10).

(II) Purchases of related party goods, services and other

Purchases of goods	2022	2021
PolyPeptide Group	40,661	35,864
Ferring Ventures Group	3,147	230
Sever Group	8,308	8,110
Total	52,116	44,204

The Group mainly purchases Active Pharmaceutical Ingredient (API) to produce drugs from the PolyPeptide Group. The Ferring Ventures Group represents the first puchase of Adstiladrin® after obtaining FDA approval in December.

(Amounts expressed in thousands of Euros)

Purchase of services	2022	2021
Insula Group	16,161	5,000
Ney Group	14,816	3,355
Ferring Ventures Group	4,776	-
Sever Group	932	4,040
Other	512	17
Total	37,197	12,412

Since 2021, Bazell Pharma AG, part of the Insula Group and formely a Ferring Group entity provides support to Ferring's Global Life Cycle Management products under a research agreement of 3 years, for €5,000 the first year and €15,000 the following two years. The purchase of services from Ney Group includes the Soundport A/S building lease which commenced in May 2022. The Ferring Ventures services relate to the preparation for the development and commercialisation of Adstiladrin®.

Purchases of product licences

In 2021 the Group and Ferring Ventures Group through Trizell Ltd. signed an amendment of the existing agreement regarding the Group's commercial rights to Adstiladrin®, whereby the Group invests more in the asset following defined milestones, which resulted in recognition of milestone liabilities and intangible assets of €199,018 in 2021 and a reduction of the future royalty and milestone obligations to Trizell Ltd. (Note 14).

Sales of shares to related parties

Kuopio Center for Gene and Cell Therapy Oy an entity specialised in scientific research was sold back to Ferring Ventures SA for a selling price of €1,362 in 2021 (Note 10).

(III) Outstanding balances arising from sale, purchase of goods, services and other

Receivables from related parties	2022	2021
Ferring Ventures Group	12,180	5,095
Insula Group	8,331	5,964
Ney Group	5,912	7,518
Sever Group	422	968
Draupnir U.K.	1,619	294
Other	17	5
Total	28,481	19,844

The Ferring Ventures Group receivables mainly represents the costs recharged regarding Adstiladrin® and general and administrative expenses. The Insula receivable represents the invoicing of services to Bazell Pharma AG. The Ney Group receivable represents a lease deposit related to a lease agreement for premises in Copenhagen.

(Amounts expressed in thousands of Euros)

Payables to related parties	2022	2021
Ferring Ventures Group	55,445	100,000
PolyPeptide Group	5,377	2,786
Sever Group	554	532
Ney Group	61	544
Insula Group	21	48
Total	61,458	103,910

The payables to the Ferring Ventures Group mainly represent the unpaid milestones related to the amendment of the existing agreement regarding the Group's commercial rights to Adstiladrin®.

(IV) Loans to/from related parties

The receivable of **€22,640** (2021: €25,000) will be repaid in tranches in the 5 years following the Adstiladrin® approval (Note 16). The first payment will occur in December 2023, one year after the approval and this portion is recognised as a current asset of **€4,845**, with the remaining **€17,795** recognised as a non-current asset. This receivable is a financial instrument measured at fair value to profit and loss and has been discounted in 2022 using a market interest rate. In 2021 it was undiscounted.

The loan granted by Ferring Foundation B.V has been fully repaid in 2022. The outstanding balance in 2021 was €52,000 and was carrying an interest rate of 0.5%.

(V) Property transactions

The Group leases a number of properties from related parties. The lease conditions are established by reference to market terms. Rent paid to related parties is included in purchases of services.

(VI) Key management compensation

The recurring compensation for key management (Ferring Holding SA Board of Directors, Group Executive Management) in 2022 was **€15,495** (2021: €10,509), which includes salary costs, other short term and long term benefits **€14,011** (2021: €9,581) and post-employment benefits **€1,484** (2021: €928).

36. Business combinations

On December 11th, 2022 the Group acquired 100% of the share capital of Qualtech Laboratories Inc. for a purchase price of **€4,629** of which €821 were allocated to the purchase of the building. The company is the primary bioassay lab for Menopur and therefore an important operation for Menopur. It is located in New Jersey, United States and employed 13 people at acquisition.

The acquired identifiable assets and liabilities of Qualtech Laboratories Inc. are recorded at fair value at the date of acquisition. The goodwill arising on acquisition amounts relates to the value of assets that do not meet the criteria for recognition as separable intangible assets and mainly represents know-how and relationships of staff.

Acquisition-related costs amounting to **€266** have been excluded from the consideration transferred and have been recognised as an expense in the statement of income in 2022 within the general and administration expenses line item.

(Amounts expressed in thousands of Euros)

Assets acquired and liabilities recognised at the date of acquisition	*Notes*	
Property, plant and equipment	*13*	909
Income tax assets		59
Other receivables		761
Cash and cash equivalents		310
Total assets		**2,039**
Accruals and other liabilities		153
Total liabilities		**153**
Net assets acquired		**1,886**

Goodwill		
Cash		4,387
Contingent consideration		242
Fair value of identifiable net assets		(1,886)
Goodwill	*14*	**2,743**

Under the contingent consideration the Group is required to pay to the vendors the remaining amount of €242 within the next 6 months. This amount has been held back to capture any unexpected matters.

Net cash outflows	
Consideration paid in cash	4,387
Cash and cash equivalents balances acquired	(310)
Net cash (inflow) outflow on acquisition	**4,077**

The acquisition of Qualtech Laboratories Inc. has generated a loss of **€104** in the period since acquisition date (**€46** in other income, **€211** in Cost of sales, **€30** in Other operating expenses). The net income of the last days of the year 2022 is included in the retained earnings at the time of acquisition.

Had the company been acquired on 1 January 2022 the revenue for the year would have been **€825** and the loss would have been **€238**.

There were no business combinations in 2021.

(Amounts expressed in thousands of Euros)

37. Adjustments reconciling net income to operating cash flow

	Notes	2022	2021
Net income from continuing and discontinued operations		**175,761**	**289,929**
Adjustments to reconcile cash generated by operating activities			
Depreciation	*13,15*	79,116	69,549
Amortisation	*14*	38,029	33,589
Impairment charges on fixed assets	*7,13,14*	23,064	21,654
Interest income	*9*	(7,978)	(4,822)
Other finance costs		31,830	11,241
Unrealised foreign exchange loss included in the net income		13,326	25,721
Income tax expense	*12*	22,373	68,122
(Gain)/loss on sale of non-current assets		767	(6,265)
Contingent consideration remeasurement	*27*	(20,375)	21,312
Other non-cash expense/(income)		55,927	2,011
Fair value gain on derivatives and other financial assets		(8,149)	(3,005)
Inventory write-downs		42,781	26,554
Other provisions (charged)/credited to the statement of income		(24,831)	(28,402)
Increase/(decrease) in other employee benefits		7,052	(10,148)
Increase in pension liabilities		4,938	734
Decrease in provisions	*25*	(6,782)	(2,647)
Increase/(decrease) in other liabilities		385	(445)
Changes in working capital			
Decrease in trade and other receivables		28,275	31,334
Increase in inventories	*18*	(66,048)	(5,772)
Decrease in trade and other payables		(12,521)	(5,637)
Decrease in deferred income		(22,982)	(3,734)
Total adjustments		**178,197**	**240,944**
Cash generated from operations		353,958	530,873

38. Audit fees and non-audit services fees

	2022	2021
Audit fees	3,110	2,682
Non-audit service fees	1,196	409
Total	4,306	3,091

Audit fees charged by Deloitte relate to work performed to issue opinions on Group consolidated financial statements and parent company financial statements of Ferring Holding SA, to issue opinions relating to the existence of the Group's internal control over financial reporting, and to issue reports on local statutory financial statements.

Non-audit service fees charged by Deloitte are other professional services unrelated to the statutory and Group audit activity.

(Amounts expressed in thousands of Euros)

39. Principal subsidiary companies and associates

Unless stated otherwise, all companies listed below are 100% owned, as of 31 December 2022 and 31 December 2021.

Name of entity	Place of business	Principal activity
Laboratórios Ferring SA	Argentina, Buenos Aires	Marketing and Sales, Manufacturing
Ferring Pharmaceuticals Pty Ltd.	Australia, Pymble	Marketing and Sales
Ferring Arzneimittel GesmbH	Austria, Vienna	Marketing and Sales
Ferring NV	Belgium, Aalst	Marketing and Sales
CPSI Holdings Ltd.	Bermuda	Holding
Laboratórios Ferring Ltda.	Brazil, São Paulo	Marketing and Sales
Ferring Inc.	Canada, Toronto	Marketing and Sales
Ferring Productos Farmaceuticos SpA	Chile, Santiago	Marketing and Sales
Ferring International Pharma-Science Centre (China) Co. Ltd. [(1)]	China, Beijing	Liquidated
Ferring Pharmaceuticals Ltd.	China, Hong Kong	Marketing and Sales
Ferring Pharmaceutical (China) Co.Ltd.	China, Zhongshan City	Manufacturing
Ferring Pharmaceuticals (Asia) Company	China, Shanghai	Marketing, R&D
Ferring Pharmaceuticals SAS	Colombia, Bogotá	Marketing
Ferring-Léciva a.s.	Czech Republic, Jesenice u, Praha	Manufacturing
Ferring Pharmaceuticals CZ SRO	Czech Republic, Jesenice u, Praha	Marketing and Sales
Farmaceutisk Laboratorium Ferring A/S	Denmark, Copenhagen	No activity
Ferring Lægemidler A/S	Denmark, Copenhagen	Marketing and Sales
Ferring Pharmaceuticals A/S	Denmark, Copenhagen	R&D
Syntese A/S	Denmark, Hvidovre	Manufacturing
Ferring Lääkkeet Oy	Finland, Espoo	Marketing and Sales
Ferring SAS	France, Gentilly	Marketing and Sales
Laboratoire Pharmaceutique Noroit Sàrl	France, Gentilly	No activity
Ferring Gentilly SCI	France, Gentilly	No activity
Ferring Arzneimittel GmbH	Germany, Kiel	Marketing and Sales
Ferring GmbH	Germany, Kiel	Manufacturing
Wittland Vermögensverwaltung GmbH	Germany, Kiel	Real Estate
Ferring Hellas Pharmaceuticals MEPE	Greece, Athens	Marketing and Sales
Ferring Magyarország Gyógyszerkereskedelmi Korlátolt Felelossegu Társasaság	Hungary, Budapest	Marketing and Sales
Ferring Pharmaceuticals Private Ltd.	India, Mumbai	Marketing and Sales, R&D
Ferring Therapeutics Private Ltd.	India, Mumbai	Manufacturing
Ferring Laboratories Private Ltd.	India, Mumbai	Manufacturing and Real Estate

Name of entity	Place of business	Principal activity
PT Ferring Pharmaceuticals Industry	Indonesia, Jakarta	Marketing and Sales, manufacturing
Ferring (Ireland) Ltd.	Ireland, Dublin	Marketing and Sales
Ferring Pharmaceuticals Ltd.	Israel, Caesarea	Marketing and Sales
Bio-Technology General (Israel) Ltd.	Israel, Kiryat Malachi	Manufacturing, R&D
Ferring Holding Ltd.	Israel, Kiryat Malachi	Holding
Ferring SpA	Italy, Milan	Marketing and Sales
Ferring Pharma Kabushiki Kaisha	Japan, Tokyo	Marketing and Sales, R&D
Ferring Sdn. Bhd	Malaysia, Petaling Jaya	Marketing and Sales
Ferring SA de CV	Mexico, Lerma, Estado de Mexico	Marketing and Sales, Manufacturing
Ferring BV	The Netherlands, Hoofddorp	Holding, Marketing and Sales
Ferring Pharmaceuticals BV	The Netherlands, Hoofddorp	Holding, Marketing and Sales
Ferring Legemidler AS	Norway, Oslo	Marketing and Sales
Ferring Pharmaceuticals Poland Sp.z o.o	Poland, Warsaw	Marketing and Sales
Ferring Portuguesa – Produtos Farmacêuticos, Sociedade Unipessoal, Lda.	Portugal, Linda-a-Velha	Marketing and Sales
Ferring Service Center LDA	Portugal, Lisbon	IT Services, Human Resources, Finance and Legal
Ferring Pharmaceuticals Romania Srl	Romania, Timisoara	Marketing
Ferring Pharmaceuticals LLC	Russian Federation, Moscow	Marketing and Sales
Ferring Production LLC	Russian Federation, Moscow	Manufacturing
Ferring Pharmaceuticals DOO	Serbia, Belgrade	Marketing
Ferring Pharmaceuticals Private Ltd.	Singapore	Marketing and Sales
Ferring Private Ltd.	Singapore	Regional Head Office, Manufacturing, R&D, Marketing and Sales
Ferring Slovakia s.r.o.	Slovakia, Bratislava	Marketing
Ferring (Proprietary) Ltd.	South Africa, Pretoria	Marketing and Sales
Ferring Jeyak Chusik Hoesa	South Korea, Seoul	Marketing and Sales
Ferring SAU	Spain, Madrid	Marketing and Sales
Ferring AB	Sweden, Malmö	No activity
Ferring Läkemedel AB	Sweden, Malmö	Marketing and Sales
Ferring AG	Switzerland, Baar	Marketing and Sales
Ferring Controlled Therapeutics (Switzerland) SA [2]	Switzerland, St-Prex	No activity
Ferring International Center SA	Switzerland, St-Prex	Head Office, Manufacturing, R&D, Marketing and Sales
Ferring Pharmaceuticals SA	Switzerland, St-Prex	Marketing and Sales
Ferring Procurement SA	Switzerland, St-Prex	Procurement Service Provider
Ferring Properties SA	Switzerland, St-Prex	Real Estate

Name of entity	Place of business	Principal activity
Ferring Pharmaceuticals Ltd.	Taiwan, Taipei	Marketing and Sales
Ferring Pharmaceuticals Company Ltd.	Thailand, Bangkok	Marketing and Sales
Ferring Ilac Sanayi Ve Ticaret Limited Sirketi	Turkey, Istanbul	Marketing and Sales
Ferring Ukraine LLC	Ukraine, Kyiv	Marketing
CPSI Scotland Ltd.	United Kingdom, Glasgow	No activity
Ferring Controlled Therapeutics Ltd.	United Kingdom, Glasgow	Manufacturing, R&D
Ferring Laboratories Ltd.	United Kingdom, West Drayton	Holding
Ferring Pharmaceuticals Ltd.	United Kingdom, West Drayton	Marketing and Sales
Cytokine Pharmasciences Inc.	U.S.A., Delaware	Holding
FerGene Inc.[3]	U.S.A., Delaware	No activity
Ferring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	Marketing and Sales
Ferring International Pharmascience Center U.S. Inc.	U.S.A., Parsippany, NJ	R&D
Ferring Holding Inc.	U.S.A., Parsippany, NJ	Holding
Ferring Production Inc.	U.S.A., Parsippany, NJ	Manufacturing
Ferring Properties Inc.	U.S.A., Parsippany, NJ	Real Estate
QualTech Laboratories, Inc.[4]	U.S.A., Parsippany, NJ	Manufacturing
Rebiotix Inc.	U.S.A., Roseville, MN	R&D
Ferring Research Institute Inc.	U.S.A., San Diego, CA	R&D
4245 Sorrento Valley, Inc.	U.S.A., San Diego, CA	Real Estate
Ferring Pharmaceuticals Company Ltd.	Vietnam, Ho Chi Minh City	Marketing and Sales

(1) Liquidated in November 2022 *(2) Liquidated in September 2022* *(3) 100% owned since October 2022 (99.99% at December 2021)* *(4) 100% owned since December 2022*

40. Subsequent events

Acquisition of Massone

On January 3, 2023 the Group acquired 100% of the share capital of the Massone Group for a purchase price of 50 million U.S. Dollars to be paid in four years and with an interest rate of 6% on the unpaid amounts. The Massone Group is the long-term supplier of the active pharmaceutical ingredient (API) for Menopur and Chorapur/Novarel, based in Argentina. The objective of the acquisition is to secure supply, sustain production, and leverage capabilities, and in order to create a global reproductive medicine business that provides significant value to people on their family-building journey.

The accounting impact of this acquisition and the results of the Massone Group will be included in the 2023 Group's consolidated financial statements.

The initial accounting for this acquisition is incomplete. Significant, relevant information needed to complete the initial accounting is not available because the valuation of assets acquired and liabilities assumed is not complete. As a result, determining these values is not practicable and the Group is unable to disclose these values or provide other related disclosures at this time.

No other subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements as of the date of approval of March 7, 2023.

Ferring Holding SA

Saint-Prex

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To the General Meeting of **Ferring Holding SA, Saint-Prex**

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Ferring Holding SA (the Company), which comprise the balance sheet as at 31 December 2022 and the statement of income for the year then ended, and notes to the financial statements including a summary of significant accounting policies. In our opinion the financial statement (pages 139 to 147) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards 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 provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements, the consolidated financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 Swiss law and on Auditing (SA-CH) 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: https://www.expertsuisse.ch/en/audit-report. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Robert Purdy
Licensed Audit Expert
Auditor in Charge

Aurélie Darrigade
Licensed Audit Expert

Lausanne, March 7, 2023

Balance sheet	Notes	31 December 2022 EUR	31 December 2022 CHF	31 December 2021 EUR	31 December 2021 CHF
Assets					
Current assets					
Cash & cash equivalents		**14**	14	**-**	-
Other receivables – third parties		**1,770**	1,742	**5,371**	5,557
Other receivables – cashpool		**154,676**	152,216	**115,123**	119,118
Other receivables – related party		**4,280**	4,212	**1,966**	2,034
Total current assets		**160,740**	158,184	**122,460**	126,709
Non-current assets					
Other receivables – third parties non-current		**240**	235	**376**	387
Other receivables – related parties non-current	*3*	**274,362**	270,000	**260,945**	270,000
Investments	*4*	**335,679**	330,342	**335,679**	347,328
Total non-current assets		**610,281**	600,577	**597,000**	617,715
Total assets		771,021	758,761	719,460	744,424
Liabilities and shareholder's equity					
Current liabilities					
Other payables – third parties		**2,784**	2,741	**91**	94
Other payables – cashpool		**54**	53	**299**	309
Deferred unrealised foreign exchange gain	*5*	**25,832**	25,421	**11,941**	12,356
Provision and accrued expenses		**1,542**	1,517	**2,159**	2,234
Liabilities to related party		**2,374**	2,336	**2,158**	2,233
Total current liabilities		**32,586**	32,068	**16,648**	17,226

(Amounts expressed in thousands of Euros)

Balance sheet	Notes	31 December 2022 EUR	31 December 2022 CHF	31 December 2021 EUR	31 December 2021 CHF
Non-current liabilities					
Long term liabilities to third parties	*6*	**274,362**	270,000	**260,945**	270,000
Total non-current liabilities		**274,362**	270,000	**260,945**	270,000
Shareholder's equity					
Share capital	*7*	**207,866**	250,000	**207,866**	250,000
General legal reserve from accumulated profit		**43,844**	50,293	**43,844**	50,293
Retained earnings	*8*	**212,363**	223,153	**190,157**	201,788
Cumulative translation adjustment		-	(66,753)	-	(44,883)
Total shareholder's equity		**464,073**	456,693	**441,867**	457,198
Total liabilities and shareholder's equity		771,021	758,761	719,460	744,424

Statement of income for the year ended 31 December	2022 EUR	2022 CHF	2021 EUR	2021 CHF
Income				
Income from investments	**100,000**	100,574	**100,000**	108,385
Financial income	**4,384**	4,409	**3,917**	4,245
Total income	104,384	104,983	103,917	112,630
Expenses				
Board fees	**(2,085)**	(2,097)	**(1,321)**	(1,432)
General and administrative expenses	**(3,321)**	(3,340)	**(3,015)**	(3,268)
Capital taxes	**(373)**	(375)	**(704)**	(763)
Financial expenses	**(2,827)**	(2,843)	**(2,787)**	(3,021)
Foreign exchange losses	**(13,572)**	(13,650)	**(8,411)**	(9,116)
Total expenses	(22,178)	(22,305)	(16,238)	(17,600)
Net income (loss) for the year before income taxes	**82,206**	82,678	**87,679**	95,030
Income taxes	-	-	-	-
Net income (loss) for the year	82,206	82,678	87,679	95,030

(Amounts expressed in thousands of Euros)

Notes to the financial statements 2022

1. General information

The principal activities of Ferring Holding SA, Saint-Prex (Switzerland) ('the Company') and its subsidiaries ('Ferring Group' or 'the Group') are the research, development, production, distribution and sale of prescription pharmaceuticals in the areas of reproductive health, urology, gastroenterology, endocrinology and osteoarthritis. Ferring Holding SA was incorporated on 15 December 2000 and is 100% owned by Ferring Foundation BV incorporated in The Netherlands. It is ultimately owned by the Dr. Frederik Paulsen Foundation.

Ferring Holding SA directly owns Ferring International Center SA and Ferring BV. The Group develops, produces and markets its pharmaceuticals worldwide through subsidiaries located in North America, Europe, Latin America, the Middle East, the Far East, Australia and also through an extensive network of agents and distributors.

The Company has prepared consolidated financial statements for the year ended 31 December 2022 in accordance with International Financial Reporting Standards and therefore is dispensed to include additionnal disclosure information and a cash flow statement in compliance with the art. 961d of the Swiss Code of Obligations. The consolidated financial statements are available separately.

2. Key accounting and valuation principles

Principles of financial reporting

These financial statements are prepared in accordance with the regulations of Swiss financial reporting law. Where not prescribed by the Code of Obligations, the significant accounting and valuation principles applied are described below.

Use of estimates

Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. These are made continuously and are based on past experience and other factors (e.g. anticipations of future results, which seem appropriate under the circumstances). The results subsequently achieved may deviate from these estimates.

Actual items in the annual accounts, which are based on the estimates and assumptions made by management, are as follows:

- Provisions
- Investments

Foreign currency items

The accounting records of the Company are kept in Euro. For statutory financial statements purposes, the accounts are translated into CHF using the closing rate method. The resulting translation differences are recorded as currency translation adjustment and presented within shareholder's equity.

Investments

Investments are stated at cost less provision for permanent impairment. Ferring BV and Ferring International Center SA were contributed on the incorporation of Ferring Holding SA on 15 December 2000 in return for the issue of share capital with a nominal value of CHF 249,750.

Related parties

The Group is ultimately owned by the Frederik Paulsen Foundation, established by the late Dr. Frederik Paulsen, the founder of the Ferring Group. Related party transactions refer to transactions with key management and with companies controlled directly or indirectly by common directors with Ferring Holding SA.

Income from investments – dividends

Dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid. As a result, dividends are recognised in income in the year in which they are received, on a cash basis.

Taxes

Current income taxes are computed on the basis of the taxable results on an accruals basis.

Employees

The Company has no employees.

Bonds

Bonds are valued at nominal value.

3. Other receivables to related parties non-current

The Other receivables to related parties Non-Current represents a loan for **CHF 270,000** (€274,362 as of 31 December 2022) to Ferring International Center SA, with maturity of 5 years at an interest rate of 1.55 % per annum.

4. Investments

	31 December 2022		31 December 2021	
Company	EUR	CHF	EUR	CHF
Ferring BV	**207,892**	204,586	**207,892**	215,105
Ferring International Center SA	**127,787**	125,756	**127,787**	132,223
	335,679	330,342	335,679	347,328

Company	Location	Shares held	Voting rights	Total share capital
Ferring BV	The Netherlands	99.8%	100%	EUR 4,757
Ferring International Center SA	Switzerland	100%	100%	CHF 56,600

In 2016 in agreement with the Company, Ferring BV issued new B-shares to other parties with rights to a certain portion of the profit of Ferring BV and without voting rights. The Company has the right to buy these shares at any time at the price of the accrued profit and nominal value of these shares.

In 2018 in agreement with the Company, Ferring BV issued new C-shares to other parties with rights to a certain portion of the profit of Ferring BV and without voting rights. The Company has the right to buy these shares at any time at the price of the accrued profit and nominal value of these shares.

During 2021 the Company acquired 16,700 non-voting B-shares of Ferring BV for a purchase price of €18,340.

During 2022 no shares were acquired.

Ferring BV acts as a holding company and also distributes pharmaceutical products within the Netherlands. The purpose of Ferring International Center SA is to coordinate and operate the production, marketing and sale of pharmaceutical products.

(Amounts expressed in thousands of Euros)

Unless stated otherwise, all companies listed below are 100% owned, as of 31 December 2022 and 31 December 2021.

Ferring BV direct investments:

Name of company	Location	Principal activity
Laboratórios Ferring SA	Argentina, Buenos Aires	Marketing and Sales, Manufacturing
Ferring Pharmaceuticals Pty Ltd.	Australia, Pymble	Marketing and Sales
Ferring Arzneimittel GesmbH	Austria, Vienna	Marketing and Sales
Ferring N.V.	Belgium, Aalst	Marketing and Sales
CPSI Holdings Ltd.	Bermuda	Holding
Laboratórios Ferring Ltda.	Brazil, São Paulo	Marketing and Sales
Ferring Inc.	Canada, Toronto	Marketing and Sales
Ferring Productos Farmaceuticos SpA	Chile, Santiago	Marketing and Sales
Ferring International Pharma-Science Centre (China) Co. Ltd. [1]	China, Beijing	Liquidated
Ferring Pharmaceuticals Ltd.	China, Hong Kong	Marketing and Sales
Ferring Pharmaceutical (China) Co.Ltd.	China, Zhongshan City	Manufacturing
Ferring Pharmaceuticals (Asia) Company	China, Shanghai	Marketing, R&D
Ferring Pharmaceuticals SAS	Colombia, Bogotá	Marketing
Ferring-Léciva a.s.	Czech Republic, Jesenice u, Praha	Manufacturing
Ferring Pharmaceuticals CZ SRO	Czech Republic, Jesenice u, Praha	Marketing and Sales
Farmaceutisk Laboratorium Ferring A/S	Denmark, Copenhagen	No activity
Ferring Lægemidler A/S	Denmark, Copenhagen	Marketing and Sales
Ferring Pharmaceuticals A/S	Denmark, Copenhagen	R&D
Syntese A/S	Denmark, Hvidovre	Manufacturing
Ferring Lääkkeet Oy	Finland, Espoo	Marketing and Sales
Ferring SAS	France, Gentilly	Marketing and Sales
Laboratoire Pharmaceutique Noroit Sàrl	France, Gentilly	No activity
Ferring Gentilly SCI	France, Gentilly	No activity
Ferring Arzneimittel GmbH	Germany, Kiel	Marketing and Sales
Ferring GmbH	Germany, Kiel	Manufacturing
Wittland Vermögensverwaltung GmbH	Germany, Kiel	Real Estate
Ferring Hellas Pharmaceuticals MEPE	Greece, Athens	Marketing and Sales
Ferring Magyarország Gyógyszerkereskedelmi Korlátolt Felelossegu Társasság	Hungary, Budapest	Marketing and Sales
Ferring Therapeutics Private Ltd.	India, Mumbai	Manufacturing, R&D
Ferring Pharmaceuticals Private Ltd.	India, Mumbai	Marketing and Sales, R&D

Name of company	Location	Principal activity
Ferring Laboratories Private Ltd.	India, Mumbai	Manufacturing and Real Estate
PT Ferring Pharmaceuticals Industry	Indonesia, Jakarta	Marketing and Sales, manufacturing
Ferring (Ireland) Ltd.	Ireland, Dublin	Marketing and Sales
Ferring Pharmaceuticals Ltd.	Israel, Caesarea	Marketing and Sales
Bio-Technology General (Israel) Ltd.	Israel, Kiryat Malachi	Manufacturing, R&D
Ferring Holding Ltd.	Israel, Kiryat Malachi	Holding
Ferring SpA	Italy, Milan	Marketing and Sales
Ferring Pharma Kabushiki Kaisha	Japan, Tokyo	Marketing and Sales, R&D
Ferring Sdn. Bhd	Malaysia, Petaling Jaya	Marketing and Sales
Ferring SA de CV	Mexico, Lerma, Estado de Mexico	Marketing and Sales, Manufacturing
Ferring BV	The Netherlands, Hoofddorp	Holding, Marketing and Sales
Ferring Pharmaceuticals BV	The Netherlands, Hoofddorp	Holding, Marketing and Sales
Ferring Legemidler AS	Norway, Oslo	Marketing and Sales
Ferring Pharmaceuticals Poland Sp.z o.o	Poland, Warsaw	Marketing and Sales
Ferring Portuguesa – Produtos Farmacêuticos, Sociedade Unipessoal, Lda.	Portugal, Linda-a-Velha	Marketing and Sales
Ferring Service Center LDA	Portugal, Lisbon	IT Services, Human Resources, Finance and Legal
Ferring Pharmaceuticals Romania Srl	Romania, Timisoara	Marketing
Ferring Pharmaceuticals LLC	Russian Federation, Moscow	Marketing and Sales
Ferring Production LLC	Russian Federation, Moscow	Manufacturing
Ferring Pharmaceuticals DOO	Serbia, Belgrade	Marketing
Ferring Pharmaceuticals Private Ltd.	Singapore	Marketing and Sales
Ferring Slovakia s.r.o.	Slovakia, Bratislava	Marketing
Ferring (Proprietary) Ltd.	South Africa, Pretoria	Marketing and Sales
Ferring Jeyak Chusik Hoesa	South Korea, Seoul	Marketing and Sales
Ferring SAU	Spain, Madrid	Marketing and Sales
Ferring AB	Sweden, Malmö	No activity
Ferring Läkemedel AB	Sweden, Malmö	Marketing and Sales
Ferring AG	Switzerland, Baar	Marketing and Sales
Ferring Controlled Therapeutics (Switzerland) SA, en liquidation[2]	Switzerland, St-Prex	No activity
Ferring International Center SA	Switzerland, St-Prex	Head Office, Manufacturing, R&D, Marketing and Sales
Ferring Pharmaceuticals Ltd.	Taiwan, Taipei	Marketing and Sales
Ferring Pharmaceuticals Company Ltd.	Thailand, Bangkok	Marketing and Sales
Ferring Ilac Sanayi Ve Ticaret Limited Sirketi	Turkey, Istanbul	Marketing and Sales

Name of company	Location	Principal activity
Ferring Ukraine LLC	Ukraine, Kyiv	Marketing
CPSI Scotland Ltd.	United Kingdom, Glasgow	No activity
Ferring Controlled Therapeutics Ltd.	United Kingdom, Glasgow	Manufacturing, R&D
Ferring Laboratories Ltd.	United Kingdom, West Drayton	Holding
Ferring Pharmaceuticals Ltd.	United Kingdom, West Drayton	Marketing and Sales
Cytokine Pharmasciences Inc.	U.S.A., Delaware	Holding
Ferring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	Marketing and Sales
Ferring International Pharmascience Center U.S. Inc.	U.S.A., Parsippany, NJ	R&D
Ferring Holding Inc.	U.S.A., Parsippany, NJ	Holding
QualTech Laboratories, Inc.[3]	U.S.A., Ocean Township, NJ	Manufacturing
Ferring Production Inc.	U.S.A., Parsippany, NJ	Manufacturing
Ferring Properties Inc.	U.S.A., Parsippany, NJ	Real Estate
Rebiotix Inc.	U.S.A., Roseville, MN	R&D
Ferring Research Institute Inc.	U.S.A., San Diego, CA	R&D
4245 Sorrento Valley, Inc.	U.S.A., San Diego, CA	Real Estate
Ferring Pharmaceuticals Company Ltd.	Vietnam, Ho Chi Minh City	Marketing and Sales

Ferring International Center SA direct investments:

Name of company	Location	Principal activity
Ferring Pharmaceuticals SA	Switzerland, St-Prex	Marketing and Sales
Ferring Private Ltd.	Singapore	Regional Head Office, Manufacturing, R&D, Marketing and Sales
Ferring Properties SA	Switzerland, St-Prex	Real Estate
Ferring Procurement SA	Switzerland, St-Prex	Procurement Service Provider
FerGene Inc.[4]	U.S.A., Delaware	No activity

(1) Liquidated in November 2022 *(2) Liquidated in September 2022* *(3) 100% owned since December 2022* *(4) 100% owned since October 2022 (99.99% at December 2021)*

5. Deferred unrealised foreign exchange gain

The deferred unrealised foreign exchange gain is mainly linked to the revaluation of the non-current receivable from related parties of CHF 270,000 (€274,362 as of 31 December 2022).

6. Long term liabilities to third parties

As of 9 July 2020, the Company issued bonds on the SIX Swiss Exchange for **CHF 270,000** (€274,362 as of 31 December 2022) with a 5-year maturity at a fixed rate of 1.05% per annum.

(Amounts expressed in thousands of Euros)

7. Share capital

	31 December 2022		31 December 2021	
	EUR	CHF	EUR	CHF
20,625,000 registered shares of CHF 10 each	**171,489**	206,250	**171,489**	206,250
2,187,500 registered shares of CHF 20 each	**36,377**	43,750	**36,377**	43,750
	207,866	250,000	207,866	250,000

8. Movements in retained earnings

	2022		2021	
	EUR	CHF	EUR	CHF
Balance at 1 January	**190,157**	201,788	**132,478**	139,752
Payment of the ordinary dividend according to the shareholder's meeting	**(60,000)**	(61,313)	**(30,000)**	(32,994)
Net income (Loss)	**82,206**	82,678	**87,679**	95,030
Balance at 31 December	212,363	223,153	190,157	201,788

Balance of retained earnings incl. cumulative translation adjustments	2022		2021	
	EUR	CHF	EUR	CHF
Balance at 1 January	**190,157**	156,905	**132,478**	116,204
Movement of cumulative translation adjustment	-	21,868	-	(21,336)
Movement of retained earnings adjustment	**22,206**	21,363	**57,679**	62,037
Balance at 31 December	212,363	200,136	190,157	156,905

(Amounts expressed in thousands of Euros)

9. Guarantees in favor of third parties

	31 December 2022		31 December 2021	
	EUR	CHF	EUR	CHF
Guarantees granted to related parties in connection with credit facility agreements	**318,569**	313,504	**317,936**	328,968
Of which used:	**2,603**	2,562	**3,603**	3,728

10. Subsequent events

No subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

11. Exchange rates

	31 December 2022	31 December 2021
Exchange rates used for translation from EUR (functional currency) to CHF	EUR/CHF	EUR/CHF
Closing rate	**0.98410**	**1.03470**
Average rate	**1.00574**	**1.08385**

Proposed appropriation of available earnings (in Euros)

	2022	
	EUR	CHF
Available earnings	**212,363,000**	223,153,000
Gross dividend	-	-
Appropriation to general legal reserve from accumulated profit	-	-
To be carried forward	212,363,000	223,153,000

(Amounts expressed in thousands of Euros)

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